

JONES LANG LASALLE INC
Form 10-K
February 23, 2017

United States
Securities and Exchange Commission
Washington, D.C. 20549
Form 10-K
Annual Report Pursuant to Section 13 or 15(d) of the Securities Act of 1934
For the fiscal year ended December 31, 2016 Commission File Number 1-13145

Jones Lang LaSalle Incorporated
(Exact name of registrant as specified in its charter)
Maryland 36-4150422
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
200 East Randolph Drive, Chicago, IL 60601
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: 312-782-5800

Securities registered pursuant to Section 12(b) of the Act:
Title of each class Name of each exchange on which registered
Common Stock (\$.01 par value) New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes No
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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files). Yes No
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Large accelerated filer Accelerated filer Non-accelerated filer
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No
The aggregate market value of the voting stock (common stock) held by non-affiliates of the registrant as of the close of business on July 1, 2016 was \$4,302,579,297.
The number of shares outstanding of the registrant's common stock (par value \$0.01) as of the close of business on February 20, 2017 was 45,248,135.
Portions of the Registrant's Proxy Statement for its 2017 Annual Meeting of Shareholders are incorporated by reference in Part III of this report.

JONES LANG LASALLE INCORPORATED
ANNUAL REPORT ON FORM 10-K
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PART I

ITEM 1. BUSINESS

COMPANY OVERVIEW

Jones Lang LaSalle Incorporated ("Jones Lang LaSalle," which we may refer to as "JLL," "we," "us," "our," or the "Company") was incorporated in 1997. Our common stock is listed on The New York Stock Exchange under the symbol "JLL."

We are a Fortune 500 financial and professional services company specializing in real estate. We offer comprehensive integrated services on a local, regional, and global basis to owner, occupier, investor, and developer clients seeking increased value by owning, occupying, or investing in real estate. We have more than 280 corporate offices worldwide from which we provide services to clients in more than 80 countries. We have over 77,000 employees, including nearly 39,000 employees whose costs our clients reimburse. Our issuer and senior unsecured ratings are investment grade: BBB+ (stable outlook) from Standard & Poor's Ratings Services ("S&P") and Baa2 (positive outlook) from Moody's Investors Service, Inc. ("Moody's").

Over the ten years ended December 31, 2016, our revenue and fee revenue have both grown at a 13% compound annual growth rate. We have grown our business by expanding our client base and the range of our services and products, both organically and through a series of acquisitions and mergers in alignment with our strategy. Our extensive global platform and in-depth knowledge of local real estate markets enable us to serve as a single-source provider of solutions for the full spectrum of our clients' real estate needs. We began to establish this network of services across the globe through the 1999 merger of the Jones Lang Wootton companies ("JLW", founded in England in 1783) with LaSalle Partners Incorporated ("LaSalle Partners", founded in the United States in 1968).

We use JLL as our principal trading name. Jones Lang LaSalle Incorporated remains our legal name. JLL is a registered trademark in the countries in which we do business, as is our logo:

Using the shorter JLL name in the marketplace is a natural evolution of the Company's historically rich brand, recognizing that it is a truly global company located in multiple markets, with a wide range of expertise applied through many different client services. It also represents its adaptation to different communication styles in different countries, languages and channels, and especially the use of digital and online channels for marketing and communications.

JLL delivers an array of Real Estate Services ("RES") across three geographic business segments: (1) the Americas, (2) Europe, Middle East and Africa ("EMEA"), and (3) Asia Pacific.

LaSalle Investment Management, which uses LaSalle as its principal trading name, is a wholly-owned member of the Jones Lang LaSalle Incorporated group and our fourth business segment. LaSalle is one of the world's largest and most diversified real estate investment management companies. Over the ten years ended December 31, 2016, the assets under management have grown from \$40.6 billion to \$60.1 billion, a 4.0% compound annual growth rate.

LaSalle is a registered trademark in the countries in which we conduct business, as is our logo:

In 2016, we generated revenue and fee revenue of \$6.8 billion and \$5.8 billion, respectively, across our four business segments, representing increases of 14% and 11%, respectively, over 2015. We believe we remain well-positioned to take advantage of the opportunities in a consolidating industry and to successfully navigate the dynamic and challenging markets in which we compete worldwide.

We are proud to be a preferred provider of global real estate services, an employer of choice, a consistent winner of industry awards, and a valued partner to the largest and most successful companies and institutions in the global marketplace.

For discussion of our segment results, please see "Results of Operations" and "Market Risks" within Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as Note 3, Business Segments, in the Notes to Consolidated Financial Statements.

"Thinking Beyond," "Achieving Ambitions" and "Building a Better Tomorrow"

In December 2016, JLL's Global Executive Board, our senior management group, endorsed an enhanced global strategic vision to strengthen and refine our longstanding strategic priorities. "Thinking Beyond" provides a sustainable strategic growth framework for JLL and describes the focus and attention to client service excellence that characterizes our business around the world. In February 2017, we launched a new brand positioning strategy under the banner "Achieving Ambitions," which reflects our core values of Teamwork, Ethics, and Excellence in everything we do. Later this year, we will introduce "Building a Better Tomorrow" to address and articulate the four pillars of our global corporate responsibility agenda: People, Clients, Workplaces and Communities.

Awards

We won numerous awards and recognitions in 2016 that reflect the quality of the services we provide to our clients, the integrity of our people, and our desirability as a place to work. As examples, we were named:

• To the Dow Jones Sustainability Index North America

• For the ninth consecutive year, one of the World's Most Ethical Companies, the Ethisphere Institute

• For the fifth consecutive year, one of the 100 Best Corporate Citizens in the United States (#23), CR Magazine, and #1 in the Financial Services / Insurance /Real Estate sector

• For Excellence in Global Sustainability by the India Institute of Directors

• CoreNet Global's 2016 Global Innovator Award

• One of the Best Places to Work in Money Management (LaSalle) by Pensions & Investments

• America's most JUST company in the real estate industry, Forbes' Inaugural "JUST 100" list

• For the eighth consecutive year, one of the Global Outsourcing 100 - International Association of Outsourcing Professionals

• For the second consecutive year, World's Most Admired Companies, Fortune Magazine

• For the second consecutive year, one of the 50 Out Front for Diversity Leadership: Best Places for Women & Diverse Managers to Work, Diversity MBA Magazine

• For the second consecutive year, as having a perfect score on the Human Rights Campaign Foundation's Corporate Equality Index, a national benchmarking survey on corporate policies and practices related to LGBT workplace equality

• For the fifth consecutive year, as a Winning "W" Company by the 2020 Women on Boards

• One of the Best Places to Work by a number of local publications world-wide, including one of Americas' Best Employers by Forbes

• For the sixth consecutive year, Energy Star Sustained Excellence Award by the U.S. Environmental Protection Agency

Services and Clientele

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

Agency Leasing	Project and Development Management / Construction
Capital Markets	Property Management (Investors)
Corporate Finance	Real Estate Investment Banking / Merchant Banking
Energy and Sustainability Services	Research
Facility Management Outsourcing (Occupiers)	Strategic Consulting, Technology Solutions, and Advisory Services
Investment Management	Tenant Representation
Lease Administration	Transaction Management
Logistics and Supply-Chain Management	Valuations
Mortgage Origination and Servicing	Value Recovery and Receivership Services

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

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

Individual regions and markets may focus on different property types to a greater or lesser extent depending on local requirements, market conditions and the strength of the business opportunities we perceive from time to time.

We work for a broad range of clients. They represent a wide variety of industries in markets throughout the world. Our clients vary greatly in size and complexity. They include for-profit and not-for-profit entities of all kinds, public-private partnerships, and governmental ("public sector") entities. Increasingly, we are also offering services to middle-market companies seeking to outsource real estate services or with which we want to become familiar as they grow and develop their different needs of our services. Through LaSalle, we invest for clients on a global basis in publicly traded real estate securities, private real estate assets, and debt obligations. As an example of the breadth and significance of our client base, we provide services to approximately half of the Fortune 500 companies and approximately 81% of the Fortune 100 companies.

We believe our market reach strengthens the long-term value of the enterprise in a number of ways, including by: (1) reducing the potential impact of episodic volatility or disruption in any specific region; (2) enhancing the expertise of our people through knowledge sharing among colleagues across the globe; and (3) allowing us to identify and react to emerging trends and risks quickly.

Distinguishing Attributes

The attributes that enhance our services and distinguish our Company, some of which we discuss in more detail below under "Competitive Differentiators," include:

- Our focus on client relationship management as a means to provide superior client service on an increasingly coordinated basis;
- Our integrated global platform, including a highly diverse set of service offerings;
- Our ability to deliver innovative solutions and technology applications to assist our clients in maximizing the value of their real estate portfolios;
- Our ability to organize and analyze the significant data about real estate that we collect in the course of our business;
- The quality and worldwide reach of our industry-leading research function, enhanced by applications of technology and our ability to synthesize complex information into practical advice for clients;
- Our reputation for consistent and trustworthy service delivery worldwide, as the result of our creation of best practices and by the skills, experience, collaborative nature, and integrity of our people;
- Our local market knowledge;
- The strength of our brand and reputation;
- The strength of our financial position;
- Our high staff engagement levels;
- Our efforts to deliver the best possible returns for investment management clients;
- The quality of our internal governance and enterprise risk management;
- Our history of delivering strong investment performance for LaSalle clients;
- The management of our supply chain for the benefit of the project management, property and facility management, and other services we provide to clients; and
- Our sustainability leadership agenda, which addresses the long-term financial, environmental, and social risks and opportunities for ourselves and our clients.

JLL History and Acquisition Activities

Prior to our incorporation in Maryland in April 1997 and our initial public offering (the "Offering") of 4,000,000 shares of common stock in July 1997, JLL conducted its real estate services and investment management businesses as LaSalle Partners Limited Partnership and LaSalle Partners Management Limited Partnership (collectively, the "Predecessor Partnerships"). Immediately prior to the Offering, the general and limited partners of the Predecessor Partnerships contributed all of their partnership interests in the Predecessor Partnerships in exchange for an aggregate of 12,200,000 shares of common stock.

In March 1999, LaSalle Partners merged its business with that of JLW and changed its name to Jones Lang LaSalle Incorporated. In connection with the merger, we issued 14,300,000 shares of common stock and paid cash consideration of \$6.2 million.

From 2005 through 2016, we have completed more than 100 acquisitions as part of our global growth strategy. These acquisitions have given us additional share in key geographical markets, expanded our capabilities in certain service areas, and further broadened the global platform we make available to our clients. These acquisitions have also increased our presence and product offering globally, and have included acquisitions in the following locations:

Australia	Finland	Indonesia	Philippines	Spain
Brazil	France	Ireland	Poland	Sweden
Canada	Germany	Japan	Portugal	Turkey
China	Hong Kong	Malaysia	Singapore	United Kingdom
United Arab Emirates	India	Netherlands	South Africa	United States

In July 2008, we acquired Staubach Holdings Inc. ("Staubach"), a U.S. real estate services company specializing in tenant representation. Staubach, with 1,000 employees, significantly enhanced our presence in key markets across the United States and made us an industry leader in local, national and global tenant representation. The acquisition also established us as the market leader in public sector services and added scale to our industrial brokerage, investment sales, corporate finance and project and development services.

In May 2011, we completed the acquisition of King Sturge, a United Kingdom-based international property consultancy. The King Sturge acquisition, which extended our historical roots back to its founding in 1760, significantly enhanced the strength and depth of our service capabilities in the United Kingdom and in Continental Europe, adding approximately 1,400 employees.

In August 2015, we completed the acquisition of Oak Grove Commercial Mortgage, LLC ("Oak Grove Capital"), one of the longest standing providers of debt financing for multifamily and seniors housing real estate. The Oak Grove Capital acquisition brought greater full-service mortgage lending and mortgage banking capabilities to JLL, including Fannie Mae, Freddie Mac and HUD/GNMA capabilities which expanded our market-rate, affordable, seniors housing and healthcare financial expertise, as well as complemented our multifamily sales and equity services.

Acquisitions During 2016

In 2016, we completed 28 new acquisitions that expanded our capabilities in key regional markets as follows:

Acquired Company	Primary Country	Primary Service Line	Revenue Type
Australian Valuation Services	Australia	Advisory and consulting	Annuity
Bill Goold Realty	Canada	Multi-family investment sales	Transaction
PMX Inc.	Canada	Infrastructure project management	Both
Dazheng	China	Valuation and consulting	Annuity
MSCI Global Occupiers	England	Advisory and consulting	Annuity
Procofin Oy	Finland	Project development	Both
CTH	France	Engineering design	Both
Veronique Nocquet SARL	France	Retail real estate consulting	Both
Acrest	Germany	Retail asset management	Annuity
Morii Appraisal & Investment Consulting	Japan	Valuation and consulting	Annuity
Cobertura SA	Portugal	Prime residential	Transaction
PDM International	Singapore	Brand strategy and environmental design services	Both
Trussard Property Consultants	South Africa	Leasing and investment agency	Both
Integral UK Ltd	United Kingdom	Mechanical and electrical engineering services	Annuity
Advanced Technologies Group	United States	Facility inspection and information consultant	Annuity
Big Red Rooster (Umongis LLC)	United States	Brand strategy and environmental design services	Both
BRG	United States	Consulting and technology implementation services	Annuity
Colliers Baltimore	United States	Brokerage and property management services	Both
Harry K. Moore	United States	Leasing, investment sales and property management	Both
Huntley, Mullaney, Spargo, & Sullivan Inc.	United States	Lease structuring, debt structuring, and bankruptcy advisory services	Both
Integra Realty Resources (Chicago)	United States	Commercial real estate valuation and advisory services	Annuity
Integra Realty Resources (Dallas)	United States	Commercial real estate valuation and advisory services	Annuity
Integra Realty Resources Houston, LLC	United States	Commercial real estate valuation and advisory services	Annuity
Merritt & Harris	United States	Construction monitoring and property assessments	Both
Sage Capital Advisors LLC	United States	Investment sales, equity and debt advisory	Transaction
Strategic Advisory Group	United States	Hospitality consulting services	Annuity
Travis Commercial Real Estate Services	United States		