



JLL

*Achieve
Ambitions*

Supplemental Information

4th Quarter 2018 Earnings Call

February 12, 2019

Global market overview

Q4 2018 Macro-economic operating environment

- Global economy remains resilient despite trade tensions and policy uncertainties
- Economic growth maintained in Q4 2018; expected moderate slowing in global growth to 3.4%
- Fed revises down forecast for number of rate hikes in 2019
- U.S. growth continues; trade policy continues to negatively impact growth
- European sentiment weakens and momentum softens
- Asia Pacific steady despite trade tensions continuing to spur volatility

2019 Global real estate outlook



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

Notes:

- Source: JLL Research, February 2019
- Leasing, vacancy, rental and capital value projections relate to the office sector

Consolidated financial results

Q4 2018 Highlights

\$2.1B

Fee
revenue

\$418M

Adjusted
EBITDA

\$5.99

Adjusted
diluted EPS

FY 2018 Highlights

\$6.5B

Fee
revenue

\$953M

Adjusted
EBITDA

\$12.25

Adjusted
diluted EPS

2018 Commentary

- Record fee revenue growth
 - Real Estate Services fee revenue reflects double-digit growth in Leasing and continued Corporate Solutions momentum
 - LaSalle revenue driven by stellar incentive fee performance
- Adjusted EBITDA margin performance reflects:
 - Solid organic margin expansion in Real Estate Services
 - Significant LaSalle incentive fees
- Strong operating cash flow of \$605M contributes to net debt reduction
- LaSalle completes acquisition from Aviva Investors Real Estate Multi-Manager business; becomes sole manager of Encore+ fund



Notes:

- Refer to pages 25-29 for definitions and reconciliations of non-GAAP financial measures

Q4 2018 Real Estate Services fee revenue

(\$ in millions; % change over Q4 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$591.9	34%	35%	\$118.2	3%	7%	\$113.4	10%	16%	\$823.5	25%	27%
Capital Markets	\$156.5	5%	5%	\$170.2	(13)%	(10)%	\$54.1	(38)%	(35)%	\$380.8	(12)%	(10)%
Property & Facility Management	\$133.8	10%	12%	\$104.0	19%	23%	\$94.1	14%	19%	\$331.9	14%	17%
Project & Development Services	\$113.5	11%	13%	\$86.4	10%	13%	\$38.6	18%	24%	\$238.5	12%	15%
Advisory, Consulting & Other	\$53.6	23%	24%	\$95.3	9%	13%	\$51.5	(1)%	4%	\$200.4	9%	13%
Total	\$1,049.3	22%	23%	\$574.1	2%	5%	\$351.7	(2)%	3%	\$1,975.1	11%	14%

Note: Refer to pages 25-29 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



FY 2018 Real Estate Services fee revenue

(\$ in millions; % change over 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$1,711.3	16%	17%	\$323.3	9%	7%	\$268.9	15%	18%	\$2,303.5	15%	15%
Capital Markets	\$490.5	7%	7%	\$440.9	(2)%	(4)%	\$162.1	(20)%	(19)%	\$1,093.5	(1)%	(2)%
Property & Facility Management	\$472.2	13%	13%	\$383.6	14%	11%	\$307.3	5%	7%	\$1,163.1	11%	10%
Project & Development Services	\$368.8	8%	9%	\$288.7	25%	22%	\$140.5	19%	20%	\$798.0	16%	15%
Advisory, Consulting & Other	\$172.3	23%	27%	\$273.0	9%	6%	\$170.9	5%	6%	\$616.2	11%	12%
Total	\$3,215.1	14%	14%	\$1,709.5	9%	7%	\$1,049.7	4%	6%	\$5,974.3	11%	10%

Note: Refer to pages 25-29 for definitions and reconciliations of non-GAAP financial measures

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JLL Capital Markets & Leasing performance

Leasing	QUARTERLY		FULL YEAR		FULL YEAR
	Q4 2018		Year-to-Date 2018		2019
	Actual	Research	Actual	Research	Current Forecast
	JLL Revenue	Gross Absorption	JLL Revenue	Gross Absorption	Gross Absorption
	Local Currency	Square Feet	Local Currency	Square Feet	Square Feet
Americas	35%	—%	17%	3%	Flat
EMEA	7%	(18)%	7%	(2)%	(5)%
Asia Pacific	16%	(2)%	18%	21%	Flat
Total	27% 	(7)% 	15% 	5% 	Flat 
Capital Markets	QUARTERLY		FULL YEAR		FULL YEAR
	Q4 2018		Year-to-Date 2018		2019
	Actual	Research	Actual	Research	Current Forecast
	JLL Revenue	Market Volume	JLL Revenue	Market Volume	Market Volume
	USD	USD	USD	USD	USD
Americas	5%	15%	7%	13%	(10)%
EMEA	(13)%	(21)%	(2)%	(6)%	(10)%
Asia Pacific	(38)%	(18)%	(20)%	7%	5%
Total	(12)% 	(11)% 	(1)% 	4% 	(5 -10)% 

Notes:

- Source: JLL Research, February 2019
- 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

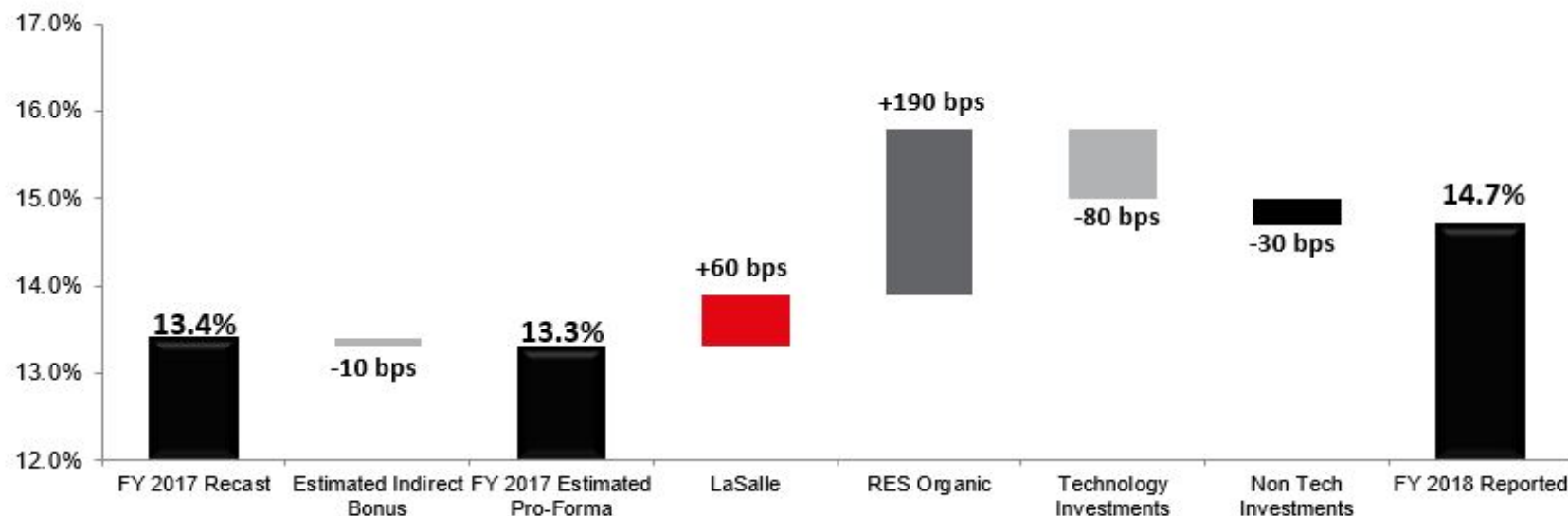
Positive RES organic growth

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

Investments in technology

Strategic investments to drive organic margin expansion

FY 2018 Consolidated Adjusted EBITDA Margin



Q4 2018 Adj EBITDA	17.7%	(+)	60 bps	18.3%	(+)	10 bps	(+)	250 bps	(-)	-90bps	(-)	-30 bps	19.7%
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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 25-29 for definitions and reconciliations of non-GAAP financial measures



Balance sheet & cash flow

Cash Use (\$ in millions)	2018	2017
M&A (Including deferred) ⁽¹⁾	\$174	\$74
Co-investment ⁽²⁾	7	(5)
Dividends	38	33
Capital Expenditures ⁽³⁾	162	151
Total	\$381	\$253
Balance Sheet (\$ in millions)	2018	2017
Cash and Cash Equivalents	\$481	\$268
Short Term Borrowings	33	77
Credit Facility ⁽⁴⁾	—	—
Net Bank Debt	\$(448)	\$(191)
Long Term Senior Notes ⁽⁴⁾	675	695
Deferred Business Acquisition Obligations	62	82
Total Net Debt	\$289	\$586
Net Debt /Adjusted FY EBITDA ⁽⁵⁾	0.3x	0.8x

Highlights	
Investment Grade Ratings Moody's: Baa1 (Stable) S&P: BBB+ (Stable)	Investment grade ratings reflect financial and balance sheet strength
\$2.75B Credit Facility Maturity in May 2023	Strong cash generation and working capital management drive net debt reduction
Senior Notes €350M 10 & 12 year Maturity - 2027 & 2029 \$275M 10 year Maturity - 2022	Cash use reflects disciplined approach to capital allocation



(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 for both Q4 2018 and Q4 2017

(5) Refer to pages 25-29 for definitions and reconciliations of non-GAAP financial measures . Q4 2017 Net Debt/Adjusted TTM EBITDA does not reflect ASC 606 recast

Segment Details

Americas financial summary

Q4 2018 Highlights

\$1.0B

Fee
revenue

\$203M

Adjusted
EBITDA

19.3%

Adjusted
EBITDA
margin

FY 2018 Highlights

\$3.2B

Fee
revenue

\$523M

Adjusted
EBITDA

16.3%

Adjusted
EBITDA
margin

2018 Commentary

- Double-digit organic revenue growth with notable performance in Leasing and Property & Facilities Management
 - Broad-based leasing performance across U.S. markets
 - Strong Property & Facilities Management performance resulting from Corporate Solutions contract wins
- Adjusted EBITDA margin expansion reflects:
 - Strong organic contribution from Leasing and Corporate Solutions
 - Continued cost management discipline



Notes:

- Refer to pages 25-29 for definitions and reconciliations of non-GAAP financial measures
- U.S. Dollar Adjusted EBITDA margin
- Refer to page 22 for additional Adjusted EBITDA margin detail

EMEA financial summary

Q4 2018 Highlights

\$574M

Fee
revenue

\$104M

Adjusted
EBITDA

18.2%

Adjusted
EBITDA
margin

FY 2018 Highlights

\$1.7B

Fee
revenue

\$131M

Adjusted
EBITDA

7.7%

Adjusted
EBITDA
margin

2018 Commentary

- Revenue expansion led by Property & Facility Management and Project & Development Services
 - Solid leasing results; Noteworthy performance in UK, Germany and France
 - JLL [Nxt Office](#) technology supports leasing growth
 - Strength in Project & Development Services from Tetris fit-out business
- Adjusted EBITDA margin expansion reflects:
 - Strong organic contribution from Leasing and Corporate Solutions
 - Integral stabilization



Notes:

- Refer to pages 25-29 for definitions and reconciliations of non-GAAP financial measures
- U.S. Dollar Adjusted EBITDA margin
- Refer to page 22 for additional Adjusted EBITDA margin detail

Asia Pacific financial summary

Q4 2018 Highlights

\$352M

Fee
revenue

\$75M

Adjusted
EBITDA

21.3%

Adjusted
EBITDA
margin

FY 2018 Highlights

\$1.0B

Fee
revenue

\$138M

Adjusted
EBITDA

13.2%

Adjusted
EBITDA
margin

2018 Commentary

- Fee revenue growth led by Leasing and Project & Development Services
 - Leasing performance reflects strong market demand and team productivity
 - Capital Markets decline reflects outsized prior-year performance and deal timing
- Adjusted EBITDA margin reflects:
 - Net shift in service mix toward annuity-based revenues
 - Continued strategic technology investments



Notes:

- Refer to pages 25-29 for definitions and reconciliations of non-GAAP financial measures
- U.S. Dollar Adjusted EBITDA margin
- Refer to page 22 for additional Adjusted EBITDA margin detail

LaSalle Investment Management results

FY 2018 Highlights

\$512M

Fee
Revenue

\$162M

Adjusted
EBITDA

31.7%

Adjusted
EBITDA
margin

- Strong revenue growth led by incentive fee performance
- Adjusted EBITDA margin expansion due to increased incentive fees, annuity margin performance, partially offset by equity earnings decline
- AUM increase of 2% driven by acquisitions and valuations, partially offset by dispositions and withdrawals

2018 AUM Highlights

\$60.5B

AUM

\$6.1B

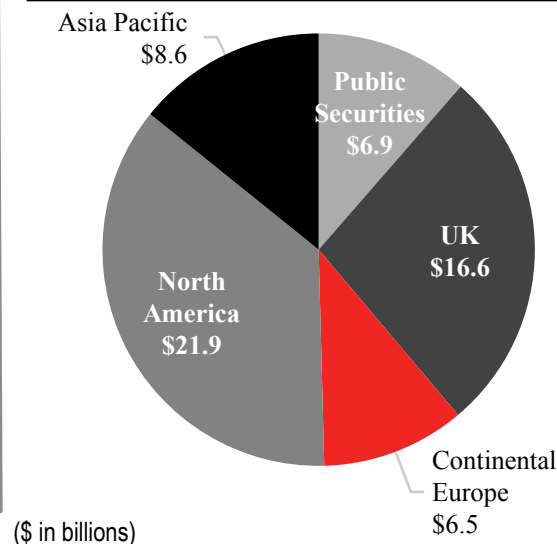
Capital
raised

\$6.8B

Dry
powder

Assets Under Management

By geography & type



56%

Separate accounts

33%

Funds

11%

Public securities



Notes:

- AUM data reported on a one-quarter lag
- Pie chart breakout based on real estate investment location
- Refer to pages 25-29 for definitions and reconciliations of non-GAAP financial measures
- U.S. Dollar Adjusted EBITDA margin

2019 Operating framework

2019 JLL Priorities

- Convert Corporate Solutions strong pipeline and drive further margin expansion
- Strengthen Capital Market teams and drive productivity
- Accelerate early successes in digital journey; digital services and products to contribute over \$100 million in direct revenues
- Leverage strong balance sheet for strategic M&A opportunities
- Replace local legacy systems with global business applications aligned with service lines
- Complete ERP/Platform transformation in EMEA and APAC



Notes:

- Refer to pages 25-29 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

Currency Impact Adjusted EPS

Favorable/(Unfavorable)

Q1 2018	0.01
Q2 2018	0.02
Q3 2018	(0.06)
Q4 2018	(0.21)
FY 2018	(0.24)

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

Currency exchange rate summary

FX Rates (QTD Average Rate)

	Q4 2018	Q4 2017	% Change
GBP £	1.29	1.35	(4)%
EUR €	1.13	1.20	(6)%
AUD \$	0.72	0.78	(8)%
JPY ¥	114	113	(1)%
CNY ¥	6.90	6.59	(5)%
INR ₹	71.14	64.44	(10)%

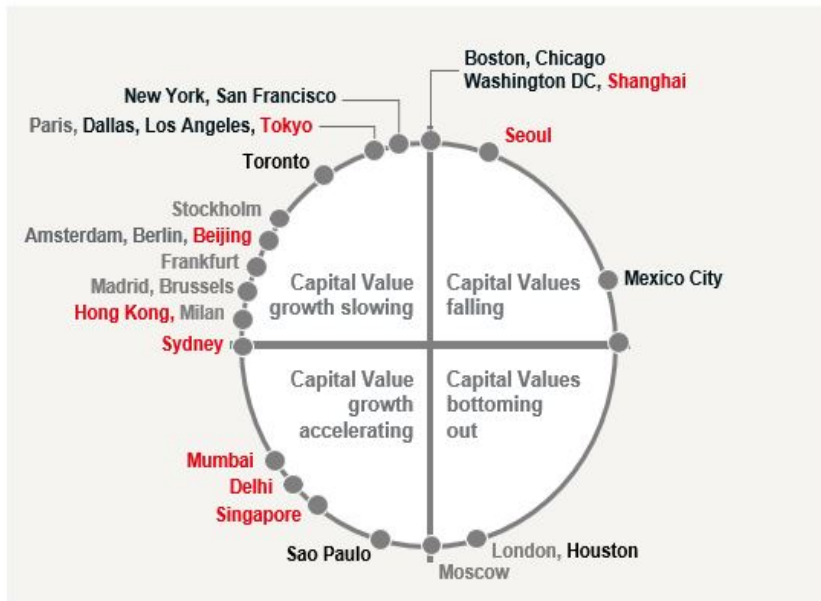
Notes:

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

Prime Offices - Capital Value Clock

The JLL Property ClocksSM

Q4 2017



Q4 2018



Americas EMEA Asia Pacific

Prime Offices - Rental Clock

The JLL Property ClocksSM

Q4 2017



Q4 2018



Americas EMEA Asia Pacific



Notes:

- Based on notional capital values for Grade A space in CBD or equivalent
- Source: JLL Research, February 2019. The JLL Property ClocksSM

Q4 2018 select business wins

	Corporate Solutions	Capital Markets	Leasing & Management
Americas	State of Illinois Jacksonville Naval Air Station University of Phoenix	Hammes Portfolio 530-536 Broadway, New York 950 Nicollet, Minneapolis	Hewlett Packard Enterprise, Houston Pier 70, San Francisco
EMEA	Merck KGaA EDF Energy	Lumen and Skylight Buildings, Warsaw Hotel Villa Magna, Madrid Dedica Anthology Hotel Portfolio	Rhenus, Warsaw HMRC, Nottingham Logicor, Rome
Asia Pacific	Blackrock Services, India Synopses, Korea BNPP, Vietnam	Waverly Gardens Shopping Centre, Melbourne 138 Connaught Road West, Hong Kong	WPP Marketing Communication, Mumbai Shimadzu, Guangzhou SuperPark, Singapore

Q4 2018 fee revenue growth drivers

	YoY Growth USD	M&A Contribution	Organic Growth	Currency Impact
Americas	22.2%	0.3%	22.9%	(1.0)%
EMEA	1.6%	—%	5.3%	(3.7)%
APAC	(1.7)%	0.3%	2.9%	(4.9)%
LaSalle	66.1%	4.5%	64.3%	(2.7)%
Consolidated	13.5%	0.4%	15.8%	(2.7)%

FY 2018 fee revenue growth drivers

	YoY Growth USD	M&A Contribution	Organic Growth	Currency Impact
Americas	13.6%	0.2%	13.9%	(0.5)%
EMEA	9.3%	—%	6.9%	2.4%
APAC	4.1%	0.4%	5.4%	(1.7)%
LaSalle	53.6%	1.2%	50.9%	1.5%
Consolidated	13.1%	0.2%	12.7%	0.2%

Supplemental EBITDA margin information

The tables below are intended to aid comparability of 2017 to 2018 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

	Q4 2017			Q4 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	17.5%	+120 bps	18.7%	19.3%
EMEA	14.5%	+10 bps	14.6%	18.2%
APAC	20.6%	+20 bps	20.8%	21.3%
LaSalle	28.9%	--	28.9%	25.0%
Consolidated	17.7%	+60 bps	18.3%	19.7%

	FY 2017			FY 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	15.2%	(-10 bps)	15.1%	16.3%
EMEA	6.3%	--	6.3%	7.7%
APAC	14.1%	(-10 bps)	14.0%	13.2%
LaSalle	30.2%	--	30.2%	31.7%
Consolidated	13.4%	(-10 bps)	13.3%	14.7%

Notes:

- Refer to pages 25-29 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



Q4 2018 Real Estate Services GAAP revenue

(\$ in millions; % change over QTD Q4 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$602.7	33%	34%	\$121.1	4%	7%	\$119.8	15%	21%	\$843.6	25%	27%
Capital Markets	\$155.9	1%	2%	\$176.0	(13)%	(9)%	\$58.8	(35)%	(31)%	\$390.7	(12)%	(10)%
Property & Facility Management	\$1,428.8	12%	13%	\$403.3	10%	14%	\$567.8	8%	14%	\$2,399.9	11%	13%
Project & Development Services	\$452.9	13%	15%	\$256.8	17%	21%	\$137.2	21%	28%	\$846.9	16%	19%
Advisory, Consulting & Other	\$105.6	26%	27%	\$102.0	7%	11%	\$50.7	(7)%	(3)%	\$258.3	10%	13%
Total	\$2,745.9	16%	17%	\$1,059.2	6%	10%	\$934.3	5%	11%	\$4,739.4	11%	14%

Note: Refer to pages 25-29 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



FY 2018 Real Estate Services GAAP revenue

(\$ in millions; % change over 2017)

	Americas			EMEA			Asia Pacific			Total RES		
	% Change			% Change			% Change			% Change		
	USD	LC		USD	LC		USD	LC		USD	LC	
Leasing	\$1,754.1	16%	17%	\$333.0	10%	8%	\$285.0	20%	22%	\$2,372.1	16%	16%
Capital Markets	\$500.3	6%	6%	\$464.1	—%	(2)%	\$181.0	(14)%	(13)%	\$1,145.4	—%	(1)%
Property & Facility Management	\$5,142.2	14%	15%	\$1,482.2	10%	8%	\$2,158.4	9%	11%	\$8,782.8	12%	13%
Project & Development Services	\$1,301.7	5%	5%	\$920.3	33%	29%	\$447.0	9%	11%	\$2,669.0	14%	13%
Advisory, Consulting & Other	\$342.7	20%	20%	\$295.4	8%	6%	\$177.1	3%	4%	\$815.2	12%	11%
Total	\$9,041.0	13%	13%	\$3,495.0	14%	11%	\$3,248.5	8%	10%	\$15,784.5	12%	12%

Note: Refer to pages 25-29 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 December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Revenue	\$ 4,889.7	\$ 4,343.0	\$ 16,318.4	\$ 14,453.2
Reimbursements	(2,068.3)	(1,847.1)	(7,228.9)	(6,485.8)
Revenue before reimbursements	2,821.4	2,495.9	9,089.5	7,967.4
Gross contract costs	(702.6)	(622.9)	(2,595.0)	(2,215.5)
Net non-cash MSR and mortgage banking derivative activity	1.0	(4.6)	(8.3)	(15.7)
Fee revenue	\$ 2,119.8	\$ 1,868.4	\$ 6,486.2	\$ 5,736.2
Operating expenses	\$ 4,577.3	\$ 4,081.1	\$ 15,611.5	\$ 13,907.3
Reimbursed expenses	(2,068.3)	(1,847.1)	(7,228.9)	(6,485.8)
Gross contract costs	(702.6)	(622.9)	(2,595.0)	(2,215.5)
Fee-based operating expenses	\$ 1,806.4	\$ 1,611.1	\$ 5,787.6	\$ 5,206.0
Operating income	\$ 312.4	\$ 261.9	\$ 706.9	\$ 545.9



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

	Three Months Ended December 31,		Year Ended December 31,	
(\$ in millions except per share data)	2018	2017	2018	2017
GAAP net income attributable to common shareholders	\$ 201.1	\$ 76.2	\$ 484.1	\$ 276.0
Shares (in 000s)	45,987	45,877	45,931	45,758
GAAP diluted earnings per share	\$ 4.37	\$ 1.66	\$ 10.54	\$ 6.03
GAAP net income attributable to common shareholders	\$ 201.1	\$ 76.2	\$ 484.1	\$ 276.0
Restructuring and acquisition charges (credits)	45.5	17.4	38.8	30.7
Net non-cash MSR and mortgage banking derivative activity	1.0	(4.6)	(8.3)	(15.7)
Amortization of acquisition-related intangibles, net	7.9	7.8	29.4	31.1
Gain on disposition	(12.9)	—	(12.9)	—
Impact of Tax Cuts and Jobs Act Enactment	47.0	125.9	47.0	125.9
Tax impact of adjusted items	(14.1)	(14.5)	(15.5)	(22.1)
Adjusted net income	\$ 275.5	\$ 208.2	\$ 562.6	\$ 425.9
Shares (in 000s)	45,987	45,877	45,931	45,758
Adjusted diluted earnings per share⁽¹⁾	\$ 5.99	\$ 4.53	\$ 12.25	\$ 9.31



(1) Calculated on a local currency basis, the results for the three and twelve months ended 2018 include a \$0.21 and \$0.24 unfavorable impact, due to foreign exchange rate fluctuations

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

(\$ in millions)	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
GAAP net income attributable to common shareholders	\$ 201.1	\$ 76.2	\$ 484.1	\$ 276.0
Interest expense, net of interest income	10.7	13.7	51.1	56.2
Provision for income taxes	117.6	183.2	214.3	256.3
Depreciation and amortization	55.0	44.9	186.1	167.2
EBITDA	\$ 384.4	\$ 318.0	\$ 935.6	\$ 755.7
Restructuring and acquisition charges (credits)	45.5	17.4	38.8	30.7
Gain on disposition	(12.9)	—	(12.9)	—
Net non-cash MSR and mortgage banking derivative activity	1.0	(4.6)	(8.3)	(15.7)
Adjusted EBITDA	\$ 418.0	\$ 330.8	\$ 953.2	\$ 770.7
Net income margin attributable to common shareholders ⁽¹⁾	7.1%	3.1%	5.3%	3.5%
Adjusted EBITDA margin (presented on a local currency basis)	19.9%	17.7%	14.9%	13.4%



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 EBITDA and Adjusted EBITDA margin,
- (iii) Adjusted net income attributable to common shareholders and Adjusted diluted earnings per share, and
- (iv) 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 investments, 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 represent certain costs associated with client-dedicated employees and third-party vendors and subcontractors and are indirectly reimbursed through the fee we receive. These costs are presented on a gross basis in Operating expenses with the corresponding fee in Revenue before reimbursements. However, as we generally earn 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 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 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 the company manages and evaluates performance because the excluded activity is non-cash in nature.

Impact of December 2017 Tax Cuts and Jobs Act Enactment reflects the transition tax on the deemed repatriated earnings of foreign subsidiaries and the remeasurement of U.S. deferred tax assets. For 2017, the provisional estimate of the total impact was \$125.9 million. The \$47.0 million of additional expense in 2018 represents the true-up to the provisional amounts recorded in 2017. Such activity is excluded as the amount relates predominantly to accumulated foreign earnings, net of tax credits, realized over many years with cash obligations to be paid over eight years beginning in 2019. Therefore, these amounts are not considered indicative of core operating results.

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. Restructuring and acquisition charges are excluded from segment operating results and therefore not a line item in the segments' reconciliation to 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 in recent years. Such activity is excluded as the change in period-over-period activity is generally the result of longer-term strategic decisions and therefore not necessarily indicative of core operating results.

Gain on Disposition reflects the net gain recognized on the sale of a business in the Asia Pacific reporting segment. 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

.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, June 30, 2018, and September 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