



JLL

*Achieve
Ambitions*

Supplemental Information

3rd Quarter 2018 Earnings Call

November 6, 2018

Global market overview

Q3 2018 Macro-economic operating environment

- Global upturn resilient to trade tension and policy uncertainties
- Economic growth momentum maintained and expected to reach 3.7%
- Fed and Bank of England raise rates; ECB remains dovish
- U.S. outlook stable and optimism growing; buoyant labor markets and tax stimulus support growth
- European sentiment weakens and momentum softens
- 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 expected to outpace record 2017
- Continued robust leasing demand driven by economic growth; forecast expected to exceed highest level since 2007

Notes:

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

Consolidated financial results

Q3 2018 Highlights

\$1.6B

**Fee
revenue**

\$234M

**Adjusted
EBITDA**

\$3.02

**Adjusted
diluted EPS**

- Record fee revenue growth up 14% in local currency
 - Real Estate Services fee revenue reflects double-digit growth in Leasing and continued Corporate Solutions momentum
 - LaSalle revenue driven by stellar incentive fee performance in Asia Pacific
- Adjusted EBITDA margin performance of 14.7% reflects:
 - Solid organic margin expansion in Americas and notable EMEA improvement
 - Significant LaSalle incentive fees
- Semi-annual dividend of \$0.41 per share declared
- Acquired [Northwest Atlantic](#), further expanding capabilities in Canada
- JLL grows technology expertise with acquisition of [ValuD](#), further delivering on mission to lead through technology-based innovation
- ESG expertise & capabilities highlighted with recent [investor webcast](#)



Notes:

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

Q3 2018 Real Estate Services fee revenue

(\$ in millions; % change over QTD Q3 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$413.3	15%	15%	\$78.4	13%	14%	\$65.4	30%	35%	\$557.1	16%	17%
Capital Markets	\$109.8	2%	2%	\$102.6	—%	—%	\$35.6	(33)%	(31)%	\$248.0	(6)%	(5)%
Property & Facility Management	\$120.1	13%	14%	\$92.0	1%	3%	\$76.4	6%	11%	\$288.5	7%	9%
Project & Development Services	\$85.6	4%	6%	\$68.7	18%	20%	\$34.8	11%	17%	\$189.1	10%	13%
Advisory, Consulting & Other	\$45.3	22%	25%	\$55.0	(9)%	(8)%	\$40.1	1%	5%	\$140.4	2%	5%
Total	\$774.1	12%	12%	\$396.7	4%	5%	\$252.3	2%	7%	\$1,423.1	8%	9%

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 Q3 2018 Real Estate Services fee revenue

(\$ in millions; % change over YTD Q3 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$1,119.4	9%	9%	\$205.1	13%	7%	\$155.5	20%	20%	\$1,480.0	10%	10%
Capital Markets	\$334.0	9%	9%	\$270.7	8%	2%	\$108.0	(7)%	(7)%	\$712.7	6%	3%
Property & Facility Management	\$338.4	14%	13%	\$279.6	12%	6%	\$213.2	2%	2%	\$831.2	10%	8%
Project & Development Services	\$255.3	6%	7%	\$202.3	34%	26%	\$101.9	19%	19%	\$559.5	17%	15%
Advisory, Consulting & Other	\$118.7	22%	28%	\$177.7	9%	3%	\$119.4	8%	7%	\$415.8	12%	11%
Total	\$2,165.8	10%	10%	\$1,135.4	14%	8%	\$698.0	7%	7%	\$3,999.2	10%	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	
	Q3 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	2%	20%	9%	13%	10 - 15%	Flat
EMEA	—%	(18)%	8%	(4)%	(10)%	(5)%
Asia Pacific	(33)%	3%	(7)%	20%	15%	15%
Total	(6)%	Flat	6%	7%	0 - 5%	Flat
Leasing	QUARTERLY		YTD PERFORMANCE		FULL YEAR	
	Q3 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	15%	(5)%	9%	5%	0 - 5%	0 - 5%
EMEA	14%	4%	7%	5%	(0 - 5%)	(0 - 5%)
Asia Pacific	35%	15%	20%	24%	10 - 15%	0 - 5%
Total	17%	1%	10%	8%	Flat	Flat

Notes:

- Source: JLL Research, November 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 & expansion of annuity margins

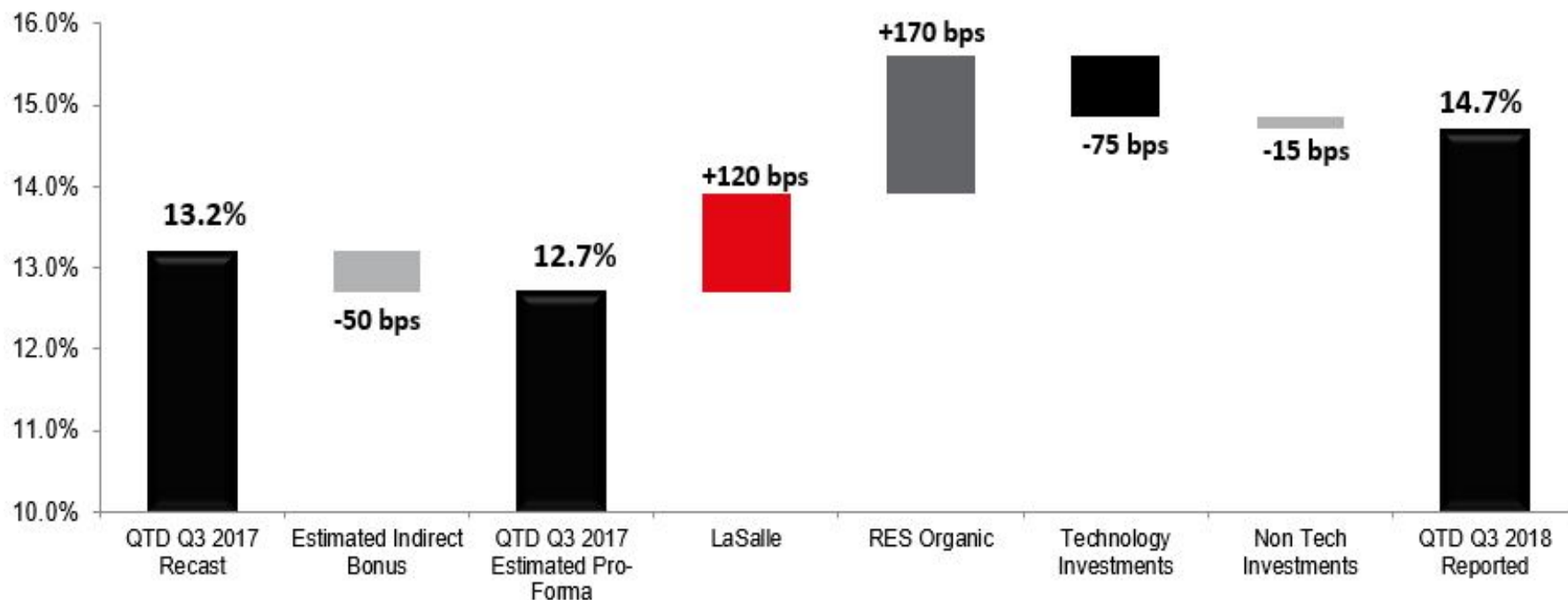
Positive organic contribution

Strong leasing performance, recent Americas Corporate Solutions wins and EMEA improvements

Technology

Continued planned strategic investments

Q3 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)	YTD Q3 2018	YTD Q3 2017
M&A (Including deferred) ⁽¹⁾	\$95	\$60
Co-investment ⁽²⁾	(2)	2
Dividends	19	16
Capital Expenditures ⁽³⁾	110	98
Total	\$222	\$176
Balance Sheet (\$ in millions)	Q3 2018	Q3 2017
Cash and Cash Equivalents	\$327	\$278
Short Term Borrowings	84	64
Credit Facility ⁽⁴⁾	240	450
Net Bank Debt	\$(3)	\$236
Long Term Senior Notes ⁽⁴⁾	681	689
Deferred Business Acquisition Obligations	65	88
Total Net Debt	\$743	\$1,013
Net Debt /Adjusted TTM EBITDA ⁽⁵⁾	0.9x	1.5x

Highlights

Investment Grade Ratings

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

- July 2018 S&P upgrade to BBB+ reflects financial and balance sheet strength

\$270M net debt reduction since Q3 2017 driven by earnings growth and continued working capital management

\$2.75B Credit Facility

Maturity in May 2023

- Cash use reflects disciplined approach to M&A and CapEx

Senior Notes

€350M 10 & 12 year
Maturity - 2027 & 2029

\$275M 10 year
Maturity - 2022



(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 \$21M for both Q3 2018 and Q3 2017

(5) Refer to pages 24-28 for definitions and reconciliations of non-GAAP financial measures . Q3 2017 Net Debt/Adjusted TTM EBITDA does not reflect ASC 606 recast

Segment Details

Americas financial summary

Q3 2018 Highlights

\$774M

Fee
revenue

\$124M

Adjusted
EBITDA

16.0%

Adjusted
EBITDA
margin

YTD Q3 2018 Highlights

\$2.2B

Fee
revenue

\$320M

Adjusted
EBITDA

14.8%

Adjusted
EBITDA
margin

Q3 2018 Highlights

- Revenue growth across all service lines
 - Broad-based leasing performance across U.S. markets
 - Ramp-up of Corporate Solutions wins supports Property & Facility Management growth
- Adjusted EBITDA margin expansion reflects:
 - Strong organic contribution from leasing and Corporate Solutions, 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

Q3 2018 Highlights

\$397M

Fee
revenue

\$23M

Adjusted
EBITDA

5.7%

Adjusted
EBITDA
margin

YTD Q3 2018 Highlights

\$1.1B

Fee
revenue

\$27M

Adjusted
EBITDA

2.3%

Adjusted
EBITDA
margin

Q3 2018 Highlights

- Revenue expansion led by Leasing and Project & Development Services
 - Capital Markets flat; strength in France and Portugal
- Adjusted EBITDA margin expansion reflects:
 - Strong leasing performance and Project & Development Services revenue growth
 - Decrease in Integral integration costs



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

Q3 2018 Highlights

\$252M

Fee
revenue

\$28M

Adjusted
EBITDA

11.2%

Adjusted
EBITDA
margin

YTD Q3 2018 Highlights

\$698M

Fee
revenue

\$63M

Adjusted
EBITDA

9.1%

Adjusted
EBITDA
margin

Q3 2018 Highlights

- Fee revenue growth led by Leasing and Project & Development Services
 - Capital Markets performance reflects outsized prior-year performance and deal timing
- Adjusted EBITDA margin reflects:
 - Net shift in service mix toward annuity-based revenues



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

Q3 2018 Highlights

\$168M

Fee
Revenue

\$59M

Adjusted
EBITDA

35.2%

Adjusted
EBITDA
margin

- Strong revenue growth led by incentive fee performance in Asia Pacific
- Adjusted EBITDA margin increase primarily reflects increased annuity margins and incentive fee performance
- AUM decrease 1% with dispositions, withdrawals and foreign exchange partially offset by acquisition and net valuation increases
- JLL Income Property Trust launches on Morgan Stanley wirehouse
- LaSalle Canada Property Fund closes on \$C350 million of new capital; reaches C\$1billion total GAV

Q3 2018 AUM Highlights

\$60B

AUM

\$2.1B

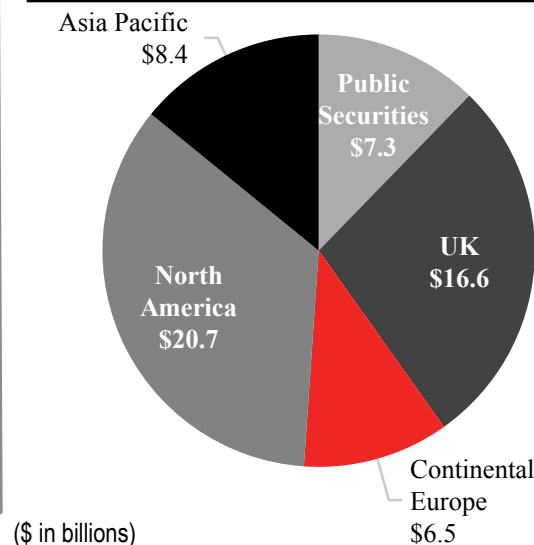
Capital
raised

\$8B

Dry
powder

Assets Under Management

By geography & type



58%

Separate accounts

30%

Funds

12%

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

- Unfavorable impact YTD 2018 largely attributable to weakening of Asia Pacific currencies vs. the USD

Currency EPS Impact	
Favorable/(Unfavorable)	
Q1 2018	0.01
Q2 2018	0.02
Q3 2018	(0.06)
YTD 2018	(0.03)

Currency exchange rate summary

	Q3			Spot
	2018	2017	% Change	11/1/2018
GBP £	1.30	1.30	—%	1.30
EUR €	1.17	1.18	(1)%	1.14
AUD \$	0.73	0.79	(8)%	0.71
JPY ¥	112	111	(1)%	113
CNY ¥	6.81	6.57	(4)%	6.97

Notes:

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

Prime Offices - Capital Value Clock

The JLL Property ClocksSM

Q3 2017



Q3 2018



Americas EMEA Asia Pacific



Notes:

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

Prime Offices - Rental Clock

The JLL Property ClocksSM

Q3 2017



Q3 2018



Americas EMEA Asia Pacific



Notes:

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

Q3 2018 business wins

	Corporate Solutions	Capital Markets	Leasing & Management
Americas	Fulton Financial TIAA	The Plaza Hotel, New York Red Sky Capital/JZ Capital Partners Portfolio, Brooklyn 303 East Wacker, Chicago	120 S LaSalle, Chicago The Abbey Group, Boston
EMEA	BBVA Sanofi	Plumtree Court, London Blackstone, Barcelona Gdanski Business Centre, Poland	Serviceplan, Munich Samsung, Ireland
Asia Pacific	HCL Technologies TRT Health H&M	Westfield Eastgardens Centre, Sydney PGIM Retail Portfolio, Malaysia Vicinity Centres Portfolio, Australia	China Life Building, Qingdao DHL, Chennai Deutsche Asset Management, Seoul

Q3 2018 fee revenue growth drivers

	YoY Growth USD	M&A Contribution	Organic Growth	Currency Impact
Americas	12%	—%	12%	—%
EMEA	4%	—%	5%	(1)%
APAC	2%	—%	7%	(5)%
LaSalle	75%	—%	76%	(1)%
Consolidated	12%	—%	14%	(2)%

Supplemental EBITDA margin information

The tables below 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

	Q3 2017			Q3 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	15.6%	(-100 bps)	14.6%	16.0%
EMEA	4.0%	(-10 bps)	3.9%	5.7%
APAC	12.3%	-	12.3%	11.2%
LaSalle	34.5%	-	34.5%	35.2%
Consolidated	13.2%	(-50 bps)	12.7%	14.7%

	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	14.2%	(-70 bps)	13.5%	14.8%
EMEA	1.6%	-	1.6%	2.3%
APAC	10.5%	(-20 bps)	10.3%	9.1%
LaSalle	30.7%	-	30.7%	34.3%
Consolidated	11.4%	(-40 bps)	11.0%	12.3%

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



Q3 2018 Real Estate Services GAAP revenue

(\$ in millions; % change over QTD Q3 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$424.0	15%	15%	\$80.1	13%	14%	\$69.3	34%	39%	\$573.4	16%	17%
Capital Markets	\$115.6	—%	—%	\$108.9	2%	3%	\$39.5	(29)%	(26)%	\$264.0	(5)%	(4)%
Property & Facility Management	\$1,271.5	18%	19%	\$336.3	—%	2%	\$529.2	8%	13%	\$2,137.0	12%	14%
Project & Development Services	\$304.7	6%	7%	\$220.1	29%	31%	\$108.7	(1)%	5%	\$633.5	12%	14%
Advisory, Consulting & Other	\$85.8	23%	24%	\$60.2	(8)%	(7)%	\$43.3	2%	7%	\$189.3	7%	8%
Total	\$2,201.6	15%	15%	\$805.6	7%	9%	\$790.0	5%	10%	\$3,797.2	11%	13%

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

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YTD Q3 2018 Real Estate Services GAAP revenue

(\$ in millions; % change over YTD Q3 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$1,151.4	9%	9%	\$211.9	14%	8%	\$165.2	24%	24%	\$1,528.5	11%	10%
Capital Markets	\$344.4	8%	8%	\$288.1	9%	3%	\$122.2	1%	—%	\$754.7	7%	5%
Property & Facility Management	\$3,713.4	15%	15%	\$1,078.9	11%	5%	\$1,590.6	10%	10%	\$6,382.9	13%	12%
Project & Development Services	\$848.8	1%	1%	\$663.5	41%	32%	\$309.8	4%	5%	\$1,822.1	13%	11%
Advisory, Consulting & Other	\$237.1	17%	18%	\$193.4	9%	3%	\$126.4	8%	7%	\$556.9	12%	10%
Total	\$6,295.1	11%	12%	\$2,435.8	17%	11%	\$2,314.2	9%	9%	\$11,045.1	12%	11%

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

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Fee revenue / fee-based operating expenses reconciliation

	Three Months Ended September 30,		Nine Months Ended September 30,	
(\$ in millions)	2018	2017	2018	2017
Revenue	\$ 3,969.8	\$ 3,522.2	\$ 11,428.7	\$ 10,110.2
Reimbursements	(1,756.1)	(1,541.5)	(5,160.6)	(4,638.7)
Revenue before reimbursements	2,213.7	1,980.7	6,268.1	5,471.5
Gross contract costs	(617.0)	(554.1)	(1,892.4)	(1,592.6)
Net non-cash MSR and mortgage banking derivative activity	(5.3)	(7.1)	(9.3)	(11.1)
Fee revenue	\$ 1,591.4	\$ 1,419.5	\$ 4,366.4	\$ 3,867.8
Operating expenses	\$ 3,778.9	\$ 3,384.4	\$ 11,034.2	\$ 9,826.2
Reimbursed expenses	(1,756.1)	(1,541.5)	(5,160.6)	(4,638.7)
Gross contract costs	(617.0)	(554.1)	(1,892.4)	(1,592.6)
Fee-based operating expenses	\$ 1,405.8	\$ 1,288.8	\$ 3,981.2	\$ 3,594.9
Operating income	\$ 190.9	\$ 137.8	\$ 394.5	\$ 284.0
Restructuring and acquisition charges (credits)	3.7	3.4	(6.7)	13.3
Net non-cash MSR and mortgage banking derivative activity	(5.3)	(7.1)	(9.3)	(11.1)
Amortization of acquisition-related intangibles	6.9	7.7	21.5	23.3
Adjusted operating income	\$ 196.2	\$ 141.8	\$ 400.0	\$ 309.5

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(\$ in millions except per share data)	2018	2017	2018	2017
GAAP net income attributable to common shareholders	\$ 134.9	\$ 98.3	\$ 283.0	\$ 199.8
Shares (in 000s)	45,965	45,814	45,930	45,729
GAAP diluted earnings per share	\$ 2.93	\$ 2.15	\$ 6.16	\$ 4.37
GAAP net income attributable to common shareholders	\$ 134.9	\$ 98.3	\$ 283.0	\$ 199.8
Restructuring and acquisition charges (credits)	3.7	3.4	(6.7)	13.3
Net non-cash MSR and mortgage banking derivative activity	(5.3)	(7.1)	(9.3)	(11.1)
Amortization of acquisition-related intangibles, net	6.9	7.7	21.5	23.3
Tax impact of adjusted items	(1.3)	(1.0)	(1.4)	(7.6)
Adjusted net income	\$ 138.9	\$ 101.3	\$ 287.1	\$ 217.7
Shares (in 000s)	45,965	45,814	45,930	45,729
Adjusted diluted earnings per share⁽¹⁾	\$ 3.02	\$ 2.21	\$ 6.25	\$ 4.76



(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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
GAAP net income attributable to common shareholders	\$ 134.9	\$ 98.3	\$ 283.0	\$ 199.8
Interest expense, net of interest income	12.3	14.9	40.4	42.5
Provision for income taxes	45.6	36.0	96.7	73.1
Depreciation and amortization	42.7	41.8	131.1	122.3
EBITDA	\$ 235.5	\$ 191.0	\$ 551.2	\$ 437.7
Restructuring and acquisition charges (credits)	3.7	3.4	(6.7)	13.3
Net non-cash MSR and mortgage banking derivative activity	(5.3)	(7.1)	(9.3)	(11.1)
Adjusted EBITDA	\$ 233.9	\$ 187.3	\$ 535.2	\$ 439.9
Net income margin attributable to common shareholders ⁽¹⁾	6.1%	5.0%	4.5%	3.7%
Adjusted EBITDA margin (presented on a local currency basis)	14.7%	13.2%	12.4%	11.4%



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

(1) Calculated as % of Revenue before Reimbursements

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 the company's 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, 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, 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 June 30, 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