JONES LANG LASALLE INC
Form 10-K
February 25, 2016

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, 2015 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 [X] 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 [X]
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 [X] 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 [X] 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 [X] 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 [X]
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, 2015 was $7,705,853,898.
The number of shares outstanding of the registrant's common stock (par value $0.01) as of the close of business on February 22, 2016 was 45,085,160.

Portions of the Registrant's Proxy Statement for its 2016 Annual Meeting of Shareholders are incorporated by reference in Part III of this report.

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ITEM 1. BUSINESS
COMPANY OVERVIEW
Jones Lang LaSalle Incorporated ("Jones Lang LaSalle," which we may refer to as "JLL," "we," "us," "our," the "Company" or the "Firm") 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 firm 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 60,000 employees, including 32,700 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, 2015, the fee revenue of the Firm has grown at a 14% 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 strategic acquisitions and mergers. 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 firm'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 firms. Over the ten years ended December 31, 2015, the assets under management have grown from $30.0 million to $56.4 billion, a 6.5% compound annual growth rate. LaSalle is a registered trademark in the countries in which we conduct business, as is our logo:
In 2015, we generated record-setting fee revenue of $5.2 billion across our four business segments, a 17% increase over 2014 in local currency. We believe we remain well-positioned to take advantage of the opportunities in a consolidating industry and to navigate successfully 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 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.

Awards

We won numerous awards with respect to 2015, reflecting 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:

- World’s Best Property Consultancy, International Property Awards Grand Final 2015
- Best Consultancy in Asia, International Property Awards Grand Final 2015
- Global Real Estate Company of the Year (LaSalle), Estates Gazette
- Core Property Manager of the Year (LaSalle), Professional Pensions
- Pan-European Property Manager of the Year (LaSalle), Professional Pensions
- Japan Firm of the Year (LaSalle), 2015 Global PERE Awards
- For the eighth consecutive year, one of the World's Most Ethical Companies, the Ethisphere Institute
- 100 Best Corporate Citizens (#20), CR Magazine
- For the seventh consecutive year, one of the Global Outsourcing 100 - International Association of Outsourcing Professionals
- World’s Most Admired Companies, Fortune Magazine
- 50 Out Front for Diversity Leadership: Best Places for Women & Diverse Managers to Work, Diversity MBA Magazine
- As having a perfect score on the Human Rights Campaign Foundation's 2015 Corporate Equality Index, a national benchmarking survey on corporate policies and practices related to LGBT workplace equality
- As a Winning "W" Company and were listed on the 2020 Honor Roll by the 2020 Women on Boards
- As having one of the Best Law Departments in the US real estate industry, by The Legal 500
- One of the Best Places to Work by a number of local publications world-wide
- 2015 Energy Star Sustained Excellence Award by the U.S. Environmental Protection Agency
- Energy Star Climate Communications Award, U.S. Environmental Protection Agency
- Excellence in Global Corporate Governance, India Institute of Directors

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 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. 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 75% 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 Firm, 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 services platform;
- 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 ability to deliver innovative solutions and technology applications to assist our clients in maximizing the value of their real estate portfolios;
- 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, facilities and property 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.

Since 2005, we have completed more than 80 acquisitions as part of our global growth strategy. These strategic 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 countries:

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

In January 2006, we acquired Spaulding & Slye, a privately held real estate services and investment company with 500 employees that significantly increased the Firm's market presence in New England and Washington, D.C.

In a multi-step acquisition starting in 2007, we acquired the former Trammell Crow Meghraj ("TCM"), one of the largest privately held real estate services companies in India. We have combined TCM's operations with our Indian operations and we now operate under the JLL brand name throughout India.

In May 2008, we acquired Kemper's Holding GmbH, making us the largest retail property advisor in Germany.

In July 2008, we acquired Staubach Holdings Inc. ("Staubach"), a U.S. real estate services firm 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.

Acquisitions from 2012 through 2014

During the period from January 1, 2012 through December 31, 2014, we completed 19 new acquisitions. The entire list of the specific acquisitions is set forth in the About section of our public website.

Acquisitions During 2015

In 2015, we completed 20 new acquisitions that expanded our capabilities in key regional markets as follows:

Acquired Company	Country	Business
Five D	Australia	Facilities management
Propell National Valuers	Australia	Integrated valuations services
HFM	Canada	Commissioning services
CMM Projekt & Office Solutions	Germany	Design and fit-out services
Guardian Property Asset Management	Ireland	Residential agency services
Tansei Mall Management	Japan	Retail property management
Neo-Świat	Poland	Design and fit-out services
AGL	Sweden	Real estate financial advisory
Nextport	Sweden	Tenant representation and relocation management
AVM Partners	Turkey	Retail property management and leasing
Avenue9	United Kingdom	IT consulting for the hotels and hospitality sector
Bluu	United Kingdom	Design and fit-out services
CoR Advisors	United States	Smart-building consulting and solutions
Corrigo	United States	Cloud-based facility management software and services
Cresa South Florida	United States	Tenant representation
Lodgetax	United States	Hotel real estate tax services and consulting
Martin Potts & Associates	United States	Project and construction management services
Oak Grove Capital	United States	Debt financing for multifamily and senior housing
Shelter Bay Retail Group	United States	Retail property management
Wilson Retail Group	United States	Retail brokerage and capital markets

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

Value Drivers for Providing Superior Client Service and Prospering as a Sustainable Enterprise

Our mission is to deliver exceptional strategic fully-integrated services, best practices, and innovative solutions for real estate owners, occupiers, investors, and developers worldwide. We deliver a combination of services, expertise, and technology applications on an integrated global platform that we own (and do not franchise), the totality of which we believe distinguishes us from our competitors and contributes to service excellence and customer loyalty. While we face high-quality competition in individual markets, we believe the following attributes make us the best choice for clients seeking real estate and investment management services on a worldwide basis:

- We have the size and scale of resources necessary to deliver the expertise of the Firm wherever clients need it;
- Our culture of client service, teamwork, and integrity means that we can marshal those resources to deliver the greatest possible value and results;
- Our "client first" and ethical orientation means that our people focus on how we can best provide what our clients need and want, with integrity and transparency;
- Our governance and enterprise risk management orientation means that we have built an enterprise that clients can rely on over the long-term;
- Our strong intellectual capital, our long-term approach to business, and our ability to anticipate, interpret, and respond to the trends influencing our industry sector mean that we are quick and nimble in adapting to new challenges and opportunities in a fast changing world and in helping our clients to do the same.

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In their totality, these aspects affirm our commitment to sustaining our business over the long term. We seek to successfully manage the financial, environmental and social risks and opportunities our complex organization faces, and help our clients do the same. Under the new title, Building A Better Tomorrow (sm), during 2016 we will be reorganizing our sustainability communications and strategy globally.

Global Governance Structure

To achieve our mission, we must establish and maintain an enterprise that will sustain itself over the long term for the benefit of all of our stakeholders: clients, shareholders, employees, suppliers and communities, among others. Accordingly, we have committed ourselves to effective corporate governance that reflects best practices and the highest level of business ethics. For a number of years, we have governed the organization through a highly coordinated framework within which decisions are deliberated and corporate authority is derived.

GLOBAL STRATEGIC PRIORITIES

To continue to create on-going value for our clients, shareholders, and employees, both from current and longer-term perspectives, we have identified five strategic priorities, which we call the G5. We have consistently used the G5 approach since 2005. Although we have grown significantly over the past decade, we believe we have a substantial opportunity to continue to grow and prosper by providing our core services within our key markets, whose potential remains large given the global magnitude of commercial and residential real estate, broadly defined. From time to time we may add adjacent services that are not part of our historical core functions, but we intend these to be opportunistic in nature and targeted to individual geographical locations and evolving business opportunities. For example, we successfully expanded the cross-border brokerage of high-end residential properties in London with the 2011 King Sturge merger, followed by the acquisition of W.A. Ellis during 2014 and Guardian in Dublin in 2015. We have expanded the Tetris-branded fit-out business we originally acquired in France and have been introducing it into other countries, including through acquisitions in Portugal in 2014 and in Poland, Germany, and the United Kingdom in 2015. In 2015, we enhanced our service offering for facility management clients by acquiring a cloud-based technology platform called Corrigo.

We regularly re-evaluate whether the G5 continue to be the right priorities for best driving the business forward toward the overall objective of on-going value creation.

G1: Build our Leading Local and Regional Service Operations

Our strength in local and regional markets contributes to the strength of our global service capabilities. Our financial performance also depends, in great part, on the business we source and execute locally from our more than 280 wholly-owned offices around the world. We continually seek to leverage our established business presence in the world's principal real estate markets to provide expanded and adjacent local and regional services without a proportionate increase in infrastructure costs. We believe these capabilities will continue to fuel our competitive advantage and make us more attractive to current and prospective clients, as well as to revenue-generating employees such as brokers and client relationship managers.

Metrics: During 2015, we completed approximately 35,500 transactions for landlord and tenant clients, a 6% increase over 2014, representing 1.1 billion square feet of space.

G2: Strengthen our Leading Position in Corporate Solutions

The accelerating trends of globalization, cost cutting, energy management and the outsourcing of real estate services by corporate occupiers support our decision to emphasize a truly global Corporate Solutions business that serves the comprehensive needs of corporate clients. This service delivery capability helps us create new client relationships, particularly as companies turn to outsourcing their real estate as a way to manage expenses and to implement sustainable practices. These services have proved to be counter-cyclical, as we have seen demand for them strengthen when the economy has weakened.

Metrics: During 2015, we provided corporate facility management services for 1.3 billion square feet of clients' real estate, a 17% increase from 2014. Over the same period, JLL had 137 new business wins, 75 expansions of existing relationships and 35 contract renewals.

G3: Capture the Leading Share of Global Capital Flows for Investment Sales

Our focus on further developing our ability to provide global Capital Markets services reflects the increasingly international nature of cross-border money flows into real estate and the global marketing of real estate assets. Our real estate investment banking capability helps provide capital and other financial solutions by which our clients can maximize the value of their real estate.

Metrics: During 2015, we provided capital markets services for $138 billion of client transactions, a 17% increase from 2014.

G4: Strengthen LaSalle Investment Management's Leadership Position

With its integrated global platform, LaSalle is well-positioned to serve institutional investors looking for attractive real estate investment opportunities around the globe. LaSalle also continues to develop its ability to serve individual retail investors, particularly in the U.S. and Japan. LaSalle develops and implements strategies based on a thorough understanding of investor objectives and knowledge of local market risks and rewards. We intend to continue to maintain strong offerings in core products to meet the demand from clients who seek lower risk investments in the most stable and mature real estate markets. In addition, we continue to strengthen our capabilities in value-add, opportunistic and debt strategies to meet the diverse range of our clients' objectives.

Metrics: At the end of 2015, LaSalle had assets under management of $56.4 billion, an increase of 5% over 2014, while raising $5.0 billion of capital.

G5: Connections: Differentiate and Sustain the Organization by Connecting Across the Firm and with Clients and other Stakeholders

Connecting. To create real value and new opportunities for our clients, shareholders, and employees, we regularly work to strengthen and fully leverage the links between our people, service lines, and geographies to better connect with our clients and put the Firm's global expertise and experience to work for them. This includes constantly striving to strengthen our data and analytics capabilities, and to leverage use of the Internet and emerging social media to gather, analyze, and disseminate information that will be useful to our clients, employees, vendors, and other constituencies. Linking our operations effectively to make service delivery more efficient not only serves client needs, it also contributes to our profitability and enhances our ability to identify and manage the enterprise risks inherent in our business.

Differentiating and Sustaining. We also recognize that the value we deliver to our clients, shareholders, employees, and the global community closely relates to our Firm's people, brand, ethics, and technology. As a professional services company, the focus on our people is paramount. Because our human capital contributes strongly to high-quality client service, this includes a focus on areas such as: employee satisfaction; health, safety and well-being; training and career development and rewards and recognition; and diversity and inclusion. Coupled with a strong brand and high ethical standards, our active role as good corporate citizens enables our long-lasting presence. Our use of technology to provide information to our clients and to improve the ability of our people play an undeniable role in maximizing our clients' real estate value, shaping our industry's response to global challenges such as market risk, climate change and urbanization. These values and culture help us embed sustainability principles throughout the enterprise and successfully differentiate us from our competition, therefore ensuring we continue our more than 250-year history.

Metrics: Our Employee Engagement Index, which measures the percentage of survey respondents reporting high levels of engagement with the Firm and their work reached 76% as measured in 2015, up 3 percentage points from 2012, the last time we completed a full survey. Substantially all of the results in the survey improved over 2012 and also were higher than the global norms reported by our independent survey provider.

From Google Analytics, we understand our website received over 20.5 million page views by more than 4.8 million visitors in 2015.

Future Development of the G5

We have committed resources to each of the G5 priorities in past years and expect to continue to do so in the future. This strategy has helped us weather economic downturns, continue to grow market share, expand our services by developing adjacent offerings, and take advantage of new opportunities.

Our strategic review has validated the continued potential for our G5 priorities to drive the long-term sustained growth of our firm and deliver real value to our clients. To derive the full advantage of that potential, we recognize the need to accelerate the development of the G5 to meet the challenges of our dynamic markets and the specific themes we have identified such as globalization and urbanization. We will do this by targeting our efforts and capital resources to:

- Deploy innovative technology that allows our people to mine the depth of our intellectual property to provide the most sophisticated possible advice and service to our clients.

Examples: HiRise (sm), Blackbird (sm) and RED systems bring digital capabilities for managing real estate needs directly to clients in multiple ways (all available on-line through our public website).

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Apply best practices in human resources to supply our businesses with well-trained, engaged and diverse employees and create an overall culture that serves to retain our top talent.

Examples: Develop and implement a new electronic learning management system by Human Resources for use globally.

- Promote an updated and modern brand that fully leverages our digital capabilities and clearly reflects the breadth of our expertise, wisdom, governance and integrity.

Examples: Adapting the JLL and LaSalle names and refreshing their logos; acquiring the rights to the dot jll (.jll) and dot lasalle (.lasalle) top-level domain names.

- Establish and standardize tools and processes that make our operations highly productive and minimize losses from enterprise risk.

Examples: Implementing significant new document management system for legal and other client documentation in our Corporate Solutions business.

By continuing to invest in the future based on how our strengths can support the needs of our clients, we intend to enhance our position as an industry leader. Although we have validated our fundamental business strategies, each of our businesses continually re-evaluates how it can best serve our clients as their needs change, as technologies and the application of technologies evolve, and as real estate markets, credit markets, economies, and political environments exhibit changes, which in each case may be dramatic and unpredictable.

STRATEGY 2020: OUR FUTURE ORIENTATION

During 2015, we continued to implement our Strategy 2020, which we first launched to identify specific business and operational strategies we believe will best drive the continued success of the G5 priorities over the longer term. They include:

- Employing an investment philosophy and filters that are focused on growth that will best meet client needs and concentrate on the most lucrative potential services, markets and cities;
- Establishing charters for internal business boards with responsibility for promoting more inter-connected global approaches, where appropriate, to client services and delivery;
- Using technology, including emerging digital, Internet and social media capabilities, to provide information to clients to help them maximize the value of their real estate portfolios and to mine and apply our knowledge to improve the ability of our people to provide superior client services;
- Deploying additional tools and metrics that will make our people as productive and efficient as possible;
- Determining how best to marshal, train, recruit, motivate and retain the human resources that will have the skill sets, diversity and other abilities necessary to accomplish our strategic objectives;
- Continuing to develop our brand and reputation for high quality client service, integrity and intimate local and global market knowledge;
- Building our brand in digital and social media channels; and
- Continuing to promote best-in-class governance, compliance, enterprise risk management and professional standards to operate a sustainable organization capable of meeting the significant challenges and risks inherent in global markets and to minimize disruptions to, and distractions from, the accomplishment of our corporate mission.

Viewed as complementary strategies, the G5 and Strategy 2020 work in combination to provide both short- and long-term paths to sustained success for our Firm.

As a professional services organization, the principal capitals we deploy are (1) human resources enabled by (2) intellectual property in the form of market knowledge, technology, innovation, and a reputation for quality, expertise, and integrity that is reflected by the strength of our brand, and (3) financial resources. Our Strategy 2020 review confirmed that the historical approach we have taken to our business should sustain us in the future. We believe there is ample room for growth within our core markets and competencies without having to resort to particularly different business lines to continue to grow and prosper as a business organization. We will, however, maintain an open mind about moving into adjacent businesses where local teams identify specific opportunities, as our clients and industry evolve, and as new technologies develop that could support our business.

We also believe that our historical approach to growth through a combination of organic development of talent and opportunistic acquisitions continues to be the best overall approach for us. Our business model has natural risk mitigation benefits derived from the diversity of our geographic presence, asset classes served, and complementary service lines. This diversity also provides revenue streams that have both short-term transactional and longer-term annuity characteristics.

During 2015, we continued to devote significant efforts and resources to implement our 2020 strategies and priorities through the deployment of cross-functional workstreams that have engaged our leadership globally. We expect these workstreams to continue for the foreseeable future and we have put a mechanism in place for both our Board of Directors and our Global Executive Board to monitor and influence their progress on a regular basis.

Our Strategy 2020 identified particular challenges we will need to confront to successfully achieve its goals:

- In terms of our financial capital, we recognize the challenge of maintaining healthy short-term profit margins while continuing to invest in the further growth of the business. As there is constant fee pressure from our clients that is inherent in a competitive professional services environment, we need to continue to find new ways to increase the productivity of our people so that we can drive higher revenue per person. Additional productivity can be derived by improved application of technology, by continuous process improvements, and through increased staff well-being and training and development, among other techniques.

Example: We now report revenues per professional in our quarterly operating reviews to senior management.

- In terms of our human capital, we recognize that our investments in talent will continue to be a primary method of creating long-term value and that continuing business growth will necessitate the growth and increased flexibility and diversity of our workforce. This can be a challenge, particularly in emerging markets, where the available pool of talent does not necessarily have the skill sets we need. Consequently, we may need to establish our own training programs beyond what is typically required for companies in developed markets. Increased reliance on third-party suppliers may create challenges in terms of due diligence, performance management, and ensuring that third-party personnel have the same level of commitment and integrity as we demand from our own people. In developed markets, the challenge of growing a workforce with the requisite skill sets can be frustrated by the targeted efforts of competitors to hire away our people, including sometimes by offering above-market compensation.

Example: We now report diversity statistics in our quarterly operating reviews to senior management.

- In terms of our intellectual capital, we recognize the challenge of continuing to identify innovations through which we can provide increasingly valuable services to our clients, including as the result of developing, identifying, and successfully applying new technologies to our business processes. We also must confront the challenges inherent in managing and mining the significant data in our systems so that it can be made useful to our people and maximized in terms of our ability to analyze it in a sophisticated way for the benefit of our clients. As we develop our intellectual capital, we need to make sure our brand, and the awareness it generates in the marketplace, keeps pace with our capabilities and the messages we want associated with them in the minds of current and prospective clients, employees, and other third parties in the business community and society at large.

Example: Our U.S. business runs an annual innovation competition to identify cutting-edge approaches that will benefit clients, which we then evaluate in terms of potential patent applications.

INTEGRATED REPORTING

Initially as a pilot company from 2012-2014 and now as a part of the business network of the International Integrated Reporting Council ("IIRC"), we support the general principles designed to promote communications and integrated thinking about how an organization's strategy, governance, and financial and non-financial performance lead to the creation of value over the short, medium and long term. This Annual Report on Form 10-K focuses on our business strategy and our financial performance, including an initial attempt to illustrate how being a sustainable enterprise is integral to our success. Our citizenship and sustainability efforts for ourselves and our clients are reflected primarily in our annual Global Sustainability Report.

Our governance and remuneration practices are reported primarily in the Proxy Statement for our Annual Meeting of Shareholders. The mechanisms we use to provide confidence to our clients with respect to our transparency and fair dealing are summarized in our Transparency Report, which we first published in 2013. The behaviors and standards we expect of our employees and of the suppliers we engage for our own firm and on behalf of clients are presented in our Code of Business Ethics and our Vendor Code of Conduct. Our Corporate Facts document is intended to provide an overall summary of the information we believe will be of primary interest to our different stakeholders.

We intend this Annual Report to satisfy the requirements of the International <IR> Framework issued by the IIRC in December, 2013 (www.theiirc.org). Following the Exhibit Index, we present a tie-out sheet that cross-references the requirements in the Framework and the locations of our responses within this Annual Report.

We have recently launched an electronic Integrated Report on our website which provides access to all of our information embedded in the documents discussed above through one access portal.

Responsibility for Integrated Reporting. The Finance and Legal Services functions of our Company are primarily responsible for the integrity of our integrated reporting efforts and acknowledge that we have applied a collaborative approach in the preparation and presentation of this report. To do so, we have also engaged the members of our Global

Operating Board ("GOB"), which consists of the leaders of our corporate staff functions in addition to others and is described below in more detail, with respect to the preparation of the information presented in Items 1 (Business) and 1A (Risk Factors). In our collective opinion, this report is presented in accordance with the Framework. However, as our effort to comply with the Framework is done voluntarily, we disclaim any legal liability to the extent that this report is deemed to not comply with the Framework.

Alignment with the Integrated Reporting Framework. Building on the Strategy 2020 and as an important part of our aim to align more closely with the Integrated Reporting Framework, we began to identify the medium- to long-term global megatrends with the greatest potential to impact materially upon our business. To do this, we used the 'six capitals' model advocated by the International Integrated Reporting Council, namely financial, human, intellectual, manufactured, social, and natural capitals.

While we are most heavily dependent on the financial, human, and intellectual capitals to execute our own operations successfully, we identified significant trends with implications for our business across all six capitals. Furthermore, changes in the availability of all six capitals impact our clients’ businesses, and by extension, our service provision. An example in 2015 was the effect of significantly lower oil prices on the financial ability of energy-related companies to improve their real estate assets. Through internal consultation, we identified a number of trends as significant for our business in the medium to long term. All of these "Global Trends," which we are tracking and/or actively managing, are illustrated below. The "JLL Activities," which address these trends, are summarized in the table below primarily via a combination of references to (1) sections within Items 1 and 1A in this Annual Report on Form 10-K and (2) resources we publish on our website, where we discuss relevant points in more detail.

Type of Capital	Global Trends	JLL Activities
Financial	Continued risk of financial crises	Maintaining our financial strength as a differentiator; Financial Risk Factors Enterprise Risk Management; Strategic Risk Factors
	Potential increase in disruptive market cycles	Enterprise Risk Management; Strategic Risk Factors; Financial Risk Factors
	Shift towards emerging markets	G1: Build our Leading Local and Regional Service Operations Strategy 2020 focus on potential growth markets and cities
	Regulatory reform in banking & other sectors	Enterprise Risk Management; Operational Risk Factors; Legal and Compliance Risk Factors
	Growth increasingly dependent on productivity gains	Strategy 2020 focus on productivity
	Global push against tax avoidance	Enterprise Risk Management; Strategic Risk Factors; Financial Risk Factors; Legal and Compliance Risk Factors
Human	Changing demographics affects workplace profiles	Enterprise Risk Management; Operational Risk Factors
	Growing importance of technology in the workplace	G5: Connections Strategy 2020 Internal HR programs for data & technology and social media
	Evolving leadership needs	Leadership pipeline development program
	Diversity is equated with "good business"	Strategy 2020 Global Sustainability Report 2014 (on our website) Diversity and Inclusion Report (on our website)
Intellectual	Increased risk of cyber-attacks and data theft	Enterprise Risk Management; Operational Risk Factors
	Intellectual capital becomes increasingly disseminated	Strategy 2020 focus on technology, digital and social media Enterprise Risk Management; Operational Risk Factors
	Digital technology transforms how people live and work	Strategy 2020 focus on technology, digital and social media
	Urbanization trends, including rapid urbanization and ‘megacities'	G1: Build our Leading Local and Regional Service Operations Strategy 2020 focus on potential growth markets and cities
Manufactured		

	Changing levels of demand for different types of real estate	JLL Cities Research Centre (on our website) Strategy 2020 focus on most lucrative potential services JLL Research
	Expansion of the global investable real estate universe	G3: Capture the Leading Share of Global Capital Flows for Investment Sales G4: Strengthen LaSalle Investment Management's Leadership Position
Social	Unprecedented levels of transparency	Code of Business Ethics and Corporate Sustainability Transparency Report 2014 (on our website) Enterprise Risk Management; Strategic Risk Factors
	Increasing political instability and conflict	Enterprise Risk Management; Strategic Risk Factors
	Businesses need to demonstrate social contribution	Global Sustainability Report 2014 (on our website)
Natural	Increase in extreme weather events	Enterprise Risk Management; Strategic Risk Factors Global Sustainability & Cities Research
	Natural resources in increasingly short supply	Enterprise Risk Management; Operational Risk Factors Global Sustainability Report 2014 (on our website)

Our Materiality Process. In 2014, JLL identified its long-term risks and opportunities with a view to furthering our integrated reporting journey. This effort complemented our Enterprise Risk Management processes; enabled further engagement with internal executives; prioritized our long-term risks and opportunities to generate further business value based on the IIRC's guidance; and will help us articulate how we are managing and taking advantage of long-term risks and opportunities in reports like this and in our sustainability reporting.

We used the 'six capitals' model from the IR Framework to identify and investigate a number of global trends with the potential to impact our business. These trends covered financial, human, manufactured, intellectual, social and natural capitals. This process helped us to identify where and how different trends interact with one another. Using this model, we created an initial list of 36 trends and their potential implications for JLL. We then undertook one-to-one engagements with around 30 executives across the firm from different disciplines and geographies to present the six capitals model; discuss the trends identified; and to understand, based on these trends, what the potential risks and opportunities are to JLL and how we are, or should be, responding to them. We were then able to develop a comprehensive qualitative analysis based on these internal engagements. Working with our Internal Audit team, we developed a quantitative analysis aligned with our existing risk management matrix. We scored the long-term trends according to likelihood and magnitude, taking account of potential impact on different areas of the business. The result of this scoring is the six capitals risks and opportunities materiality matrices, shown below, which allowed us to identify the most material long-term risks and opportunities for our company.

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SUSTAINING OUR ENTERPRISE: A BUSINESS MODEL THAT COMBINES CAPITALS TO CREATE STAKEHOLDER VALUE

We have designed our business model to (1) create value for our clients, shareholders, and employees and (2) establish high-quality relationships with the suppliers we engage and the communities in which we operate. Our synergistic approach seeks to derive business benefits from the application and intersection primarily of human resources, financial capital, and intellectual capital and technology. Based on our intimate knowledge of local real estate and capital markets worldwide, as well as our investments in thought leadership and technology, we create value for clients by addressing their real estate needs as well as their broader business, strategic, operating, and longer-term sustainability goals. Given the increasingly global and interconnected marketplace in which many of our clients compete, our own capacity to deliver global solutions has also become more important to our business model.

We strive to create a healthy and dynamic balance between (1) activities that will produce short-term value and returns for our stakeholders through effective management of current transactions and business activities and (2) investments in people (such as new hires), acquisitions, technologies and systems designed to produce sustainable returns over the longer-term.

Our financial strength and our reputation for integrity, strong governance, and transparency, which we believe are among the strongest in the industry, give our clients confidence in our long-term ability to meet our obligations to them. It also positions us to be trusted extensions for the ways in which they seek to do business for the benefit of their own stakeholders. During 2015, we were included on the Ethisphere Institute's list of The World's Most Ethical Companies and we were listed as #20 on CR Magazine's list of the 100 Best Corporate Citizens.

The ability to create and deliver value to our clients drives our revenue and profits, which in turn allows us to invest in our business and our people, improving productivity and shareholder value. In doing so, we enable our people to advance their careers by taking on new and increased responsibilities within a dynamic environment as our business expands geographically, adds adjacent service offerings and develops new competencies. We are also increasingly able to develop and expand our relationships with suppliers of services to our own organization as well as to our clients, for whom we serve a significant intermediary role. By expanding employment both internally and to outsourced providers, we stimulate economically the locations in which we operate, and we increase the opportunities for those we directly or indirectly employ to engage in community services and other activities beneficial to society.

We apply our business model to the resources and capitals that we employ to provide services to assets owned or occupied by our clients. We provide these services through our own employees and, where necessary or appropriate in the case of property and facility management and project and development services, through the management of third-party contractors. The revenue and profits we earn from those efforts are divided between further investments in our business, employee compensation, and returns to our shareholders. We are increasingly focused on linking our business and sustainability strategies to promote the goal of creating long-term value for our shareholders, clients, employees, and the global community of which our firm is a part. These efforts help our clients manage their real estate more effectively and efficiently, promote employment globally, and create wealth for our shareholders and employees. In turn, they allow us to be an increasingly impactful member of, and positive force within, the communities in which we operate.

The following diagram summarizes how we create value for our shareholders and our broader stakeholders. It starts with the capital resources – or inputs – we need to do business. We use these resources to deliver services – or outputs – for our clients through a number of business activities we closely manage.

The resources we use are broadly comparable to many other professional services firms globally. What makes JLL unique is that we provide real value in a changing world: both through the implementation of our G5 business strategy and the medium-term Strategy 2020 to mitigate the impact of risks of future volatility on our business model.

Finally, there are outcomes of our business model, which can be both positive and negative. We realize that these outcomes will eventually become our resources once again, so our business model is designed in a way that keeps our impact low and our influence on quality resources high. Ultimately, this business model shows how we seek to derive long-term profit by the sustainable use of all resources.

BUSINESS SEGMENTS

We report our operations as four business segments. We manage our RES product offerings geographically as (1) the Americas, (2) EMEA and (3) Asia Pacific, and we manage our investment management business globally as (4) LaSalle.

There are significant risks inherent in conducting a global business. We describe these in detail below in Item 1A, Risk Factors. Information regarding revenue and operating income or loss, attributable to each of our segments, is included in “Segment Operating Results” within Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and within Note 3 of our Notes to Consolidated Financial Statements. Information concerning the identifiable assets of each of our business segments is also set forth in Note 3 of our Notes to Consolidated Financial Statements.

REAL ESTATE SERVICES: AMERICAS, EMEA AND ASIA PACIFIC

To address the needs of real estate owners and occupiers, we provide a full range of integrated property and facility management, project management, advisory and transaction services locally, regionally, and globally through our Americas, EMEA and Asia Pacific operating segments. We organize our RES in five major product categories:

- Leasing;
- Capital Markets and Hotels;
- Property and Facility Management;
- Project and Development Services; and
- Advisory, Consulting and Other Services.

Across these five broad RES categories, we leverage our deep real estate expertise and experience within the Firm to provide innovative solutions for our clients. For the year ended December 31, 2015, we derived our RES revenue from product categories and regional geographies as follows ($ in millions and showing change from 2014 in local currency):

For Property & Facility Management, Project & Development Services and total RES revenue, the table above shows "Fee Revenue," or revenue net of vendor and subcontract costs that are otherwise included both in revenue and expense ("gross contract costs") for reporting in accordance with U.S. generally accepted accounting principles. We believe that excluding gross contract costs from revenue in this presentation gives a more accurate picture of the revenue growth rates in these RES product categories.

RES Revenue Mix by Business Lines and Geographies

For the year ended December 31, 2015, our global total fee revenue of $4.8 million was generated as follows:

In the Americas, our total RES operating revenue for the year ended December 31, 2015, was derived from the following countries in the proportions indicated below:

In EMEA, our total RES operating revenue for the year ended December 31, 2015, was derived from the following countries in the proportions indicated below:

In Asia Pacific, our total RES operating revenue for the year ended December 31, 2015, was derived from the following countries in the proportions indicated below:

These product categories, and the services we provide within them, include:

1. Leasing Services

Agency Leasing Services executes marketing and leasing programs on behalf of investors, developers, property companies and public entities to secure tenants, and negotiate leases with terms that reflect our clients' best interests. In 2015, we completed approximately 18,100 agency leasing transactions representing 714 million square feet of space. We typically base our agency leasing fees on a percentage of the value of the lease revenue commitment for consummated leases, although in some cases they are based on a dollar amount per square foot leased.

Tenant Representation Services establishes strategic alliances with clients to deliver ongoing assistance to meet their real estate needs and to help them evaluate and execute transactions in line with their occupancy requirements. Tenant Representation Services is also an important component of our local market services. We assist clients by defining space requirements, identifying suitable alternatives, recommending appropriate occupancy solutions, negotiating lease and ownership terms with landlords and reducing real estate costs for clients through analyzing, structuring and negotiating business and economic incentives. We help our clients lower their real estate costs, minimize real estate occupancy risks, improve occupancy control and flexibility, and create more productive office environments. We employ a multi-disciplinary approach to develop occupancy strategies linked to our clients' core business objectives. We determine Tenant Representation Services fees on a negotiated fee basis. In various markets, landlords may be responsible for paying them. Fees sometimes reflect performance measures related to targets that we and our clients establish prior to engagement or, in the case of strategic alliances, at future annual intervals. We use quantitative and qualitative measurements to assess performance relative to these goals, and we may be awarded incentive fees for superior performance. In 2015, we completed approximately 17,400 tenant representation transactions representing 426 million square feet of space.

2. Property and Facility Management

Property Management Services provides on-site management services to real estate owners for office, industrial, retail, multifamily residential and specialty properties. We seek to leverage our market share and buying power to deliver superior service and value to clients. Our goal is to enhance our clients' property values through aggressive day-to-day management. We may provide services through our own employees or through contracts with third-party providers. We focus on maintaining high levels of occupancy and tenant satisfaction while lowering property operating costs. During 2015, we provided on-site property management services for properties totaling approximately 2.7 billion square feet.

We typically provide property management services through an on-site general manager and staff. We support them with regional supervisory teams and central resources in such areas as training, technical and environmental services, accounting, marketing, and human resources. Our general managers are responsible for property management activities, client satisfaction and financial results. We do not compensate them with commissions, but rather with a combination of base salary and a performance bonus that is directly linked to results they produce for their clients. In some cases, management agreements provide for incentive compensation relating to operating expense reductions, gross revenue or occupancy objectives, or tenant satisfaction levels. Consistent with industry custom, management contract terms typically range from one to three years, although some contracts are terminable at will at any time following a short notice period, usually 30 to 120 days, as is typical in the industry.

Integrated Facility Management Services provides comprehensive portfolio and facility management services to corporations and institutions that outsource the management of the real estate they occupy. Facilities under management range from corporate headquarters to industrial complexes. During 2015, Integrated Facility Management Services managed approximately 1.3 billion square feet of real estate for its clients. Our target clients typically have large portfolios (usually over one million square feet) that offer significant opportunities to reduce costs and improve service delivery. The competitive trends of globalization, outsourcing, and offshoring have prompted many of these clients to demand consistent service delivery worldwide and a single point of contact from their real estate service providers. We generally develop performance measures to quantify the progress we make toward goals and objectives that we have mutually determined. Depending on client needs, our Integrated Facility Management Services units, either alone or partnering with other business units to benefit from their particular expertise or local market knowledge, provide services that include portfolio planning, property management, agency leasing, tenant representation, acquisition, finance, disposition, development management, energy and sustainability services, and land advisory services. We may provide services through our own employees or through contracts with third-party providers (as to which we may act in a principal capacity or which we may hire as an agent acting on behalf of our clients).

Our Integrated Facility Management Services units are compensated on the basis of negotiated fees that we typically structure to include a base fee and a performance bonus. We generally base performance bonus compensation on a quantitative evaluation of progress toward performance measures and regularly scheduled client satisfaction surveys. Integrated Facility Management Services agreements are typically three to five years in duration, although most contracts are terminable at will by the client upon a short notice period, usually 30 to 60 days, as is typical in the industry.

We also provide Lease Administration and Auditing Services, helping clients centralize their lease management processes. Whether clients have a small number of leases or a global portfolio, we assist them by reducing costs associated with incorrect lease charges, right-sizing their portfolios through lease options, identifying underutilized assets and ensuring regulatory compliance to mitigate risk.

In the United States, the United Kingdom and selected other countries, we provide Mobile Engineering Services to clients with large portfolios of sites or where we have multiple clients in proximity to each other. Rather than using multiple vendors to perform facility services, these companies hire JLL to provide HVAC, electrical and plumbing services, and general interior repair and maintenance. Our multi-disciplined mobile engineers serve numerous clients in a specified geographic area, performing multiple tasks in a single visit and taking ownership of the operational success of the sites they service. This service delivery model reduces clients' operating costs by bundling on-site services, leveraging resources across multiple accounts and reducing travel time between sites.

3. Project and Development Services

Project and Development Services provides a variety of services to tenants of leased space, owners in self-occupied buildings, and owners of real estate investments. These include conversion management, move management, construction management, and strategic occupancy planning services. Project and Development Services frequently manages relocation and build-out initiatives for clients of our Property Management Services, Integrated Facility Management Services, and Tenant Representation Services units. Project and Development Services also manages all aspects of development and renovation of commercial projects for our clients, serving as a general contractor in some cases. Additionally, we provide these services to public-sector clients, particularly to military and government entities and educational institutions, primarily in the United States, and to a limited but growing extent in other countries.

Our Project and Development Services business is generally compensated on the basis of negotiated fees. Client contracts are typically multi-year in duration and may govern a number of discrete projects, with individual projects being completed in less than one year.

In a growing number of countries, we provide fit-out and refurbishment services on a principal basis under the Tetris brand, which is an outgrowth of a previous acquisition we completed through our French business.

4. Capital Markets and Hotels

Capital Markets and Hotels Services includes property sales and acquisitions, real estate financings, private equity placements, portfolio advisory activities and corporate finance advice and execution. We provide these services with respect to substantially all types of properties. In the United States, we operate a multifamily lending and commercial loan servicing platform and for a number of years we have been a Freddie Mac Program Plus® Seller/Servicer. With our acquisition of Oak Grove Capital in 2015, we have added Fannie Mae and HUD/GNMA multifamily lending services capabilities. Real Estate Investment Banking Services includes sourcing capital, both in the form of equity and debt, derivatives structuring, and other traditional investment banking services designed to assist investor and corporate clients in maximizing the value of their real estate. To meet client demands for marketing real estate assets internationally and investing outside of their home markets, our Capital Markets Services teams combine local market knowledge with our access to global capital sources to provide superior execution in raising capital for real estate transactions. By researching, developing, and introducing innovative new financial products and strategies, Capital Markets Services is also integral to the business development efforts of our other businesses.

Clients typically compensate Capital Markets Services units on the basis of the value of transactions completed or securities placed. In certain circumstances, we receive retainer fees for portfolio advisory services. Real Estate Investment Banking fees are generally transaction-specific and conditioned upon the successful completion of the transaction.

We also deliver specialized Capital Markets Services for hotel and hospitality assets and portfolios on a global basis, including investment sales, mergers and acquisitions, and financing. We provide services to assets that span the hospitality spectrum: luxury properties; resorts; select service and budget hotels; golf courses; theme parks; casinos; spas; and pubs.

We provide Value Recovery Services to owners, investors and occupiers to help them analyze the impact of a possible financial downturn on their assets and identify solutions that allow them to respond decisively. In this area, we address the operational and occupancy needs of banks and insurance companies that are merging with or acquiring other institutions. We assist banks and insurance companies with challenged assets and liabilities on their balance sheets by providing valuations, asset management, loan servicing, and disposition services. We provide receivership services and special asset servicing capabilities to lenders, loan servicers, and financial institutions that need help managing defaulted real estate assets. In addition, we provide valuation, asset management, and disposition services to government entities to maximize the value of owned securities and assets acquired from failed financial institutions or from government relief programs. We also assist owners by identifying potentially distressed properties and the major occupiers who are facing challenges.

5. Advisory, Consulting and Other Services

Valuation Services provides clients with professional valuation services to help them determine market values for office, retail, industrial, and mixed-use properties. Such services may involve valuing a single property or a global portfolio of multiple property types. We conduct valuations, which typically involve commercial property, for a variety of purposes, including acquisitions, dispositions, debt and equity financings, mergers and acquisitions, securities offerings (including initial public offerings), and privatization initiatives. Clients include occupiers, investors, and financing sources from the public and private sectors. For the most part, our valuation specialists provide services outside of the United States. We usually negotiate compensation for valuation services based on the scale and complexity of each assignment, and our fees typically relate in part to the value of the underlying assets.

Consulting Services delivers innovative, results-driven real estate solutions that align strategically and tactically with clients' business objectives. We provide clients with specialized, value-added real estate consulting services in such areas as mergers and acquisitions, occupier portfolio strategy, workplace solutions, location advisory, financial optimization strategies, organizational strategy, and Six Sigma process solutions. Our professionals focus on translating global best practices into local real estate solutions, creating optimal financial and operational results for our clients.

We also provide Advisory Services for hotels, including hotel valuations and appraisals, acquisition advice, asset management, strategic planning, management contract negotiation, consulting, industry research and project and development services for asset types spanning the hospitality spectrum.

We typically negotiate compensation for Consulting Services based on work plans developed for advisory services that vary based on the scope and complexity of projects. For transaction services, we generally base compensation on the value of transactions that close.

We provide Energy and Sustainability Services to occupiers and investors to help them develop their corporate sustainability strategies, green their real estate portfolios, reduce their energy consumption and carbon footprint, upgrade building performance by managing Leadership in Energy and Environmental Design ("LEED") construction or retrofits and provide sustainable building operations management. We have more than 1,500 energy and sustainability accredited professionals. In 2014 alone, we documented $47 million in estimated energy savings for our U.S. clients and reduced their greenhouse gas emissions by 278,000 tons. Our sustainability teams worked on a total of 8,098 buildings in 2014.

We generally negotiate compensation for Energy and Sustainability Services for each assignment based on shared savings or the scale and complexity of the project.

LASALLE INVESTMENT MANAGEMENT

Our global real estate investment management business, operating under the brand name of LaSalle Investment Management, has three priorities:

- Deliver superior investment performance;
- Develop and execute investment strategies that meet the specific investment objectives of our clients; and
- Deliver uniformly high levels of client service globally.

We provide investment management services to institutional and retail investors, including high-net-worth individuals. We seek to establish and maintain relationships of trust with sophisticated investors who value our global platform and extensive local market knowledge. As of December 31, 2015, LaSalle managed $56.4 billion of private real estate assets, including debt and equity, and public real estate securities, making us one of the world's largest managers of institutional capital invested in real estate assets and securities.

LaSalle provides clients with a broad range of real estate investment products and services in the private and public capital markets. We design these products and services to meet the differing strategic, asset allocation, risk/return and liquidity requirements of clients. The range of investment solutions includes private investments in multiple real estate property types including office, retail, industrial, health care and multifamily residential, as well as investments in debt. We act either through commingled investment funds or single client account relationships ("separate accounts"). We also offer indirect public investments, primarily in publicly traded real estate investment trusts ("REITs") and other real estate equities.

The geographic distribution of LaSalle's assets under management is as follows ($ in billions):

Separate Accounts	$ 32.4
Commingled Funds	11.2
Public Securities	12.8
Total Assets under Management	$ 56.4

We believe the success of our investment management business comes from our strong investment performance, industry-leading research capabilities, experienced investment professionals, innovative investment strategies, global presence and coordinated platform, local market knowledge, and strong client focus. We maintain an extensive real estate research and strategy department whose dedicated professionals monitor real estate and capital market conditions around the world to enhance current investment decisions and identify future opportunities. Research and strategy is integrated throughout the investment management process from portfolio strategy formulation to property acquisition through ongoing asset management and disposition. In addition to drawing on public sources for information, LaSalle's research department utilizes the extensive local presence of JLL professionals throughout the world to gather and share proprietary insight into local market conditions.

The investment and capital origination activities of our investment management business have become increasingly global. We have invested in direct real estate assets in 18 countries around the globe, as well as in public real estate companies traded on all major stock exchanges. We expect that cross-border investment management activities, both fund raising and investing, will continue to grow.

Private Investments in Real Estate Properties (Separate Accounts and Commingled Funds)

In serving our investment management clients, LaSalle is responsible for the acquisition, financing, leasing, management, and divestiture of real estate investments across a broad range of real estate property types. LaSalle launched its first institutional investment fund in 1979 and currently has a series of commingled investment funds, including eight funds that invest in assets in the Americas, ten funds that invest in assets located in Europe and six funds that invest in assets in Asia Pacific. LaSalle also maintains separate account relationships with investors for whom we manage private real estate investments.

LaSalle is the advisor to Jones Lang LaSalle Income Property Trust, Inc. ("JLL IPT"), a non-listed real estate investment trust launched in 2012 that gives suitable individual investors access to a growing portfolio of diversified commercial real estate investments. As of December 31, 2015, JLL IPT had $1.1 billion in assets under management. In 2015, JLL IPT raised over $400 million.

As of December 31, 2015, LaSalle had approximately $43.6 billion in assets under management in commingled funds and separate accounts.

Some investors prefer to partner with investment managers willing to co-invest their own funds to more closely align the interests of the investor and the investment manager. We believe that our ability to co-invest alongside the investments of our clients' funds will continue to be an important factor in maintaining and continually improving our competitive position. We believe our co-investment strategy strengthens our ability to raise capital for new real estate investments and real estate funds. As of December 31, 2015, we had a total of $311.5 million of co-investments in real estate ventures, the majority of which are included in LaSalle's $56.4 billion of assets under management.

We may engage in merchant banking activities in appropriate circumstances. These may involve making investments of the Firm's capital or providing loan capital to acquire properties in order to seed investment management funds before they are offered to clients.

LaSalle conducts its operations with teams of professionals dedicated to achieving specific client objectives. Each investment team functions as an entrepreneurial group managing an investment's entire life cycle and is directly accountable for performance. Regional investment committees, whose members have specialized knowledge applicable to underlying investment strategies, oversee all separate accounts and funds and must approve all investment decisions. This proven approach builds trust and alignment with our clients' investment objectives.

LaSalle is generally compensated for investment management services for private equity investments based on capital committed, invested and managed (known as advisory fees), with additional fees (known as incentive fees) tied to investment performance above benchmark levels. In some cases, LaSalle also receives fees tied to acquisitions. The terms of contracts vary with the form of investment vehicle involved and the type of service we provide. Our investment funds have various life spans, typically ranging between five and nine years, but in some cases they are open-ended. Separate account advisory agreements generally have specific terms with "at will" termination provisions, and include fee arrangements that are linked to the market value of the assets under management, plus in some cases incentive fees.

Investments in Public Equity

LaSalle also offers clients the ability to invest in separate accounts focused on public real estate equities. We invest the capital of these clients principally in publicly traded securities of real estate investment trusts and property companies. As of December 31, 2015, LaSalle had approximately $12.8 billion of assets under management in these types of investments. LaSalle is typically compensated by securities investment clients on the basis of the market value of assets under management.

REVENUE SUMMARY

For the year ended December 31, 2015, we generated a total of $5.2 billion of fee revenue, meaning revenue net of gross contract costs for vendor and subcontract costs that are otherwise included in revenue and expense, from the following RES product categories and LaSalle:

COMPETITION

As the result of our significant growth over the last decade, and of our ability to take advantage of the significant consolidation that has taken place in our industry, we are now one of the three largest real estate services and investment management providers on a global basis. We believe that other providers of real estate services are significantly smaller in terms of revenue than the three largest providers. We believe that JLL's geographic reach, scope of services and scale of resources have become sufficient to provide substantially all of the services our clients need, wherever they need them. To most effectively serve and retain current clients, and win new clients, we strive to be the best firm in our industry.

Although there has been, and we expect will continue to be, consolidation within our industry, the totality of real estate services constituting the industry remains very large, and as a whole the provision of these services remains highly diverse and fragmented. Accordingly, since we provide a broad range of commercial real estate and investment management services across many geographies, we face significant competition at international, regional, and local levels. Depending on the service, we also face competition from other real estate service providers, some of which may not traditionally be thought of as such, including institutional lenders, insurance companies, investment banking firms, investment managers, accounting firms, technology firms, firms providing outsourcing services of various types (including technology or building products) and companies that self-provide their real estate services with in-house capabilities. While these competitors may be global firms that claim to have service competencies similar to ours, many are local or regional firms which, although substantially smaller in overall size, may be larger in a specific local or regional market.

Consultancy practices typically do not have our implementation expertise or local market awareness. Investment banking and investment management competitors generally possess neither our local market knowledge nor our real estate service capabilities. Traditional real estate firms lack our financial expertise and operating consistency. Other global competitors, which we believe franchise at least some of their offices through separate owners, generally do not have the same level of business coordination or consistency of delivery that we can provide through our network of wholly-owned offices, directly-employed personnel, and integrated information technology, human resources, and financial systems. That network also permits us to promote a high level of governance, enterprise risk management, and integrity throughout the organization and to leverage our diverse and welcoming culture as a competitive advantage in developing clients, recruiting employees, and acquiring businesses.

COMPETITIVE DIFFERENTIATORS

We believe that the key value drivers we list below create several competitive differentiators. These form the basis of our market positioning, which starting in 2016 we are calling “The JLL Way,” as the firm of choice for sophisticated clients seeking an integrated financial and professional services firm specializing in real estate on a global basis.

Client Relationship Management. We support our ability to deliver superior service to our clients through our ongoing investments in client relationship management and account management. Our goal is to provide each client with a single point of contact at our firm, an individual who is answerable to, and accountable for, all the activities we undertake for the client. We believe that we enhance superior client service through best practices in client relationship management, the practice of seeking and acting on regular client feedback, and recognizing each client's own specific definition of excellence.

Our client-driven focus enables us to develop long-term relationships with real estate investors, occupiers, and developers. By developing these relationships, we are able to generate repeat business and create recurring revenue sources. In many cases, we establish strategic alliances with clients whose ongoing service needs mesh with our ability to deliver fully integrated real estate services across multiple business units and locations. We support our relationship focus with an employee compensation and evaluation system designed to reward client relationship building, teamwork, and quality performance, in addition to revenue development.

Integrated Global Business Model. By combining a wide range of high-quality, complementary services and delivering them at consistently high service levels globally through wholly-owned offices with directly employed personnel, we develop and implement real estate strategies that meet the increasingly complex and far-reaching needs of our clients. We also believe that we have secured an established business presence in the world's principal real estate markets, with the result that we can grow revenue without a proportionate increase in infrastructure costs. With operations on six continents and over 280 corporate offices, we have in-depth knowledge of local and regional markets and can provide a full range of real estate services around the globe. This geographic coverage, combined with the ability and willingness of our people to communicate and connect with each other across a common global platform, positions us to serve the needs of our multinational clients and manage investment capital on a global basis. We anticipate that our cross-selling potential across geographies and product lines will continue to develop new revenue sources for multiple business units within JLL.

We also anticipate that over time we will continue to expand our service offerings that are complementary or adjacent to our current offerings. An example would be providing services to multifamily residential real estate that complements our current services to commercial clients seeking to develop multi-use properties that encompass office, retail and residential space.

Another example is that we have used our cross-border capabilities to expand the brokerage business, initially acquired from King Sturge in 2011, of high-end residential properties based in London and Dublin.

Industry-Leading Research Capabilities. We invest in and rely on comprehensive top-down and bottom-up research to support and guide the development of real estate and investment strategy for our clients. With over 300 research professionals who gather data and cover market and economic conditions around the world, we are an authority on the economics of commercial real estate. Research also plays a key role in keeping colleagues throughout the organization attuned to important trends and changing conditions in world markets. We facilitate the dissemination of this information to colleagues through our company-wide intranet. We are also devising new approaches through technology, including the use of the Internet and social media techniques, to make our research, services and property offerings more readily available to our people and our clients.

We believe that our investments in research, technology, people, and thought leadership position our Firm as a leading innovator in our industry. Our various research initiatives investigate emerging trends to help us anticipate future conditions and shape new services to benefit our clients. Professionals in our Consulting Services practice identify and respond to shifting market and business trends to address changing client needs and opportunities. LaSalle relies on our comprehensive understanding of global real estate and capital markets to develop new investment products and services tailored to the specific investment goals and risk/return objectives of our clients. We believe that our commitment to innovation and thought leadership in sustainability helps us secure and maintain profitable long-term relationships with the clients we target: the world's leading real estate owners, occupiers, investors, and developers.

Delivery of innovative solutions and consistent worldwide service (including through applications of technology). We believe that our globally-coordinated investments in research, technology, people, quality control, and innovation, combined with the fact that our offices are wholly-owned (rather than franchised), and our professionals are directly employed, enable us to develop, share, and continually evaluate best practices across our global organization. As a result, we are able to deliver the same consistently high levels of client service and operational excellence substantially wherever our clients' real estate investment and services needs exist.

Based on our general industry knowledge and on specific client feedback, we believe we are recognized as an industry leader in technology and business intelligence. We possess the capability to provide sophisticated information technology systems on a global basis to serve our clients and support our employees. For example, FutureView (sm), our global portfolio optimization tool, allows corporate real estate teams with geographically diverse portfolios to identify potential rent savings by comparing their lease obligations to our firm's sophisticated local market forecasts. OneView by JLL (sm), our client extranet technology, provides clients with detailed and comprehensive insight into their portfolios, the markets in which they operate, and the services we provide to them.

Connect (sm), our intranet technology, offers our employees easy access to the Firm's policies, news, and collective thinking regarding our experience, skills, and best practices. We also have implemented globally integrated systems for finance, human resources, and client relationship management, as well as securities management and trading systems for our investment management business.

We expect that we will continue to seek and implement additional ways in which we can develop and deploy technology platforms, use the Internet and employ social media techniques as business tools that will proactively make our own services and the real estate properties we list on the Internet increasingly efficient and useful to our constituencies, and that will support our marketing and client development activities.

Maximizing Values of Real Estate Portfolios. To maximize the values of our real estate investments, LaSalle capitalizes on its strategic research insights and local market knowledge to develop an integrated approach that leads to innovative solutions and value enhancement. Our global strategic perspective allows us to assess pricing trends for real estate and know which investors worldwide are investing actively. This gives us an advantageous perspective on implementing buying and selling strategies.

During hold periods, our local market research allows us to assess the potential for cash flow enhancement in our clients' assets based on an informed opinion of rental-rate trends. When combined, these two perspectives provide us with an optimal view that leads to timely execution and translates into superior investment performance.

Strong Brand and Reputation. Based on evidence provided by marketing surveys we have commissioned, the extensive coverage we receive in top-tier business publications, the major awards we receive in many categories of real estate, sustainability, and ethics, as well as our significant, long-standing client relationships, we believe that large corporations and institutional investors and occupiers of real estate recognize JLL's ability to create value reliably in changing market conditions. Our reputation is based on our deep industry knowledge, excellence in service delivery, integrity, and our global provision of high-quality, professional real estate, and investment management services. We believe that the combined strength of the JLL and LaSalle brands represent a significant advantage when we pursue new business opportunities and is also a major motivator for talented people to join us around the world.

During 2014, we introduced the more formal use of the name "JLL," together with refreshed logos for both JLL and LaSalle, across our businesses. The JLL name, which is also our New York Stock Exchange ticker symbol, has been used informally for a number of years and will therefore be our primary trading name. Jones Lang LaSalle remains our legal name. Using the shorter JLL name facilitates its adaptation to different communication styles in different countries, languages, and channels, and especially to the use of digital and online channels for marketing and communications.

We believe we hold the necessary trademarks worldwide with respect to the "Jones Lang LaSalle," "JLL" and "LaSalle Investment Management" names and the related logos, which we expect to continue to renew as necessary. We have obtained the right to use the top level domain names of each of ".jll" and ".lasalle" from the Internet Corporation for Assigned Names and Numbers ("ICANN").

Financial Strength. We focus on maintaining financial performance metrics, particularly our leverage and interest coverage ratios, that allow us to maintain investment grade financial ratings. We believe that confidence in the financial strength of long-term service providers has become increasingly important to our clients and they are increasingly making financial strength an important criterion when they select real estate service providers. Accordingly, our ability to present a superior financial condition distinguishes us as we compete for business.

We also believe that our broad geographic reach and the range of our global service offerings diversify the sources of our revenue, reducing the overall inherent volatility of operating a real estate services business. This creates an additional measure of financial stability relative to other firms with more limited service offerings or that are only local or regional and therefore must rely on the strength of fewer diverse markets and services.

For a number of years, we have maintained investment grade ratings from S&P and Moody's: our issuer and senior unsecured ratings as of December 31, 2015: BBB+ (stable outlook) from S&P and Baa2 (positive outlook) from Moody’s.

Our primary source of credit is our unsecured credit facility (the "Facility") provided by an international syndicate of banks, which as of December 31, 2015 had a maximum borrowing capacity of $2.0 billion and a maturity date of February 25, 2020. During 2012, both to diversify our sources of credit and take advantage of historically low interest rates, we issued $275 million of long-term senior notes with a ten-year maturity and a fixed interest rate of 4.4% per annum.

Employee Engagement. As a business whose primary asset is the expertise and capabilities of its people, it is important to periodically measure and evaluate the level of our employee engagement, their performance enablement, as defined below, and the effectiveness of our managers. We conducted our most recent comprehensive survey during the fall of 2015. We used an outside provider to conduct the study and then assist us in evaluating the results and identifying opportunities for improvement.

Using our outside provider's definitions:

- Employee engagement means the extent to which employees are motivated to contribute to organizational success and are willing to apply discretionary effort to accomplishing tasks important to the achievement of organizational goals;
- Performance enablement means the extent to which an organization is committed to high levels of customer service and relies upon continuous improvement practices to achieve superior organizational results; and
- Manager effectiveness means the extent to which supervisors are leaders, capable of facilitating team performance through effectively managing both the tasks and responsibilities as well as facilitating teamwork and interpersonal relationships.

Our results indicated that our people reported an overall higher level of engagement, performance enablement, and manager effectiveness than the global norms. In all cases, our top quartile of most engaged employees demonstrated significantly higher results than the top quartile of the global norms. Our Employee Engagement Index, which measures the percentage of survey respondents reporting high levels of engagement with the Firm and their work here reached 76%, an increase of 3% over 2012, the last time we did a full engagement survey. Virtually all of our scores increased over the 2012 results, in some cases significantly.

While we were pleased with the results, we are developing and intend to implement various actions to address specific areas where the data continued to indicate room for improvement or possible concerns. For example, we believe there is a desire for a greater understanding in some units of the Firm for how compensation is determined. In any event, we believe that the quality of our people, and their commitment to our organization and to providing a high level of service to our clients, provides us with an important differentiator within the markets in which we operate.

History of strong investment performance. Our LaSalle business has a history of delivering strong investment performance for clients who entrust them with investing their capital in real estate and real estate securities.

Strong governance, enterprise risk management and integrity. Our overlapping and communicative senior management and Board of Directors structure promotes an environment of best practices in corporate governance and controls. We believe that these attributes allow us to infuse a culture of internal communication and connectivity throughout the organization that is unparalleled in our industry.

Successful management of any organization's enterprise risks is critical to its long-term viability. We seek to promote, operate and continually improve a globally integrated enterprise risk management model that optimizes our overall risk/reward profile through the coordinated and sophisticated interaction of business and corporate staff functions.

Related to our governance and enterprise risk management efforts, we believe in uncompromising integrity and the highest ethical conduct. We are proud of the global reputation we have earned and are determined to protect and enhance it. The integrity our brand represents is one of our most valuable assets and a strong differentiator for our company. We have been recognized for eight years in a row as one of the World’s Most Ethical Companies by the Ethisphere Institute and in 2015 we were listed as #20 on the roster of the 100 Best Corporate Citizens in the United States by CR Magazine.

Sustainability leadership. In 2014, we employed over 220 professionals dedicated to sustainability services for our clients. Beyond this, we are increasingly integrating sustainability into our own operations as well as to the core real estate services we deliver across the Firm. An example is our sustainability experts in Project and Development Services who manage green building certifications and the creation of central sustainability roles to embed sustainability throughout the advice we give to clients and within our own operations. Another example is the efforts that LaSalle is making to solidify its leadership role in responsible investing and sustainable best practices with the assets it acquires and manages for clients. Our overall leadership in sustainability is evidenced by our significant thought leadership, technology, awards, and industry involvement. During 2015, we revisited our sustainability messaging and strategy. As a result of an internal consultation process, our sustainability leadership agenda will now be called Building a Better Tomorrow (sm). Implementation of the agenda, which we are beginning in 2016, includes four main areas: Clients, People, Workplaces and Communities.

With sustainability as a key focus, we invest heavily in our research and thought leadership to guide our clients' real estate investment and occupation strategies. We continue to develop influential sustainability research that supports our clients and contributes to the wider industry. Our global publications serve as good examples of our progress, including the Global Sustainability Perspective, the Real Estate Sustainability Transparency Index, and the Green Blog. We also maintain partnerships with nearly 50 sustainability organizations and initiatives to further both our own and our clients' sustainability commitments. These include global efforts such as the World Green Building Council as well as numerous local green building councils.

In December 2015, members of our senior management team joined world leaders and experts from the private and public sectors at the United Nations climate conference, known as “COP21,” held in Paris. As an organization, we support the Paris Agreement that resulted. Considering that buildings account for approximately 40% of global energy use, the real estate sector has a key role in helping make the transition to a low-carbon future. JLL understands it plays a significant role in making this vision a reality.

In our Energy and Sustainability Services business, we have developed industry leading technology platforms designed to help our clients reduce their environmental footprint and energy costs: (1) OneView Energy and Sustainability Analytics help us manage an ever-increasing volume of sustainability data on behalf of our clients around the globe; (2) Portfolio Energy and Environmental Reporting System ("PEERS"), provides a web-based platform for ongoing energy and environmental measurement and reporting including carbon footprint assessment; (3) Environmental Sustainability Platform is a real-time metering and monitoring program that enables on-line, real-time monitoring of building energy consumption; and (4) IntelliCommand is a powerful platform that combines smart technology with building operations expertise and execution to provide 24/7 real-time remote monitoring and control of facilities. These platforms demonstrate our global expertise in the provision of technology solutions and advance our role in addressing such global challenges and opportunities as climate change and smart buildings. Using our proprietary sustainability platforms, we helped our clients measure and improve their environmental impact in approximately 160,000 buildings as of 2014.

Our sustainability consulting services benefit a wide range of clients including, for example, Leasing clients who commission green leases, green interior design and green assessments of prospective buildings; Capital Markets and Investment Management clients who want green building valuation assessments; and Project and Development Services clients who request retrofits to existing buildings.

Internally, we have undertaken a materiality assessment to identify the key impacts underlying the four focus areas of Building A Better Tomorrow (sm). Our most material environmental issues are energy reduction for ourselves and our clients; improving the energy efficiency of our buildings; and reducing the impact of our business travel activities. In terms of our social impact, our most material issues are the ethics and integrity of our business; the health, safety and well-being of our employees; and the impact of our supply chain. Addressing these areas not only reduces our negative impact, but it also provides business benefits through reduced operating costs, employee well-being and retention, and reduced supply chain risk. We provide additional information in our latest Global Sustainability Report on our website.

INDUSTRY TRENDS

Since 2010, commercial real estate markets have continued their broad recovery around the world, although at different speeds and different levels of strength, and with some disruptions in countries and regions that have had political or economic challenges such as Brazil, Russia, China, and the Middle East. As indicated by the Property Clocks (sm) published by JLL's research team and provided below, commercial values in most markets continued to rise through 2015, though at varying rates of growth.

Global capital flows for investment sales by region, below, indicate that volumes have continued to expand since they reached their lowest levels in the wake of the recent global financial crisis. However, market dynamics reflect contrasting conditions between the capital markets and the leasing markets. The strong capital markets have been supported by globally low interest rates, which have been encouraged by the so-called "quantitative easing" by the U.S. Federal Reserve Bank.

On the other hand, the leasing markets have been flatter since corporations have remained financially cautious in terms of commitments to space expansions and have also been focused on space optimization as a means to control cost and improve productivity.

We define market volumes for Leasing as gross absorption of office real estate space in square meters for the United States, Europe and selected markets in Asia Pacific. We define market volumes for Capital Markets as the U.S. dollar equivalent value of investment sales transactions globally in the office, retail, industrial, hotels, mixed-use and certain other asset classes (excluding entity-level transactions, development deals and multifamily residential investment), for individual property assets or portfolios of assets with a value above $5 million. Our research professionals aggregate this market volume information from a number of sources globally and make it publicly available through the quarterly publication of our Global Market Perspective reports. In assessing our market share performance, we compare our own Leasing and Capital Markets revenue performance to the market volume performance in a region or globally to determine whether we are growing faster than the overall market.

Although the urbanization trend and continued low interest rates globally kept the real estate markets in many of the world’s largest cities strong, which has continued to benefit JLL, 2016 has begun with some important political and economic uncertainties. These include significant reductions in oil and commodity prices, the slowdown in the China economy, the hostilities in the Middle East and the immigration pressures on Europe that have resulted as well as the occurrence of random acts of terrorism in urban centers outside the Middle East, the lack of clarity around the potential results of the presidential election that will take place in November 2016 in the United States, and the significant downturn in global equity markets. Additionally, emerging technologies that are potentially disruptive and the risks from potential cyber-security events will remain important influencers and concerns for all business entities, particularly those like ours that are global in nature.

Increasing Demand for Global Services and Globalization of Capital Flows. Many corporations have continued to pursue growth opportunities in international markets. Many are striving to control costs by outsourcing or off-shoring non-core business activities. Both trends have increased the demand for global real estate services, including facility management, tenant representation and leasing, and property and energy management services. We believe that these trends will favor real estate service providers with the capability to provide services - and consistently high service levels - in multiple markets around the world. The highly competitive marketplace for the services we provide has, however, continued to put negative pressure on fees within some of our service lines.

Additionally, real estate capital flows have become ever more global, as more assets are marketed internationally and as more investors seek real estate investment opportunities beyond their own borders. This trend has created new opportunities for investment managers equipped to source and facilitate international real estate capital flows and execute cross-border real estate transactions. One example we have seen in particular is that high-end residential real estate in major mature markets such as London and New York has become a type of "reserve currency" for wealthy individuals from other countries who are seeking stability in their investment holdings. We expect this trend to continue should uncertainty increase within Russia, China, the Middle East and other countries and regions.

Growth of Outsourcing. In recent years, outsourcing of professional real estate services has increased substantially, as corporations focused corporate resources on core competencies. Although some continue to unbundle and separate the sources of their real estate services, large users of commercial real estate services continue to demonstrate an overall preference for working with single-source service providers able to operate locally, regionally and globally. The ability to offer a full range of services on this scale requires significant infrastructure investment, including information technology applications and personnel training. Smaller regional and local real estate service firms, with limited resources, are less able to make such investments. In addition, public and other non-corporate users of real estate, including government agencies and health and educational institutions, have begun to outsource real estate activities as a means of reducing costs. As a result, we believe there continue to be significant growth opportunities for firms like ours that can provide integrated real estate services across many geographic markets and types of clients.

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In 2015, our Corporate Solutions business has continued to expand its client base as follows:
Alignment of Interests of Investors and Investment Managers. Institutional investors continue to allocate significant portions of their investment capital to real estate. Many investors have shown a desire to commit their capital to investment managers willing to co-invest their own capital in specific real estate investments or real estate funds. In addition, investors are increasingly requiring that fees paid to investment managers be more closely aligned with investment performance. As a result, we believe that investment managers with co-investment capital, such as LaSalle, will have an advantage in attracting real estate investment capital. In addition, co-investment may bring the opportunity to provide additional services related to the acquisition, financing, property management, leasing, and disposition of such investments.
We expect institutional capital to continue to flow into real estate as interest rates remain at historically low levels. In the event that global equity markets decline significantly, a potential counterweight will be the so-called "denominator effect" where money managers will reduce their real estate investments in order to keep them from becoming too large proportionately. We are also seeing institutional investors consolidate their real estate portfolios, moving away from the spread of smaller managers assembled over the last cycle to larger managers such as LaSalle.
Industry Consolidation and Other Trends. We believe that consolidation in our industry will continue as the larger, more financially and operationally stable companies gain market share and become increasingly capable of servicing the needs of global clients. We also believe that developed countries will be favored for new investment as the risk appetite of investors remains conservative. Additionally, selecting service providers with the best reputation for sustainability leadership, governance, enterprise risk management and ethics will become increasingly important. Operators and investors seeking efficiencies from developing their supply chains will want to avoid the significant potential costs and reputational issues associated with compliance missteps, such as violations of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act or anti-money laundering regulations.

EMPLOYEES

With the help of aggressive goal setting and performance measurement systems and training, we attempt to instill in all our people the commitment to be the best in the industry. Our goal is to be the real estate advisor of choice for clients and the employer of choice in our industry. To achieve that, we intend to continue to promote human resources techniques that will attract, motivate and retain high quality employees. The following table details our respective headcount as of December 31, 2015 and 2014 (rounded to the nearest hundred):

	2015	2014
Professional non-reimbursable employees	28,800	24,800
Directly reimbursable employees	32,700	33,300
Total employees	61,500	55,100

The significant increase in the number of employees year-over-year largely results from our acquisitions and from new contracts in our property and facility management businesses. Reimbursable employees include our property and integrated facility management professionals and our building maintenance employees. The cost of these employees is generally reimbursable by our clients. Our employees are not members of any labor unions, with the exception of over 1,600 directly reimbursable property maintenance employees in the United States. Approximately 41,300 and 40,800 of our employees as of December 31, 2015 and 2014, respectively, were based in countries other than the United States.

INTELLECTUAL PROPERTY

We regard our technology and other intellectual property, including our brands, as a critical part of our business. We hold various trademarks, trade dress and trade names and rely on a combination of patent, copyright, trademark, service mark, and trade secret laws, as well as contractual restrictions to establish and protect our proprietary rights. We own numerous domain names, have registered numerous trademarks, and have filed applications for the registration of a number of our other trademarks and service marks in the United States and in foreign countries. We own the rights to use the dot-jll (.jll) and dot-lasalle (.lasalle) top level domain names, which we acquired during 2015. Consistent with our belief that we are recognized as an industry leader in technology as discussed above, we currently have a patented process in the United States for a "System and Method for Evaluating Real Estate Financing Structures" that assists clients with determining the optimal financing structure for controlling their real estate assets, including, for example, whether a client should own a particular asset, lease the asset, or control the asset by means of some other financing structure. We also have a number of pending United States patent applications to further enable us to provide high levels of client service and operational excellence. Our products that have pending patent applications include HiRise (sm), an online marketplace for leasing space, Blackbird (sm), a geospatial intelligence tool, and CRC Website, a cities comparison tool. We will continue to file additional patent applications on new inventions, as appropriate, demonstrating our commitment to technology and innovation.

Although we believe our intellectual property plays a role in maintaining our competitive position in a number of the markets that we serve, we do not believe we would be materially adversely affected by the expiration or termination of our trademarks or trade names or the loss of any of our other intellectual property rights other than the “JLL,” "Jones Lang LaSalle," “LaSalle,” and "LaSalle Investment Management" names, and our Design (Three Circles) mark that is also trademarked. Our trademark registrations have to be renewed every ten years. Based on our most recent trademark registrations, the JLL mark would expire in 2024, while the Jones Lang LaSalle name would expire in 2022 and the Design (Three Circles) mark would expire in 2021. Since our LaSalle and LaSalle Investment Management marks will expire in 2016, these trademark registrations will be renewed with an expected expiration of 2026.

CORPORATE GOVERNANCE; CODE OF BUSINESS ETHICS; CORPORATE SUSTAINABILITY AND RELATED MATTERS

We are committed to the values of effective corporate governance, operating our business to the highest ethical standards and conducting ourselves in an environmentally and socially responsible manner. We believe that these values promote the best long-term performance of the Company for the benefit of our shareholders, clients, staff and other constituencies.

Corporate Governance. We believe our policies and practices reflect corporate governance initiatives that comply with:

- The listing requirements of the New York Stock Exchange ("NYSE"), on which our Common Stock is traded;
- The corporate governance requirements of the Sarbanes Oxley Act of 2002, as currently in effect;
- U.S. Securities and Exchange Commission ("SEC") regulations;
- The Dodd-Frank Wall Street Reform and Consumer Protection Act, as currently in effect; and
- The General Corporation Law of the State of Maryland, where Jones Lang LaSalle is incorporated.

Our Board of Directors regularly reviews corporate governance developments and modifies our By-Laws, Guidelines and Committee Charters accordingly. As a result, over the past years we have adopted the following corporate governance policies and approaches that are considered to be best practices in corporate governance:

- Annual elections of all members of our Board of Directors;
- Annual "say on pay" votes by shareholders with respect to executive compensation;
- Right of shareholders owning 30% of the outstanding shares of our Common Stock to call a special meeting of shareholders for any purpose;
- Majority voting in Director elections;
- Separation of Chairman and CEO roles, with the Chairman serving as Lead Independent Director;
- Required approval by the Nominating and Governance Committee of any related-party transactions;
- Executive session among the Non-Executive Directors at each in-person meeting;
- Annual self-assessment by the Board of Directors and each of its Committees; and
- Annual assessment by the Company's senior executive management of the operation of the Board of Directors.

During 2015, we were recognized for excellence in global corporate governance by the India Institute of Directors and for gender diversity on our Board of Directors by the 2020 Women on Boards.

Code of Business Ethics. The ethics principles that guide our operations globally are embodied in our Code of Business Ethics, which applies to all employees of the Company, including our Chief Executive Officer, Chief Financial Officer, Global Controller and the members of our Board of Directors. The Code of Business Ethics is the cornerstone of our Ethics Everywhere Program, by which we establish, communicate and monitor the overall elements of our efforts. We are proud of, and are determined to protect and enhance, the global reputation we have established since, in a service business such as ours, the integrity that our brand represents is one of our most valuable assets. For a number of years we have applied for and received Ethics Inside™ certification from NYSE Governance Services, a leading organization dedicated to best practices in ethics, compliance, corporate governance and citizenship. We believe it is the only available independent verification of a company's ethics program. In 2015, for the eighth consecutive year, we were also named to the Ethisphere Institute’s list of the World's Most Ethical Companies, and we were also placed as #20 on the list of the 100 Best Corporate Citizens by CR Magazine.

We support the principles of the United Nations Global Compact, the United Nations Principles of Responsible Investing and, given that our clients include a number of the major companies within the electronic industry, the Electronic Industry Code of Conduct. We are also a member of the Partnering Against Corruption Initiative sponsored by the World Economic Forum.

Vendor Code of Conduct. JLL expects that each of its vendors, meaning any firm or individual providing a product or service to JLL or indirectly to our clients as a contractor or subcontractor, will share and embrace the letter and spirit of our commitment to integrity. While vendors are independent entities, their business practices may significantly reflect upon us, our reputation and our brand. Accordingly, we expect all vendors to adhere to the JLL Vendor Code of Conduct, which we publish in multiple languages on our website, www.jll.com. We continue to evaluate and implement new ways to monitor the quality and integrity of our supply chain, including developing means by which we can efficiently survey and compare responses about the ethical environment and riskiness of current and potential suppliers that we engage both for our own firm and on behalf of clients.

Professional Standards Guide. Our guide to professional standards seeks to establish principles under which our people will perform services for clients. It is published on our website.

Corporate Sustainability. We encourage and promote the principles of sustainability everywhere we operate, seeking to improve the communities and environment in which our people work and live. We design our corporate policies to reflect the highest standards of corporate governance and transparency, and we hold ourselves responsible for our social, environmental and economic performance. We seek to incorporate sustainability practices and principles into our client investments and asset management. These priorities guide the interactions we have with our shareholders, clients, employees, regulators, and vendors, as well as with all others with whom we come into contact. We pursue our vision to lead the transformation of the real estate industry by making a positive impact both in and beyond our business.

We also work to foster an environment that values the richness of our differences and reflects the diverse world in which we live and work. By cultivating a dynamic mix of people and ideas, we enrich our Firm's performance, the communities in which we operate and the lives of our employees. We seek to recruit a diverse workforce, develop and promote exceptional talent from diverse backgrounds and embrace the varied experiences of all our employees.

We have begun to launch globally new internal branding around our overall sustainability program called Building a Better Tomorrow (sm).

Corporate Political Activities. Given the diversity of the Company's clients, shareholders, staff, and other constituencies, the general approach of the Company is to not take positions as an organization on social or political issues or on political campaigns. Accordingly, our use of corporate funds or other resources for political activities has been negligible. From time to time, the Company may comment on proposed legislation or regulations that directly affect our business interests and therefore the interests of our shareholders. We may also belong to industry trade associations that do become involved in attempts to influence legislation in the interests of the industry generally.

Conflicts Minerals. Since we are not a manufacturer, nor do we contract to manufacture, we do not believe that we engage in the purchase or procurement of conflicts minerals, either for ourselves or our clients.

COMPANY WEBSITE AND AVAILABLE INFORMATION

JLL's Website address is www.jll.com. On the Investor Relations page on our website, we make available, free of charge, as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission, or SEC: our Annual Report on Form 10-K, our Proxy Statement on Schedule14A, Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, or the Exchange Act. Any document we file with the SEC may also be read and copied at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549. Information about its public reference room can be obtained by calling the SEC at 1.800.SEC.0330. The SEC maintains an Internet site that contains annual, quarterly and current reports, proxy statements and other information that we file electronically with the SEC. The SEC's Website address is www.sec.gov.

Our Website includes information about our corporate governance. We will also make the following materials available in print to any shareholder who requests them in writing from our Corporate Secretary at the address of our principal executive office set forth on the cover page of this Annual Report on Form 10-K:

Code of Business Ethics	Vendor Code of Conduct	Transparency Report	Corporate Facts	Sustainability Report

- Code of Business Ethics;
- Vendor Code of Conduct;
- Bylaws;
- Corporate Governance Guidelines;
- Charters for our Audit, Compensation, and Nominating and Governance Committees;
- Statement of Qualifications for Members of the Board of Directors;
- Complaint Procedures for Accounting and Auditing Matters; and
- Statements of Beneficial Ownership of our Equity Securities by our Directors and Officers.

JLL intends to post on its website any amendment or waiver of the Code of Business Ethics with respect to a member of our Board of Directors or any of the executive officers named in our proxy statement.

Our Global Sustainability Report is available at www.jll.com/sustainability. Our latest report documents the Firm's achievements and challenges within both our services and operations. We take this seriously and are on a journey to embed sustainability deeply into our business. The report demonstrates how our approach aligns with our clients, adds value for shareholders and benefits our workforce and the wider community. We support our key sustainability focus areas: Clients, People, Workplaces and Communities. Overall, we seek to adhere to best practice sustainability standards, including CDP (formerly the Carbon Disclosure Project), the Global Reporting Initiative G4, and the International Integrated Reporting Council.

ITEM 1A. RISK FACTORS

General Overview. Our business is complex, dynamic, entrepreneurial, and international. Accordingly, it is subject to a number of significant risks in the ordinary course of its operations. If we cannot or do not successfully manage the risks associated with the services we provide, our operations, business, operating results, reputation, and/or financial condition could be materially and adversely affected.

One of the challenges of a global business such as ours is to determine in a sophisticated manner the critical enterprise risks that exist or may newly develop over time as our business evolves. We must then determine how best to employ reasonably available resources to prevent, mitigate, and/or minimize those risks that we are able to identify as having the greatest potential to cause significant damage from an operational, financial, or reputational standpoint. An important dynamic we must also consider and appropriately manage is how much and what types of commercial insurance to obtain and how much potential liability may remain uninsured consistent with the infrastructure that is in place within the organization to identify and properly manage it.

Various factors over which we have no control significantly affect commercial real estate markets. These include:

- Macro movements of the stock, bond, currency and derivatives markets;
- The political environment;
- Government policy and regulations, in each case whether at local, national or international levels; and
- The cost and availability of natural and non-renewable resources used to operate real estate.

As an example, the severe financial disruption and global recession that occurred during 2008 and 2009 materially impacted global real estate markets as the volume and pace of commercial real estate transactions contracted and real estate pricing and leasing in many countries and markets fell substantially. More recently, political uncertainties in Russia, certain countries in the Middle East, and Brazil have diminished the willingness of multi-national companies to expand their businesses in those countries, which in each case has affected our business. Although commercial real estate markets in most major cities were stable to improved during 2015, primarily as a result of the low interest rate environment that has been encouraged by the activities of various central banks, their continued strength has in some cases remained uncertain for various reasons. These include:

- The slowdown of the economy in China;
- The sharp drop in oil prices combined with increased actual and potential output from the United States and Iran, among other countries;
- The sharp drop in the prices of other commodities, partially as the result of the slowdown in demand from China;
- The significant decline in global equities markets that has continued into the early part of 2016;
- Uncertainties resulting from the randomness of terrorist acts, the effects of mass migration from countries experiencing hostilities in the Middle East, and the effects of climate change;
- Risks from potential cyber-attacks, the sophistication of which continues to grow;
- Uncertainties relating to the potential outcome of the November 2016 presidential election in the United States;
- The dynamic nature of government policy and regulations, in each case whether at local, national, or international levels; and
- The cost and availability of natural and non-renewable resources used to operate real estate.

Governments are addressing the different problematic situations in different and sometimes unpredictable and politically motivated ways. Accordingly, it is inherently difficult to make accurate predictions about the future movements in the markets in which we operate.

Governance over Enterprise Risk Management. We attempt to approach enterprise risk issues in a coordinated way across the globe. We govern our enterprise risk program primarily through our GOB, which includes our Global Chief Financial Officer, our business segment Chief Operating and Financial Officers, and the leaders of our principal corporate staff groups: Finance, Legal Services, Accounting, Insurance, Human Resources, Tax, Marketing, Information Technology, Business Resumption, Professional Standards, Communications, and Corporate Sustainability. The GOB coordinates its enterprise risk activities with our Internal Audit function, whose leader attends GOB meetings and facilitates quarterly risk assessments of our business to determine where to focus auditing and advisory efforts.

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Our Board of Directors and its Committees take active roles in overseeing management's identification and mitigation of the Company's enterprise risks. The Audit Committee focuses on the process by which management continuously identifies its enterprise risks and monitors the mitigation efforts that have been established. The Board focuses on substantive aspects of management's evaluation of our enterprise risks and the efforts we take to contain and mitigate them. Each of the Compensation Committee and the Nominating and Governance Committee also monitors and discusses with management those risks that are inherent in the matters that are within each such Committee's purview.
As a standing agenda item for its quarterly meetings, the Audit Committee discusses with management the process that has been followed in order to establish an enterprise risk management report. This report reflects: (1) the then current most significant enterprise risks that management believes the Firm is facing; (2) the efforts management is taking to avoid or mitigate the identified risks; and (3) how the Firm's internal audit function proposes to align its activities with the identified risks. The management representatives who regularly attend the Audit Committee meetings and participate in the preparation of the report and the discussion include our (1) Chief Financial Officer, (2) General Counsel, and (3) Director of Internal Audit. At the meetings, the Director of Internal Audit reviews with the Committee how the report has informed the decisions about which aspects of the Company Internal Audit will review as part of its regular audit procedures, as well as how various programmatic activities by Internal Audit have been influenced by the conclusions drawn in the report.
The enterprise risk management report is provided to the full Board as a regular part of the materials for its quarterly meetings. At those meetings, the Board asks questions of management about the conclusions drawn in the enterprise risk management report and makes substantive comments and suggestions. Additionally, during the course of each year, the Audit Committee (or sometimes the full Board) meets directly on one or multiple occasions with the senior-most leaders of our critical corporate functions to consider, among other topics, the enterprise risks those internal organizations face and how they are managing and addressing them. At each Board meeting, the Chairman of our Audit Committee reports to the full Board on the activities of the Audit Committee, including with respect to its oversight of the enterprise risk management process. Given our level of acquisition activities, our Board receives periodic updates on the status of integrating new businesses and how we are attempting to mitigate the enterprise risks inherent in making acquisitions. We also discuss with the Board any lessons learned from the acquisitions we have completed and any processes or approaches we have changed or improved as a result.
As a regular part of its establishment of executive compensation, the Compensation Committee considers how the structuring of our compensation programs will affect risk-taking and the extent to which they will drive alignment with the long-term success of the enterprise and the interests of our shareholders.
In the normal course of its activities, our Nominating and Governance Committee reviews emerging best practices in corporate governance and stays abreast of changes in laws and regulations that affect the way we conduct our corporate governance, which represents another important aspect of overall enterprise risk management.
Risk Mitigation Efforts. We do not attempt to discuss in this section all of the various significant efforts we employ to attempt to mitigate or contain the risks we identify, although we believe we have a robust program to do so in a systematic way. These efforts include: (1) quarterly reviews by our GOB of operational errors and litigation events so that we can consider whether there are steps we can take, such as changes to policies or additional staff training, that will prevent similar issues from recurring; (2) monthly reviews by our global team of Ethics Officers of internal ethics matters (starting in 2014, including the cost of investigating and resolving them) and general external ethics issues as well as consideration of whether there are new or different activities we can establish within our Ethics Everywhere program in order to proactively address them; and (3) the activities by our Director of Professional Standards to coordinate enterprise risk mitigation and prevention among the business, our internal auditors and our other corporate staff functions. One of the workstreams for the implementation of our Strategy 2020 Project, discussed in more detail above under "Company Overview," is our "Getting Safely to 2020" Program, by which we are seeking to instill across all of our business lines more consistent approaches to certain risk mitigation and governance techniques.
Seeking Opportunities in Risks. Risks in business can also mean opportunity if they can be translated into services that help clients mitigate their own risks and for which they are willing to pay fees that adequately compensate the provider for the risks being absorbed. An example of how we may be able to monetize the absorption of risks is our ability to charge fees for taking on, as principal, the risks of performance of subcontractors so that our clients do not have to bear them directly. Another example is our experience and ability to conduct business with integrity in

emerging markets that are generally perceived to be less transparent. This allows us to charge fees to multi-national companies that want to expand their footprint into new markets with the assistance of service providers they can trust to protect their interests and act according to ethical and other best practices.

Categorization of Enterprise Risks. This section reflects our current views concerning the most significant risks we believe our business faces, both in the short term and the long term. We do not, however, purport to include every possible risk from which we might sustain a loss. For purposes of the following analysis and discussion, we generally group the risks we face according to four principal categories:

- Strategic Risk Factors;
- Operational Risk Factors;
- Legal and Compliance Risk Factors; and
- Financial Risk Factors.

We could appropriately place some of the risks we identify in more than one category, but we have chosen the one we view as primary. We do not necessarily present the risks below in their order of significance, the relative likelihood that we will experience a loss or the magnitude of any such loss. Certain of these risks also may give rise to business opportunities for the Firm, but our discussion of risk factors in Item 1A is limited to the adverse effects the risks may have on our business.

Strategic Risk Factors

Strategic risk relates to JLL's future business plans and strategies, including the risks associated with: the global macro-environment in which we operate; mergers and acquisitions and restructuring activity; intellectual property; and other risks, including the demand for our services, competitive threats, technology and innovation, and public policy.

GENERAL ECONOMIC CONDITIONS AND REAL ESTATE MARKET CONDITIONS CAN HAVE A NEGATIVE IMPACT ON OUR BUSINESS.

Real estate markets are inherently cyclical. They correlate strongly to local and national economic and political conditions or, at least, to the perceptions and confidence of investors and users as to the relevant economic outlook. For example, corporations may be hesitant to expand space or enter into long-term commitments if they are concerned about the general economic environment. Corporations that are under individual financial pressure for any reason, or are attempting to more aggressively manage their expenses, may (1) reduce the size of their workforces, (2) reduce spending on capital expenditures, including with respect to their offices, (3) permit more of their staff to work from home offices, and/or (4) seek corresponding reductions in office space and related management services.

We have previously experienced, and expect in the future that we will be negatively impacted by, periods of economic slowdown or recession and corresponding declines in the demand for real estate and related services. The global economic crisis during the 2007-2009 period was extraordinary for its worldwide scope, severity and impact on major financial institutions, as well as for the extent of governmental stimulus and regulatory responses. During the 2011-2015 period, our core real estate markets in the major urban centers of most countries were supported by the low interest rates promoted by central banks. These dynamics have been favorable to our LaSalle business too, particularly as they have helped us raise new capital to invest and sell properties into strong markets, which benefits our clients and generates incentive fees and equity earnings. However, many of our markets were also affected generally by various geo-political and economic uncertainties, among them the slowdown in the China economy, instability in the Middle East that has exacerbated the randomness in other parts of the world (such as France) of terrorism and caused pressures from an immigration perspective (such as in the European Union countries), the significant decline in oil and commodity prices, the developing effects of climate change, and the continuing uncertainty of the direction of the political environment in the United States as we approach the presidential election in November 2016.

Although we have been able to continue to grow our business largely by gaining market share and as the result of targeted acquisitions, it is inherently difficult for us to predict how these types of significant global forces will affect our business and whether we will continue to be able to generate revenue growth in the future to the same extent as we have in the past.

The speed with which markets change, both positively and negatively, has accelerated due to the increased global interconnectivity that has resulted from the immediacy and availability of information permitted by the Internet and social media, among other reasons. This has added to the challenges of anticipating and quickly adapting to changes in business and revenue, particularly since real estate transactions are inherently complicated and longer-term in nature. A recent example has been the continued major decline in oil prices that occurred throughout 2015 and has continued into 2016, which has complex potential ramifications in many of the countries in which we conduct business.

Although it is unclear how they will ultimately filter through to our specific markets, we have seen declines in our results in countries that are particularly affected, such as Brazil and Russia, although our revenues from those countries are relatively small.

Negative economic conditions and declines in demand for real estate and related services in several markets or in significant markets could have a material adverse effect as a result of the following factors:

• Decline in Acquisition and Disposition Activity

A general decline in acquisition and disposition activity for commercial real estate can lead to a reduction in the fees and commissions we receive for arranging such transactions, as well as in fees and commissions we earn for arranging financing for acquirers. This can affect both our Capital Markets business in our RES segments as well as our LaSalle business, although not necessarily always negatively. For example, major credit contractions, such as those that took place during the recent global financial crisis, negatively impact real estate pricing and transaction volumes, which reduces our Capital Markets fees. Additionally, a continued bias by investors toward conservatism means that their appetite for core investment products, which is a LaSalle strength, remains noticeably higher than for opportunistic or speculative products.

• Decline in the Real Estate Values and Performance, Leasing Activity and Rental Rates

A general decline in the value and performance of real estate and in rental rates can lead to a reduction in both (1) investment management fees, a significant portion of which are generally based on the performance of investments and net asset values, and (2) the value of the co-investments we make with our investment management clients or merchant banking investments we have made for our own account. Additionally, such declines can lead to a reduction in fees and commissions that are based on the value of, or revenue produced by, the properties with respect to which we provide services. This may include fees and commissions (1) for property management and valuations, (2) generated by our Capital Markets, Hotels, and other businesses for arranging acquisitions, dispositions, and financings, and (3) for arranging leasing transactions. Such declines can also lead to an unwillingness or inability of clients to make new (or honor existing) capital commitments to funds sponsored by our investment management business, which can result in a decline of both investment management fees and incentive fees, and can also restrict our ability to employ capital for new investments in current funds or establish new funds.

The general decline in the value and performance of real estate negatively impacted the value of our own co-investments during 2009 and 2010. As real estate markets have generally improved since 2010, we have seen the value of these investments return, as reflected in the increase in our equity earnings recognized over the last five years.

The continued conservatism of corporate occupiers to commit to new space, and their desire to derive more productivity from the same, or a sometimes reduced, real estate footprint, made our Agency Leasing business more challenging during 2013 but it recovered during 2014 and 2015 as low interest rates and the strength of the U.S. equity markets brought confidence back to corporate occupiers.

Historically for companies in our industry, a significant decline in real estate values in a given market has also generally tended to result in increased litigation and claims regarding advisory and valuation work performed prior to the decline, as well as pressure from investment management clients regarding performance.

• Decline in Value of Real Estate Securities

A general decline in the value of real estate securities (for example, REITs) will have a negative effect on the value of the portfolios that our LaSalle business manages, and any securities held in accounts that LaSalle manages, and therefore the fees we earn on assets under management. In addition, a general decline in the value of real estate securities could negatively impact the amount of money that investors are willing to allocate to real estate securities and the pace of engaging new investor clients.

• Cyclicality in the Real Estate Markets; Lag in Recovery Relative to Broader Markets

Cyclicality in the real estate markets may lead to cyclicality in our earnings and significant volatility in our stock price, which in recent years has continued to be highly sensitive to market perception of the global economy generally and our industry specifically. This volatility has been evident during the significant stock market decline at the beginning of 2016, when JLL’s stock declined significantly even though our underlying business realized record-setting performance in 2015. Real estate markets are also thought to "lag" the broader economy. This means that even when underlying economic fundamentals improve in a given market, it may take additional time for these improvements to translate into strength in real estate markets. This may be exacerbated when banks delay their resolution of commercial real estate assets whose values are less than their associated loans.

• Effect of Changes in Non-Real Estate Markets
Changes in non-real estate markets can also affect our business in different ways for different types of investors. For example, relative strength in the equity markets can lead certain investors to lower the level of capital allocated to real estate, which in turn can mean that our ability to generate fees from the operation of our investment management business will be negatively impacted. Strength in the equity markets can also negatively impact the perception of relative performance of real estate as an asset class, which in turn means that the incentive fees relating to the performance of our investment funds may be negatively impacted. For those investors who seek to maintain real estate as a relatively fixed percentage of their portfolios and will periodically rebalance in order to do so, the so-called "denominator effect" can lead to either (1) selling real estate when the equity markets are weak since that can make real estate investments too great a proportion of their portfolios or (2) buying real estate when equity markets are strong in order to maintain the desired percentage relative to other assets. A low interest rate environment, such as we have experienced in recent years, can make yields from real estate more attractive compared to bonds, which has supported REIT stocks.

REAL ESTATE SERVICES AND INVESTMENT MANAGEMENT MARKETS ARE HIGHLY COMPETITIVE.
We provide a broad range of commercial real estate and investment management services. There is significant competition on international, regional and local levels with respect to many of these services and in commercial real estate services generally. Depending on the service, we face competition from other real estate service providers, institutional lenders, insurance companies, investment banking firms, investment managers, accounting firms, technology firms, consulting firms, and firms providing outsourcing of various types (including technology, and building products), any of which may be a global, regional or local firm, and companies that self-provide their real estate services with in-house capabilities.

Many of our competitors are local or regional firms. Although they may be substantially smaller in overall size than we are, they may be larger than we are in a specific local or regional market. Some of our competitors have expanded the services they offer in an attempt to gain additional business. Some may be providing outsourced facility management services in order to sell clients products (such as HVAC systems) that we do not offer. In some sectors of our business, particularly Corporate Solutions, some of our competitors may have greater financial, technical and marketing resources, larger customer bases, and more established relationships with their customers and suppliers than we have. Larger or better-capitalized competitors in those sectors may be able to respond faster to the need for technological changes, price their services more aggressively, compete more effectively for skilled professionals, finance acquisitions more easily, develop innovative products more effectively, and generally compete more aggressively for market share. This can also lead to increasing commoditization of the services we provide and increasing downward pressure on the fees we can charge.

New competitors, or alliances among competitors that increase their ability to service clients, could emerge and gain market share, develop a lower cost structure, adopt more aggressive pricing policies, aggressively recruit our people at above-market compensation, or provide services that gain greater market acceptance than the services we offer. Some of these may come from non-traditional sources, such as information aggregators. To respond to increased competition and pricing pressure, we may have to lower our prices, loosen contractual terms (such as liability limitations), develop our own innovative approaches to mining data and using information, or increase compensation, which may have an adverse effect on our revenue and profit margins. We may also need to become increasingly productive and efficient in the way we deliver services or with respect to the cost structure supporting our businesses, which may in turn require more innovative uses of technology as well as data gathering and data mining.

Our industry has continued to consolidate, as evidenced by alliances in recent history that have resulted in the Grubb Newmark Knight Frank business and the merger first between DTZ and Cassidy Turley and then between DTZ and Cushman & Wakefield, all of which included firms that had previously had significant financial problems but were able to recapitalize and reposition themselves. During 2015, CBRE Group, Inc., acquired the facilities management business of Johnson Controls, Inc., which materially increased CBRE’s revenues. There is an inherent risk that competitive firms may be more successful than we are at growing through merger and acquisition activity. While we have successfully grown organically and through a series of acquisitions, sourcing and completing acquisitions are complex and sensitive activities. In light of the continuing need to provide clients with more comprehensive services on a more productive and cost efficient basis, we expect increasing acquisition opportunities to emerge and may increase our acquisition activity compared to recent years. For example, in 2011 we completed the significant acquisition of King Sturge in Europe after having considerably slowed our acquisition activity from 2008 through 2010. During 2012, 2013, 2014 and 2015, we completed four, five, ten and 20 acquisitions, respectively. We are considering, and will continue to consider, acquisitions that we believe will strengthen our market position, increase our profitability and supplement our organic growth. We have found it relatively more challenging to identify appropriate acquisition candidates in our investment management business than we have been able to do in our RES business. In any event, there is no assurance that we will be able to continue our acquisition activity in the future at the same pace as we have in the past.

We believe we emerged from the global economic downturn in a stronger financial and market share position relative to certain of our traditional competitors. This may in some cases lead to a willingness on the part of a competitor to engage in aggressive pricing, advertising or hiring practices in order to maintain market share or client relationships. To the extent this occurs, it increases the competitive risks and the fee and compensation pressures we face, although ramifications will differ from one competitor to another given their different positions within the marketplace and their different financial situations.

We are substantially dependent on long-term client relationships and on revenue received for services under various service agreements. Many of these agreements may be canceled by the client for any reason with as little as 30 to 60 days' notice, as is typical in the industry. In this competitive market, if we are unable to maintain these relationships or are otherwise unable to retain existing clients and develop new clients, our business, results of operations and/or financial condition may be materially adversely affected. The global economic downturn and continued weaknesses in the markets in which they themselves compete have led to additional pricing pressure from clients as they themselves came under financial pressure, participated in governmental bail-out programs or filed for bankruptcy or insolvency protection, as some significant clients did. These effects have continued to moderate through 2015, but they could increase again in the wake of the continuing political and economic uncertainties within the European Union, the United States, China, India, Russia or the Middle East, including as a result of significantly lower oil and commodity prices.

THE SEASONALITY OF OUR REAL ESTATE SERVICES BUSINESS EXPOSES US TO RISKS.

Within our Real Estate Services business, our revenue and profits have historically grown progressively by quarter throughout the year. This is a result of a general focus in the real estate industry on completing or documenting transactions by fiscal year-end and the fact that certain of our expenses are constant through the year. Historically, we have reported a relatively smaller profit in the first quarter and then increasingly larger profit during each of the following three quarters, excluding the recognition of investment-generated performance fees and co-investment equity gains or losses (each of which can be particularly unpredictable).

The seasonality of our business makes it difficult to determine during the course of the year whether planned results will be achieved, and thus to adjust to changes in expectations. Additionally, negative economic or other conditions that arise at a time when they impact performance in the fourth quarter, such as the particular timing of when larger transactions close or changes in the value of the U.S. dollar against other currencies, may have a more significant impact than if they occurred earlier in the year. To the extent we are not able to identify and adjust for changes in expectations or we are confronted with negative conditions that inordinately impact the fourth quarter of a calendar year, we could experience a material adverse effect on our financial performance.

As a result of growth in our property management and integrated facility management businesses and other services related to the growth of outsourcing of corporate real estate services, there has been somewhat less seasonality in our revenue and profits during the past few years than there was historically, but we believe that some level of seasonality will always be inherent in our industry and outside of our control. We continued to experience a level of seasonality in 2015 that was similar to previous years. We are unable to predict whether the dynamic nature of the markets in which we operate, or any change in their economic or political structures, will have a material effect on the historical seasonality of our business in 2016 and beyond.

RISKS INHERENT IN MAKING ACQUISITIONS AND ENTERING INTO JOINT VENTURES.

Since 2005, we have completed over 80 acquisitions as part of our global growth strategy. Acquisitions subject us to a number of significant risks, any of which may prevent us from realizing the anticipated benefits or synergies of the acquisition. The integration of companies is a complex and time-consuming process that could significantly disrupt the businesses of JLL and the acquired company. The challenges involved in integration and realizing the benefits of an acquisition include:

- Diversion of management attention and financial resources from existing operations;
- Difficulties in integrating cultures, compensation structures, operations, existing contracts, accounting processes and methodologies, technology, and realizing the anticipated synergies of the combined businesses;
- Failure to identify potential liabilities during the due diligence process;
- Failure to identify improper accounting practices during the due diligence process;
- Inability to retain the management, key personnel and other employees of the acquired business;
- Inability to retain clients of the acquired business;
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Exposure to legal, environmental, employment, professional standards, bribery, money-laundering, ethics, and other types of claims for improper activities of the acquired business prior to acquisition, including those that may not have been adequately identified during the pre-acquisition due diligence investigation or those which the legal documentation associated with the transaction did not successfully terminate or transfer;

- Addition of business lines in which we have not previously engaged (for example, general contractor services for "ground-up" construction development projects); and
- Potential impairment of intangible assets, which could adversely affect our reported results.

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Our failure to meet the challenges involved in successfully integrating our operations with those of another company or otherwise to realize any of the anticipated benefits of an acquisition could have a material adverse effect. Liabilities that we may either knowingly or inadvertently assume may not be fully insured. Additionally, the price we pay or other resources that we devote may exceed the value we realize, or the value we could have realized if we had allocated the consideration payable for the acquisition or other resources to another opportunity.

To a much lesser degree, we have occasionally entered into joint ventures to conduct certain businesses or enter new geographies, and we will consider doing so in appropriate situations in the future. Joint ventures have many of the same risk characteristics as we discuss above with respect to acquisitions, particularly with respect to the due diligence and on-going relationship with the joint venture partner(s), given that each partner has inherently less control in a joint venture and will be subject to the authority and economics of the particular structure that is negotiated. Given a particular structure, we may not have the authority to direct the management and policies of the joint venture. If a joint venture participant acts contrary to our interest, it could harm our brand, business, results of operations, and financial condition.

POLITICAL AND ECONOMIC INSTABILITY AND TRANSPARENCY: PROTECTIONISM; TERRORIST ACTIVITIES; HEALTH EPIDEMICS.

We provide services in over 80 countries with varying degrees of political and economic stability and transparency. For example, within the past few years certain Middle Eastern, Asian, European, and South American countries have experienced serious political and economic instability that will likely continue to arise from time to time in countries in which we have operations. It is difficult for us to predict where or when a significant change in the political leadership or regime within a given country may occur, or what the implications of such a change will be on our operations given that legislative, regulatory, tax and business environments can be altered quickly and dramatically. For example, continuing political activities in Russia, Brazil, and separately in various Middle Eastern countries, have significantly disrupted business activity in those countries. Also, in recent years there have been significant political changes in a number of countries, including the U.S. and India as examples, resulting in changes to financial, tax, healthcare, governance, and other laws that may directly affect our business and continue to evolve.

Our ability to operate our business in the ordinary course and our willingness to commit new resources or investments may be affected or disrupted in one way or another, such as reductions in revenue, increases in taxes (due to more aggressive taxation policies), increases in other expenses (such as with respect to employee healthcare), restrictions on repatriating funds, difficulties in collecting receivables from clients, difficulties in recruiting staff, increased corruption, or other material adverse effects.

In the event that governments engage in protectionist policies which favor local firms over foreign firms or which restrict cross-border capital flows, our ability to utilize and benefit from our global platform and integrated business model could be adversely affected. The global downturn significantly added to the deficit spending of certain governments in countries where we do business and called into question the creditworthiness of some countries. This issue has still has not entirely gone away and more recently may have been exacerbated by the significant decline in oil and commodities prices. While the U.S. Federal Reserve loosened its monetary policies through low interest rates and quantitative easing programs, European governments instituted austerity programs in an effort to contract spending and avoid defaults on sovereign debt, some of which resulted in social unrest. The social unrest as the result of the implementation of the austerity programs has diminished, and some European countries seem to have emerged successfully as they have also more recently loosened their own monetary policies. There has been some speculation that one or more European countries may stop using the Euro as their currency or that some countries, notably England, may exit the European Union. The United States and the European Union have instituted various sanctions against Russia as a result of that country's actions with respect to Ukraine and Crimea, and have more recently loosened sanctions on Iran in the wake of an agreement regarding that country’s nuclear program. The United States has begun to open formal relations with Cuba and has started to ease certain trade sanctions. It is inherently difficult to predict what the consequences to our business may be from these situations as they develop further.

In addition, terrorist activities have escalated in recent years, have become increasingly unpredictable, and at times have affected cities in which we operate. The 2008 terrorist attack in Mumbai, India, where we have a presence, is an example and there have been serious situations in other cities where we have operations, including London, Boston, Paris, Sydney, Ottawa, Jakarta, and Moscow. To the extent that similar terrorist activities continue to occur, they may adversely affect our business because they tend to target the same type of high-profile urban areas in which we do business.

Health epidemics that affect the general conduct of business in one or more urban areas (including as the result of travel restrictions and the inability to conduct face-to-face meetings), such as occurred in the past from SARS and influenza, or may occur in the future from other types of outbreak, can also adversely affect the volume of business transactions, real estate markets and the cost of operating real estate or providing real estate services. During 2014, the Ebola epidemic in certain countries in Africa caused significant concern globally, although it was substantially contained within Africa. Outbreaks of the Zika virus in Central and South America, and more recently in the U.S., are raising similar concerns.

The increasing globalization by our multi-national clients creates pressure to further expand our own geographical reach into less developed countries, including for example within Africa, which tends to exacerbate the above risks. As we continue to provide services in countries that have relatively higher security risks and lower levels of transparency, our exposure to the risks inherent in doing business in less developed markets increases.

ABILITY TO PROTECT INTELLECTUAL PROPERTY; INFRINGEMENT OF THIRD-PARTY INTELLECTUAL PROPERTY RIGHTS.

Our business depends, in part, on our ability to identify and protect proprietary information and other intellectual property such as our service marks, domain names, client lists and information, and business methods. Existing laws of some countries in which we provide or intend to provide services, or the extent to which their laws are actually enforced, may offer only limited protections of our intellectual property rights. We rely on a combination of trade secrets, confidentiality policies, non-disclosure and other contractual arrangements, and on patent, copyright and trademark laws to protect our intellectual property rights. In particular, we hold various trademarks and trade names, including our principal trade name, "JLL." If our registered trade name were to expire or terminate, our competitive position in certain markets could be materially and adversely affected. Our inability to detect unauthorized use (for example, by current or former employees) or take appropriate or timely steps to enforce our intellectual property rights may have an adverse effect on our business.

We cannot be sure that the intellectual property that we may use in the course of operating our business or the services we offer to clients do not infringe on the rights of third parties, although, in order to mitigate the risk, we do obtain from the licensors representation and warranties, as well as indemnities, that they do not. We may have infringement claims asserted against us or against our clients. These claims may harm our reputation, cost us money and prevent us from offering some services.

Confidential intellectual property is increasingly stored or carried on mobile devices, such as laptop computers, tablets and smartphones, which makes inadvertent disclosure more of a risk in the event the mobile devices are lost or stolen and the information has not been adequately safeguarded or encrypted. This also makes it easier for someone with access to our systems, or someone who gains unauthorized access by "hacking" or other type of cyber-attack, to steal information and use it to the disadvantage of our Firm or our people. We believe that the risk from cyber-attacks has increased significantly as some major companies during the past few years reported that they had experienced broad-based theft of customer and internal data, with material financial and reputational consequences.

Advances in technology, which permit increasingly large amounts of information to be stored on smaller devices or on third-party "cloud" servers, as well as the proliferation of social media techniques, tend to exacerbate these risks. On the other hand, cloud capabilities also allow us to conduct more monitoring of our email and other knowledge storing mechanisms to pro-actively detect misuse of our intellectual property. We are also in the process of implementing certain additional monitoring systems, as well as various data analytics designed to detect potential conflicts of interests and other inappropriate behaviors. While we believe these activities are beneficial from the perspective of protecting our assets, including clients' intellectual property to which we may have access, these activities carry certain risks related to compliance with privacy and other applicable regulations in certain countries.

CO-INVESTMENT, INVESTMENT, MERCHANT BANKING AND REAL ESTATE INVESTMENT BANKING ACTIVITIES.

An important part of our investment strategy includes investing in real estate, both individually and along with our investment management clients. As of December 31, 2015, we have potential unfunded commitment obligations of $189.8 million to fund future co-investments. In order to remain competitive with well-capitalized financial services firms, we also may make merchant banking investments for which we may use Firm capital to acquire properties before the related investment management funds have been established or investment commitments have been received from third-party clients. A strategy that we have not pursued vigorously, but that still has potential, is to further engage in certain real estate investment banking activities in which we, either solely or with one or more joint venture partners, would employ capital to assist our clients in maximizing the value of their real estate. For example, we might acquire a property from a client that wishes to dispose of it within a certain time frame, after which we would market it for sale as the principal and therefore assume any related market risk.

We also operate business lines that have as part of their strategy the acquisition, development, management and sale of real estate. Investing in any of these types of situations exposes us to a number of risks.

Investing in real estate for the above reasons poses the following risks:

- We may lose some or all of the capital that we invest if the investments underperform. Real estate investments can underperform as the result of many factors outside of our control, including the general reduction in asset values within a particular geography or asset class. Starting in 2007 and continuing through 2009, for example, real estate prices in many markets throughout the world declined generally as the result of the significant tightening of the credit markets and the effects of recessionary economies and significant unemployment. We recognized impairment charges of $6.0 million, $2.4 million, $6.5 million, and $7.9 million for the years ended December 31, 2015, 2014, 2013, and 2012, respectively, primarily representing our co-investment share of the impairment charges against individual assets held by our real estate ventures. In contrast, as real estate investments benefited from benign interest rate environments globally and continuing recovery in many of our markets, for the years ended December 31, 2015 and 2014 we recognized equity earnings from our co-investments of $77.5 million and $48.3 million, respectively.
- We will have fluctuations in earnings and cash flow as we recognize gains or losses, and receive cash, upon the disposition of investments, the timing of which is geared toward the benefit of our clients.
- We generally hold our investments in real estate through subsidiaries with limited liability; however, in certain circumstances, it is possible that this limited exposure may be expanded in the future based on, among other things, changes in applicable laws. To the extent this occurs, our liability could exceed the amount we have invested.
- We make co-investments in real estate in many countries, and this presents risks as described above. This may include changes to tax treaties, tax policy, foreign investment policy or other local political or legislative changes that may adversely affect the performance of our co-investments. The global economic downturn increases the chances of significant changes in government policies generally, the effects of which are inherently difficult to predict. We believe that the financial pressures on government entities that have resulted from weak economies and deficit spending led taxing authorities to more aggressively pursue taxes and question tax strategies and positions.
- We generally make co-investments in the local currency of the country in which the investment asset exists. We will therefore be subject to the risks described below under "Currency Restrictions and Exchange Rate Fluctuations."

In certain situations, although they have been relatively limited historically, we raise funds from outside investors where we are the sponsor of real estate investments, developments or projects. To the extent we return less than the investors' original investments because the investments, developments or projects have underperformed relative to expectations, the investors could attempt to recoup the full amount of their investments under securities law theories such as lack of adequate disclosure when funds were initially raised. Sponsoring funds into which retail investors are able to invest may increase this risk.

INFRASTRUCTURE DISRUPTIONS.

Our ability to conduct a global business may be adversely impacted by disruptions to the infrastructure that supports our businesses and the communities in which they are located. This may include disruptions involving electrical, communications, information technology, transportation, or other services used by JLL or third parties with which we conduct business. It may also include disruptions as a result of natural disasters such as hurricanes, earthquakes, and floods, whether as a result of climate change or otherwise, political instability, general labor strikes or turmoil, cyber-attacks or terrorist attacks. These disruptions may occur, for example, as a result of events affecting only the buildings in which we operate (such as fires), or as a result of events with a broader impact on the cities where those buildings are located (including, potentially, the longer-term effects of global climate change). Nearly all of our employees in our primary locations, including Chicago, London, Singapore and Sydney, work in close proximity to each other in one or more buildings. If a disruption occurs in one location and our employees in that location are unable to communicate with or travel to other locations, our ability to service and interact with our clients may suffer, and we may not be able to successfully implement contingency plans that depend on communication or travel.

The infrastructure disruptions we describe above may also disrupt our ability to manage real estate for clients or may adversely affect the value of real estate investments we make on behalf of clients. The buildings we manage for clients, which include some of the world's largest office properties and retail centers, are used by many people daily. As a result, fires, earthquakes, floods, other natural disasters, and terrorist attacks can result in significant loss of life, and, to the extent we are held to have been negligent in connection with our management of the affected properties, we could incur significant financial liabilities and reputational harm. An example during 2012 was Hurricane Sandy, which disrupted our own operations in the Northeast United States and caused significant flooding damage to buildings we manage for clients in lower Manhattan, some of which took significant periods of time to recover fully. During 2013 and 2014, Asia experienced significant, and in some cases unprecedented, typhoon activity.

The occurrence of natural disasters and terrorist attacks can also significantly impact the availability and/or cost of commercial insurance policies covering real estate, both for our own business and for those clients whose properties we manage and who may purchase their insurance through the insurance buying programs we make available to them. Sometimes, even where policies are available, specific coverage for wind, flooding, earthquakes, or terrorism may not be available or may be very expensive.

There can be no assurance that the disaster recovery and crisis management procedures we employ will suffice in any particular situation to avoid a significant loss. Given that our staff is increasingly mobile and less reliant on physical presence in a JLL office, our disaster recovery plans increasingly rely on the availability of the Internet (including "cloud" technology) and mobile phone technology, so the disruption of those systems, such as because of a cyber-attack, would likely affect our ability to recover promptly from a crisis situation. Additionally, our ability to foresee or mitigate the potential consequences to managed properties, and real estate generally, from the effects of climate change, may be limited. We have significant operations and client relationships in cities with coastal exposure, such as New York and Florida.

COMPETITION FOR TALENT.

We may experience skills gaps in particular service segments and geographies within the firm if we cannot attract the right talent at the right time, thereby jeopardizing service delivery. There is a further risk of losing talent (and intellectual property and client contacts) to competitors, particularly in the context of increased use of social media networks. If we are unable to attract and retain qualified personnel, or to successfully plan for succession of employees holding key management positions, our growth may not be sustainable, and our business and operating results could suffer. These risks increase as we continue to grow as an organization and increase the number of staff, which has expanded significantly over the past decade. There may also be an increase in recruitment and compensation costs.

EVOLUTION OF DIGITAL AND INFORMATION TECHNOLOGY.

The dynamic nature of the Internet and social media, which have substantially increased the availability and transparency of information, could devalue the information that we gather and disseminate as part of our business model and may harm certain aspects of our brokerage business in the event that principals of transactions prefer to transact directly with each other. In this regard, we face potential disintermediation challenges from companies whose primary business is to aggregate and disseminate for compensation the listing information they obtain from firms like ours that represent commercial landlords offering space to let. We may also need to become increasingly productive and efficient in the way we deliver services or with respect to the cost structure supporting our businesses, which may in turn require more innovative uses of technology as well as data gathering and data mining. The ability to protect our intellectual property electronically becomes more challenging as more information becomes publicly available. Associated with this is the potential decline in demand for commercial real estate as flexible working practices increasingly become the norm.

Mobile technologies and online collaboration tools are transforming how business gets done. Information technology is entering the big data era. Process power and data storage are becoming almost free; networks and the cloud provide global access and a wide range of services; social media is pervasive in the global society, and work and cybersecurity is increasingly important as hacking becomes more sophisticated. The evolution of digital technology and information technology presents significant challenges for businesses and societies, which must find ways to capture the benefits of new IT technologies while dealing with the new threats that those technologies present.

Operational Risk Factors

Operational risk relates to risks arising from systems, processes, people and external events that affect the operation of our businesses. It includes information management and data protection and security, including cyber security; supply chain and business disruption; and other risks, including human resources and reputation.

REPUTATIONAL AND BRAND RISKS.

The value and premium status of our brand is one of our most important assets. An inherent risk in maintaining our brand is that we may fail to successfully differentiate the scope and quality of our service and product offerings from those of our competitors, or that we may fail to sufficiently innovate or develop improved products or services that will be attractive to our clients. Additionally, given the rigors of the competitive marketplace in which we operate, there is the risk that we may not be able to continue to find ways to operate more productively and more cost-effectively, including by achieving economies of scale, or that we will be limited in our ability to further reduce the costs required to operate on a globally coordinated platform.

The rapid dissemination and increasing transparency of information, particularly for public companies, increases the risks to our business that could result from negative media or announcements about ethics lapses or other operational problems, which could lead clients to terminate or reduce their relationships with us. We are also subject to misappropriation of one of the names or trademarks we own by third parties that do not have the right to use them so that they can trade off of the goodwill we have built up in our intellectual property, and our efforts to police usage of our intellectual property may not be successful in all situations.

TECHNOLOGY AND INFORMATION SYSTEMS; MANAGEMENT OF DATA.

Our business is highly dependent on our ability to process transactions, gather and disseminate information and manage various types of client and other data across numerous and diverse markets in many currencies. If any of our financial, accounting, human resources or other data processing, e-mail, client accounting, funds processing, or electronic information management systems do not operate properly or are disabled, we could suffer a disruption of our businesses, liability to clients, loss of client data, loss of employee data, regulatory intervention, breach of confidentiality or other contract provisions, or reputational damage. These systems may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, including disruptions of electrical or communications services, disruptions caused by natural disasters, political instability, terrorist attacks, sabotage, computer viruses or problems with the Internet, deliberate attempts to disrupt our computer systems through "hacking" or other forms of cyber-attack, or our inability to occupy one or more of our office buildings. As we outsource significant portions of our information technology functions to third-party providers, we bear the risk of having somewhat less direct control over the manner and quality of performance than we would if done by our own employees. An example of this is the increasing use of "cloud" computing, whereby we outsource to third parties the maintenance of increasing amounts of our business records, including electronically maintained documents and emails, rather than keeping them on our own servers.

We are exposed to the risk of cyber-attacks in the normal course of business. In general, cyber incidents can result from deliberate attacks or unintentional events. We have observed an increased level of attention focused on cyber-attacks that include gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. During the last few years, some major corporations reported that they had experienced broad-based theft of customer and internal data, with material financial and reputational consequences. To the extent that our technology systems interact with those of our clients, they may face similar potential problems and losses as the result of cyber-attacks through our systems that then impact their systems. Certain high-profile cyber-attacks at other companies have come through the systems of suppliers.

We are also increasingly recognizing both the challenges and opportunities involved in mining the data in our systems so that we "know what we know" and can use that knowledge for the benefit of our clients and our organization in the most sophisticated possible ways.

While we have not incurred any material losses related to cyber-attacks, nor are we aware of any specific or threatened cyber-incidents as of the date of this report, we may incur substantial costs and suffer other negative consequences if we fall victim to one or more successful cyber-attacks. Such negative consequences could include: remediation costs that may include liability for stolen assets or information and repairing system damage that may have been caused; increased cyber-security protection costs that may include organizational changes, deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants; lost revenues resulting from unauthorized use of proprietary information or the failure to retain or attract clients following an attack; litigation; and reputational damage adversely affecting client or investor confidence.

The development of new software systems used to operate one or more aspects of our business is complicated, particularly on a customized basis or in order to coordinate or consolidate financial, human resources or other types of infrastructure data reporting, client accounting or funds processing. Additionally, the effort may result in costs that we cannot recoup in the event of the failure to complete a planned software development. A new software system that has defects may cause reputational issues and client or employee dissatisfaction and/or damages, with our incurring liabilities and/or experiencing lost business as possible results. The acquisition or development of software systems is often dependent to one degree or another on the quality, ability and/or financial stability of one or more third-party vendors, over which we may not have control beyond the rights we negotiate in our contracts. Different privacy regulations from one country to the next (or across a region such as the European Union) may restrict our ability to share or collect data on a global basis, and this may limit the utility of otherwise available technology. When we transfer data between countries and continents for the purpose of managing and reporting on our global business, both internally within JLL systems and externally through third-party providers, we are exposed to the risk that our systems and operations may not meet all of the data privacy and protection laws of the countries from which the data originates. Furthermore, third-party providers who previously relied on the EU-U.S. Safe Harbor framework have now had to find alternative methods to meet EU standards for data transfers in the wake of the European Commission’s invalidation of Safe Harbor in late 2015. Although we try to stay abreast of data privacy laws worldwide and keep track our data flows in order to assess where and what compliance requirements apply, the rapid development and changes in systems and technology, along with corresponding changes in laws and regulations, make this a difficult challenge.

CONCENTRATIONS OF BUSINESS WITH CORPORATE AND INVESTOR CLIENTS CAUSES INCREASED CREDIT RISK AND GREATER IMPACT FROM THE LOSS OF CERTAIN CLIENTS; INCREASED RISKS FROM HIGHER LIMITATIONS OF LIABILITY IN CONTRACTS.

While our client base remains highly diversified across industries and geographies, we value the expansion of business relationships with individual corporate clients and institutional investors because of the increased efficiency and economics (both to our clients and our Firm) that can result from developing repeat business from the same client and from performing an increasingly broad range of services for the same client. Having increasingly large and concentrated clients also can lead to greater or more concentrated risks of loss if, among other possibilities, such a client (1) experiences its own financial problems, which can lead to larger individual credit risks; (2) becomes bankrupt or insolvent, which can lead to our failure to be paid for services we have previously provided or funds we have previously advanced; (3) decides to reduce its operations or its real estate facilities; (4) makes a change in its real estate strategy, such as no longer outsourcing its real estate operations; (5) decides to change its providers of real estate services; or (6) merges with another corporation or otherwise undergoes a change of control, which may result in new management taking over with a different real estate philosophy or in different relationships with other real estate providers. In the case of LaSalle, concentration of investor clients can lead to fewer sources of investment capital, which can negatively affect assets under management in case a higher-volume client withdraws its funds or does not re-invest them. This is also the case within LaSalle's securities business and for Jones Lang LaSalle Income Property Trust, Inc., which are both dependent on the continued ability and willingness of certain brokerage firms to attract investment funds from their clients.

Additionally, competitive conditions, particularly in connection with increasingly large clients may require us to compromise on certain contract terms with respect to the payment of fees, the extent of risk transfer, acting as principal rather than agent in connection with supplier relationships, liability limitations, and other contractual terms, or in connection with disputes or potential litigation. Where competitive pressures result in higher levels of potential liability under our contracts, the cost of operational errors and other activities for which we have indemnified our clients will be greater and may not be fully insured.

The global economic downturn provided an example of how risks to our organization increased as the result of the significant financial distress (which in some cases led to bankruptcy or insolvency) it placed on many organizations, including some that are clients of ours. Some of our largest clients include companies in the financial services industry, such as commercial banks, investment banks, and insurance companies, and companies in the auto industry, which were significantly impacted by the global economic downturn and took a number of years to recover. Political and financial issues in the European Union have continued to negatively impact the financial condition of companies conducting significant operations in European countries as the result of contractions in government spending, reduced liquidity from banks, and social unrest. More recently, actions taken by Russia with respect to Crimea and Ukraine have led to economic sanctions by the United States and the European Union against Russia, which have impacted the Russian economy and the ability and willingness of global and foreign businesses to continue to conduct business in Russia.

Where we provide services to firms in the financial services industry, including banks and investment banks, we are experiencing indirectly the increasing extent of the regulatory environment to which they are subject in the aftermath of the global financial crisis. This increases the cost of doing business with them, which we are not always able to pass on, as the result of the additional resources and processes we are required to provide as a critical supplier.

CONTRACTUAL LIABILITIES AS PRINCIPAL AND FOR WARRANTED PRICING.

We may, on behalf of our clients, hire and supervise third-party contractors to provide construction, engineering, maintenance and various other services for properties we are managing or developing on behalf of clients. Depending upon (1) the terms of our contracts with clients, which, for example, may place us in the position of a principal rather than an agent, or (2) the responsibilities we assume or are legally deemed to have assumed in the course of a client engagement (whether or not memorialized in a contract), we may be subjected to, or become liable for, claims for construction defects, negligent performance of work, or other similar actions by third parties who we engage.

Adverse outcomes of property management disputes or litigation could negatively impact our business, operating results and/or financial condition, particularly if we have not limited in our contracts the extent of damages to which we may be liable for the consequences of our actions, or if our liabilities exceed the amounts of the commercial third-party insurance that we carry. Moreover, our clients may seek to hold us accountable for the actions of contractors because of our role as property manager even if we have technically disclaimed liability as a legal matter, in which case we may find it commercially prudent to participate in a financial settlement for purposes of preserving the client relationship.

Acting as a principal may also mean that we pay a contractor before we have been reimbursed by the client, which exposes us to additional risks of collection from the client in the event of a dispute with the client or an intervening bankruptcy or insolvency of the client. The reverse can occur as well, where a contractor we have paid files bankruptcy or commits fraud with the funds before completing a project for which we have paid it in part or in full. As part of our project management business, we may enter into agreements with clients that provide for a warranted or guaranteed cost for a project that we manage. In these situations, we are responsible for managing the various other contractors required for a project, including general contractors, in order to ensure that the cost of a project does not exceed the contract price and that the project is completed on time. In the event that one of the other contractors on the project does not or cannot perform as a result of bankruptcy or for some other reason, we may be responsible for any cost overruns as well as the consequences for late delivery. In the event that for whatever reason we have not accurately estimated our own costs of providing services under warranted or guaranteed cost contracts, we may lose money on such contracts until such time as we can legally terminate them. Also, the application of indirect taxes, such as sales taxes, goods and services taxes, and value added taxes may be less clear for these agreements, potentially impacting our margins.

During an economic downturn in a given country or region generally, we would expect to experience credit-related problems at a higher level than usual with vendors and contractors due to their increased financial instability. For example, this became a reality during the global financial crisis.

PERFORMANCE AND FIDUCIARY OBLIGATIONS UNDER CLIENT CONTRACTS; REVENUE RECOGNITION; SCOPE CREEP; RISING COST OF INSURANCE RESULTING FROM NEGLIGENCE CLAIMS; RESPONSIBILITY FOR SAFETY OF CONTRACTORS.

In certain cases we are subject to fiduciary obligations to our clients, which may result in a higher level of legal obligation compared to basic contractual obligations. These relate to, among other matters, the decisions we make on behalf of a client with respect to managing assets on its behalf or purchasing products or services from third parties or other divisions within our Firm. Our services may involve handling substantial amounts of client funds in connection with managing their properties.

They may also involve complicated and high-profile transactions which involve significant amounts of money. We face legal and reputational risks in the event we do not perform, or are perceived to have not performed, under those contracts or in accordance with those obligations, or in the event we are negligent in the handling of client funds or in the way in which we have delivered our professional services.

We have certain business lines, such as valuations and lease administration, where the size of the transactions we handle is much greater than the fees we generate from them. As a result, the consequences of errors that lead to damages can be disproportionately large in the event our contractual protections or our insurance coverage are inadequate to protect us fully.

The precautions we take to prevent these types of occurrences, which represent a significant commitment of corporate resources, may nevertheless be ineffective in certain cases. Unexpected costs or delays could make our client contracts or engagements less profitable than anticipated. Any increased or unexpected costs or unanticipated delays in connection with the performance of these engagements, including delays caused by factors outside our control, could have an adverse effect on profit margins.

In the event we perform services for clients without executing sufficient contractual documentation, we may be unable to realize our full compensation potential or recognize revenue for accounting purposes, and we may not be able to effectively limit our liability in the event of client disputes. If we perform services for clients that are beyond, or different from, what were originally contemplated in the governing contracts (known as "scope creep"), we may not be fully reimbursed for the services provided, or our potential liability in the case of a negligence claim may not have been as limited as it normally would have been or may be unclear.

If we make a large insurance claim on our professional indemnity policy due to a situation involving our negligence, we would expect subsequent premiums to increase materially, the size of deductibles we are required to retain could increase substantially, and the availability of future coverage could be negatively impacted.

Some current and prospective clients, particularly those in heavy industries and commodities, have more recently begun to seek data about the safety records of contractors we hire to do work on construction-related projects (such as electricians) and to impute their results to ours in evaluating our overall approach to safety. Historically, although we have always encouraged high levels of workplace safety by the contractors we have hired, we have not mandated particular protocols or gathered global data on safety incidents on projects being performed by contractors. In light of the more recent client requests, we are evaluating our approach to safety requirements at contractors and the data we gather. To the extent that our approach to contractor safety does not satisfy certain clients, we risk losing their business.

ABILITY TO CONTINUE TO MAINTAIN SATISFACTORY INTERNAL FINANCIAL REPORTING CONTROLS AND PROCEDURES.

If we are not able to continue to successfully operate under the requirements of Section 404 of the United States Sarbanes-Oxley Act of 2002, or if there is a failure of one or more controls over financial reporting due to fraud, improper execution or the failure of such controls to adjust adequately as our business evolves, then our reputation, financial results and the market price of our stock could suffer. Our accounting can be complex and requires that management make judgments with respect to revenue recognition and other aspects of our business. While we believe that we have adequate internal financial reporting control procedures in place, we may be exposed to potential risks from this legislation, which requires companies to evaluate their internal controls and have them attested to by their independent registered public accounting firm on an annual basis. We have evaluated our internal control systems to allow our management to report on, and our independent registered public accounting firm to attest to, our internal controls over financial reporting as required for purposes of this Annual Report on Form 10-K for the year ended December 31, 2015. However, there can be no assurance that we will continue to receive a positive attestation in future years, particularly since standards continue to evolve and are not necessarily being applied consistently from one independent registered public accounting firm to another. If we identify one or more material weaknesses in our internal controls in the future that we cannot remediate in a timely fashion, we may be unable to receive a positive attestation at some time in the future from our independent registered public accounting firm with respect to our internal controls over financial reporting.

CORPORATE CONFLICTS OF INTEREST.

All providers of professional services to clients, including our Firm, must manage potential conflicts of interest. This occurs principally where the primary duty of loyalty we owe to one client may potentially be weakened or compromised by a relationship we also maintain with another client or third party. Corporate conflicts of interest arise in the context of the services we provide as a Firm to our different clients. Personal conflicts of interest on the part of our employees are separately considered as issues within the context of our Code of Business Ethics. The failure or inability of the Firm to identify, disclose and resolve potential conflicts of interest in a significant situation could have a material adverse effect.

An example of a potential conflict of interest situation is that in the ordinary course of its business, LaSalle hires property managers for the investment properties it holds on behalf of clients. In that case, LaSalle may hire JLL to provide such services or it may hire a firm that is a competitor of JLL. In the event it retains JLL, it may appear to have a conflict of interest with respect to the selection. As a fiduciary with respect to its client funds, LaSalle resolves such potential conflicts by acting independently of JLL and following certain internal procedures designed to select the service provider that can best represent the interests of the investment management client or fund.

Another example is that in certain countries, based upon applicable regulations and local market dynamics, we have established joint ventures or other arrangements with insurance brokers through which insurance coverage is offered to clients, tenants in buildings we manage and vendors to those buildings. Although we fully disclose our arrangements and do not require anyone to use the insurance services, JLL has a financial interest in the placement of insurance with such third parties and therefore we may be deemed to have certain conflicts of interest.

There are occasions when one JLL team represents the landlord of a building in leasing its space and a separate JLL team represents a tenant that is considering, or selects, space in that building. In those situations, we fully disclose our dual roles to both clients, obtain their informed consent to continue and put "ethical wall" and other protections in place (such as ring-fenced compensation protocols) so that each client benefits from the zealous representation by its JLL team.

After reductions in the market values of the underlying properties, firms engaged in the business of providing valuations are inherently subject to a higher risk of claims with respect to conflicts of interest based on the circumstances of valuations they previously issued. Regardless of the ultimate merits of these claims, the allegations themselves can cause reputational damage and can be expensive to defend in terms of counsel fees and otherwise.

CLIENT AND VENDOR DUE DILIGENCE.

There are circumstances where the conduct or identity of our clients could cause us reputational damage or financial harm or could lead to our non-compliance with certain laws. An example would be the attempt by a client to "launder" funds through its relationship with us, namely to disguise the illegal source of funds that are put into otherwise legitimate real estate investments. Additional examples are (1) our inadvertently doing business with a client that has been listed on one of the "prohibited persons" lists now issued by many governments around the world and (2) our inadvertently doing business with a private client or governmental entity within a country that is prohibited under applicable regulations such as those published in the United States by the Office of Foreign Asset Control ("OFAC"). We may also from time to time legally invest the sovereign wealth funds of a government entity client which is subsequently deemed to be inappropriate either from a reputational or legal standpoint.

Similar problems can arise with respect to the vendors or suppliers we hire to provide services or products to us or for our clients. In the normal course of business, we spend significant amounts in order to purchase goods and services for the properties we manage on behalf of clients. A potential problem would be an intermediary that makes illegal payments on our behalf or on behalf of a client, even where contrary to our stated policies and to our specific agreement with such intermediary, under the U.S. Foreign Corrupt Practices Act or the U.K. Bribery Act.

Our efforts to evaluate clients, vendors and government entities before doing business with them to avoid conducting business with a prohibited party, or within a prohibited country, and to avoid attempts to launder money, make bribery payments or otherwise to exploit their relationship with us may not be successful in all situations since compliance for a business such as ours is very complex and also since we take a risk-based approach to the procedures we have employed. The ability to conduct diligence is inherently diminished in less developed countries with lower level of transparency and fewer public records.

Additionally, it is not always possible to accurately determine the ultimate owners or control persons within our clients' organizations or other entities with which we do business, particularly if they are actively attempting to hide such information from regulatory authorities. We may therefore unknowingly be doing business with entities that are otherwise involved in illegal activities that do not involve us or that are ultimately controlled by persons with whom engaging in business has been prohibited by applicable regulatory authorities.

DIFFICULTIES AND COSTS OF STAFFING AND MANAGING INTERNATIONAL OPERATIONS.

The coordination and management of international operations pose additional costs and difficulties. We must manage operations that are in many time zones and that involve people with language and cultural differences. Our success depends on finding and retaining people capable of dealing with these challenges effectively, who will represent the Firm with the highest levels of integrity and who will communicate and cooperate well with colleagues and clients across multiple geographies. If we are unable to attract and retain qualified personnel, or to successfully plan for succession of employees holding key management positions, our growth may not be sustainable, and our business and operating results could suffer. These risks increase as we continue to grow as an organization and increase the number of staff, which has expanded significantly over the past decade.

Among the challenges we face in retaining our people is maintaining a compensation system that rewards them consistent with local market practices and with our profitability. This can be especially difficult where competitors may be attempting to gain market share by aggressively attempting to hire our best people at rates of compensation that are well above the current market level. Another continuing challenge we have is to maintain compensation systems that align financial incentives with our strategic goals as an organization and the business and ethics behaviors we want to drive among our people, while at the same time not creating incentives to engage in overly risky business pursuits or behaviors. Since compensation is our single biggest expense, its management can significantly affect our financial results. An example is the high cost that may be associated with employment termination in some countries.

We have committed resources to effectively coordinate our business activities around the world to meet our clients' needs, whether they are local, regional or global. We also consistently attempt to enhance the establishment, organization and communication of corporate policies, particularly where we determine that the nature of our business poses the greatest risk of noncompliance. The failure of our people to carry out their responsibilities in accordance with our client contracts, our corporate and operating policies, or our standard operating procedures, or their negligence in doing so, could result in liability to clients or other third parties, which could have a material adverse effect. This is true not only with respect to individuals we employ directly, but also individuals who work for third-party vendors whom we hire on behalf of clients, especially where we are acting in a principal capacity.

We believe these risks may be higher for our company than for others given that the nature of our business requires our people to be spread across numerous corporate offices and client facilities globally, which makes communications and consistency of standards more challenging. Additionally, the nature of our global outsourcing business means that we regularly must on-board significant numbers of new staff at one time as part of the transition into our Firm of new global accounts, which again makes communications of our policies and driving performance consistency particularly challenging.

Employees we hire may be subject to restrictions under employment agreements with previous employers that can restrict their activities, and therefore their contributions, for a period of time after they join us. For example, they may be prohibited from soliciting business from certain clients, or from soliciting other individuals to join us as employees. The worldwide credit crisis and economic recession caused us to restructure certain parts of our business in 2009, and to a lesser degree during 2010, in order to size them properly relative to levels of business activity we expect in the markets in which we compete. These types of activities, which may reoccur in the future, present additional risks to the business. When addressing staffing in connection with a restructuring of our organization or a downturn in economic conditions or activity, we must take into account the employment laws of the countries in which actions are contemplated. In some cases, this can result in significant costs, time delays in implementing headcount reductions and, potentially, litigation regarding allegedly improper employment practices.

Labor costs are rising in emerging economies and expected to increase further. Corporate payrolls are projected to increase as greater competition for labor and social pressure to raise salaries in line with productivity growth cause even greater wage convergence. It is becoming increasingly challenging to predict regional and national labor policies and regulations are becoming increasingly hard to predict. The potential indirect implications of these changes are difficult to assess. For example, rising employment costs for clients could bring about an increase in outsourcing that could benefit our business.

EMPLOYEE, VENDOR AND THIRD-PARTY MISCONDUCT.

Like any business, we run the risk that employee fraud or other misconduct could occur. In a company such as ours with over 60,000 employees, it is not always possible to successfully deter employee misconduct, and the precautions we take to prevent and detect this activity may not be effective in all cases. Employee misconduct, including fraud and involvement in incoming or outgoing bribery situations, can cause significant financial or reputational harm to any business, from which full recovery cannot be assured. We also may not have insurance that covers any losses in full or that covers losses from particular criminal acts.

Because we often hire third-party vendors and suppliers to perform services for our own account or for clients, we are also subject to the consequences of fraud, bribery or misconduct by employees of our vendors, which also can result in significant financial or reputational harm (even if we have been adequately protected from a legal standpoint). We have instituted a Vendor Code of Conduct, which is published in multiple languages on our public website, and which is intended to communicate to our vendors the standards of conduct we expect them to uphold. Our contracts with vendors also generally impose a contractual obligation to comply with that Vendor Code. In addition, we are investing in technology to help us better screen vendors, with the aim of gaining a deeper understanding of the risks posed to our business by potential and existing vendors.

Anecdotally, the risk that the Company will be the victim of fraud, both from employees and third parties, is generally thought to increase during times of broad economic stress such as we experienced particularly during 2008 and 2009. An example of a third-party fraud would be attempts to draw on bank accounts by way of forged checks or by corporate identity theft. We have increasingly experienced both types of attempts in recent years although none has caused us significant financial loss.

SCRUTINY OF EXECUTIVE COMPENSATION PROGRAMS; AND INFLUENCE OF SHAREHOLDER ADVOCACY GROUPS.

In recent years, there has been increasing scrutiny of the executive compensation practices of all public companies in the United States. Shareholders have been given increasing rights to vote on the acceptability of pay practices and the issuance of equity compensation. Independent shareholder advocacy groups have also had increasing influence on the decisions of institutional investors on how to vote on executive compensation matters. In the event that these emerging circumstances result in changes to our pay practices or our ability to issue equity compensation to executives or otherwise to deduct executive compensation, we may have difficulty in retaining our executives or we could experience additional tax costs with respect to our compensation programs.

Legal and Compliance Risk Factors

Legal and compliance risk relates to risks arising from the government and regulatory environment and action; and legal proceedings and compliance with integrity policies and procedures. Government and regulatory risk includes the risk that the government or regulatory actions will impose additional cost on us or cause us to have to change our business models or practices.

BURDEN OF COMPLYING WITH MULTIPLE AND POTENTIALLY CONFLICTING LAWS AND REGULATIONS AND DEALING WITH CHANGES IN LEGAL AND REGULATORY REQUIREMENTS.

We face a broad range of legal and regulatory environments in the countries in which we do business. Coordinating our activities to deal with these requirements presents significant challenges. For example, in the United Kingdom, the Financial Conduct Authority ("FCA") regulates the conduct of investment businesses (often by implementing regulation imposed on it by the European Union) and the Royal Institute of Chartered Surveyors ("RICS") regulates the profession of Chartered Surveyors, which is the professional qualification required for certain of the services we provide in the United Kingdom, in each case through upholding standards of competence and conduct. As another example, activities associated with raising capital, offering investment funds and investment sales are regulated in the United States by the SEC and in other countries by similar securities regulatory authorities. The real estate investment trust managed by LaSalle that we launched during 2012 under the name of Jones Lang LaSalle Income Property Trust, Inc. increased our exposure to these types of regulations.

As a publicly traded company, we are subject to various corporate governance and other requirements established by statute, pursuant to SEC regulations and under the rules of the New York Stock Exchange. During the past decade, the Sarbanes-Oxley and Dodd-Frank legislative initiatives in the United States have added significant requirements to various aspects of our governance.

Additionally, changes in legal and regulatory requirements can impact our ability to engage in business in certain jurisdictions or increase the cost of doing so. The legal requirements of U.S. statutes may also conflict with local legal requirements in a particular country, as, for example, when anonymous hotlines required under U.S. law were construed to conflict in part with French privacy laws. Avoiding regulatory pitfalls as a result of conflicting laws will continue to be a key focus as non-U.S. statutory law and court decisions create more ambiguity. One example of this is the 2015 European Court of Justice ruling in Shrems v. Data Protection Authority in which the court nullified the 15 year-old safe harbor agreement governing how U.S. companies handle their European customers' personal information. The jurisdictional reach of laws may be unclear as well, as when laws in one country purport to regulate the behavior of affiliated corporations within our group that are operating in other countries. There is some uncertainty, for example, in the jurisdictional reach of the U.K. Bribery Act, and the standards for illegal activity in that Act are in some ways higher than those established under the U.S. Foreign Corrupt Practices Act.

Identifying the regulations with which we must comply, and then complying with them is complex. We may not be successful in complying with regulations in all situations, as a result of which we could be subject to regulatory actions and fines for non-compliance. The global economic crisis resulted in an unusual level of related government and legislative activities, including for example the Dodd-Frank Wall Street Reform and Consumer Protection Act, which we expect will continue into the future and which exacerbates these risks. We are also seeing increasing levels of labor regulation in emerging markets, such as China, which affect our property management business.

The Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) of the U.S. Securities Exchange Act of 1934, as amended ("Section 13(r)"). Section 13(r) requires disclosure where we or any of our affiliates have knowingly engaged, among other things, in certain transactions involving Iran, the Government of Iran, or persons or entities designated under certain executive orders. We must also file a notice with the SEC if any disclosable activities under Section 13(r) have been included in an annual or quarterly report. Section 13(r) applies to all annual and quarterly reports required to be made after February 6, 2013, and applies to all contracts, including those in existence on or before that date.

U.S. laws and regulations govern the provision of products and services to, and other trade-related activities involving, certain targeted countries and parties. These measures include U.S. economic sanctions targeting Iran to which the Company is subject. As a result, we have had longstanding policies and procedures to restrict or prohibit sales of our services into countries that are subject to embargoes and sanctions or to countries designated as state sponsors of terrorism, such as Iran. In conjunction with such policies, we have also implemented certain procedures to evaluate whether existing or potential clients appear on the "Specially Designated Nationals and Blocked Persons List" ("SDN List") maintained by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC").

Changes in governments or majority political parties may result in significant changes in enforcement priorities with respect to employment, health and safety, tax, securities disclosure and other regulations, which in turn could negatively affect our business.

CIVIL AND REGULATORY CLAIMS; LITIGATING DISPUTES IN DIFFERENT JURISDICTIONS.

Substantial civil legal liability or a significant regulatory action against our Firm could have a material adverse financial effect or cause us significant reputational harm, which in turn could seriously harm our business prospects. Many legal systems, including in the United States, have fairly significant barriers against recovering legal fees from plaintiffs that file cases we consider frivolous, so the costs to us of defending such cases can be substantial even if we prevail.

While we maintain commercial insurance in an amount we believe is appropriate, we also maintain a significant level of self-insurance for the liabilities we may incur. Although we place our commercial insurance with only highly-rated companies, the value of otherwise valid claims we hold under insurance policies may become uncollectible due to the insolvency of the applicable insurance company.

Additionally, the claims we have can be complex and insurance companies can prove difficult or bureaucratic in resolving them, which may result in payments to us being delayed or reduced or that we must litigate in order to enforce an insurance policy claim.

Any disputes we have with third parties, or any government regulatory matters, generally must be adjudicated within the jurisdiction in which the dispute arose. Therefore, our ability to resolve such disputes successfully depends on the local laws that apply and the operation of the local judicial system. The timeliness, quality, transparency, integrity and sophistication of judicial systems vary widely from one jurisdiction to the next. Our geographic diversity therefore may expose us to disputes in certain jurisdictions that could be challenging to resolve efficiently and/or effectively, particularly as there appears to be an increasing tendency toward litigation in emerging markets, where the rule of law is less reliable, legal systems are less mature and transparent, and the potential for judicial corruption remains a practical reality. It also may be more difficult to collect receivables from clients who do not pay their bills in certain jurisdictions, since resorting to the judicial system in certain countries may not be an effective alternative given the delays and costs involved.

LICENSING AND REGULATORY REQUIREMENTS.

The brokerage of real estate sales and leasing transactions, property management, construction, mobile engineering, conducting valuations, trading in securities for clients, and the operation of the investment advisory business, among other business lines, may require us to maintain licenses in various jurisdictions in which we operate and to comply with particular regulations. We believe that licensing requirements have generally been increasing in recent years. If we fail to maintain our licenses or conduct regulated activities without a license or in contravention of applicable regulations, we may be required to pay fines or return commissions or investment capital from investors. We may also have a given license suspended or revoked, meaning that we would need to suspend or cease the business activities for which the license was required. Our acquisition activity increases these risks, because we must successfully transfer licenses of the acquired entities and their staff, as appropriate. Licensing requirements may also preclude us from engaging in certain types of transactions or change the way in which we conduct business or the cost of doing so. In addition, because the size and scope of real estate sales transactions and the number of countries in which we operate or invest have increased significantly during the past several years, both the difficulty of ensuring compliance with the numerous licensing regimes and the possible loss resulting from noncompliance have increased. To the extent we expand our service offerings further into more heavily regulated sectors, such as healthcare, environmental, pharmaceutical, scientific and medical laboratories, airports, and industrial, the regulatory framework within which we operate may get more complicated and the consequences of noncompliance more serious.

The regulatory environment facing the investment management industry has also grown significantly more complex in recent years. Countries are expanding the criteria requiring registration of investment advisors and funds, whether based in their country or not, and expanding the rules applicable to those that are registered, all in an effort to provide more protection to investors located within their countries. In some cases, rules from different countries are applicable to more than one of our investment advisory companies and can conflict with those of their home countries. Although we believe we have good processes, policies, and controls in place to address the new requirements, these additional registrations and increasingly complex rules increase the possibility that violations may occur.

These risks also apply separately to the real estate investment trust we launched during 2012 that is managed by LaSalle. That entity has registered the securities it is issuing with the SEC in the United States and is subject to regulation as a public company, albeit not one separately listed on a stock exchange.

Highly publicized accounting and investment management frauds that occurred in various businesses and countries during the financial crisis may result in significant changes in regulations that may affect our investment management business and our broker-dealer entities. Furthermore, the laws and regulations applicable to our business, both in the United States and in foreign countries, also may change in ways that materially increase the costs of compliance. Particularly in emerging markets, there can be relatively less transparency around the standards and conditions under which licenses are granted, maintained or renewed. It also may be difficult to defend against the arbitrary revocation of a license in a jurisdiction where the rule of law is less well developed.

As a licensed real estate service provider and advisor in various jurisdictions, we and our licensed employees may be subject to various due diligence, disclosure, standard-of-care, anti-money laundering and other obligations in the jurisdictions in which we operate. Failure to fulfill these obligations could subject us to litigation from parties who purchased, sold or leased properties we brokered or managed, or who invested in our funds. We could become subject to claims by participants in real estate sales or other services claiming that we did not fulfill our obligations as a service provider or broker. This may include claims with respect to conflicts of interest where we are acting, or are perceived to be acting, for two or more clients with potentially contrary interests.

Licensing requirements may also preclude us from engaging in certain types of transactions or change the way in which we conduct business or the cost of doing so. In addition, because the size and scope of real estate sales transactions and the number of countries in which we operate or invest have increased significantly during the past several years, both the difficulty of ensuring compliance with the numerous licensing regimes and the possible loss resulting from noncompliance have increased. To the extent we expand our service offerings further into more heavily regulated sectors, such as healthcare, environmental, pharmaceutical, scientific and medical laboratories, airports and industrial, the regulatory framework within which we operate may get more complicated and the consequences of noncompliance more serious.

POTENTIALLY ADVERSE TAX CONSEQUENCES; CHANGEES IN TAX LEGISLATION AND TAX RATES.

We face a variety of risks of increased future taxation on our earnings as a corporate taxpayer in the countries in which we have operations. Moving funds between countries can produce adverse tax consequences in the countries from which and to which funds are transferred, as well as in other countries, such as the United States, in which we are potentially subject to the taxation of earnings of other countries' operations. Additionally, as our operations are global, we face challenges in effectively gaining a tax benefit for costs incurred in one country that benefit our operations in other countries.

Changes in tax legislation or tax rates may occur in one or more jurisdictions in which we operate that may materially increase the cost of operating our business. This includes the potential for significant legislative policy change in the taxation of multinational corporations, as has recently been the subject of the Base Erosion and Profit Shifting project of the Organization for Economic Co-operation and Development, and legislation inspired by that initiative. It is also possible that some governments will make significant changes to their tax policies as part of their responses to their budgetary positions.

Further, interpretations of existing tax law in various countries may change due to the activities of tax authorities, which we believe are generally increasing the level of examination activities of major corporations, and the decisions of courts. In addition, the views of the business community and the public on acceptable tax planning activities, expressed through increased media scrutiny and the activities of non-governmental activist organizations, may influence further changes in tax law, affecting corporate taxpayers broadly.

We face such risks both in our own business and also in the investment funds that LaSalle operates. Adverse or unanticipated tax consequences to the funds can negatively impact fund performance, incentive fees and the value of co-investments that we have made. We are uncertain as to the ultimate results of these potential changes or what their effects will be on our business in particular.

NONCOMPLIANCE WITH POLICIES; COMMUNICATIONS AND ENFORCEMENT OF OUR POLICIES AND OUR CODE OF BUSINESS ETHICS.

The geographic and cultural diversity in our organization makes it more challenging to communicate the importance of adherence to our Code of Business Ethics and our Vendor Code of Conduct, to monitor and enforce compliance with its provisions on a worldwide basis, and to ensure local compliance with United States and English laws that apply globally in certain circumstances. These include the U.S. Foreign Corrupt Practices Act, the Patriot Act and the Sarbanes-Oxley Act of 2002 in the United States, the Bribery Act in the United Kingdom and the Anti-Corruption Law in Brazil.

Breaches of our Code of Business Ethics, particularly by our executive management, could have a material adverse effect. Breaches of our Vendor Code of Conduct by vendors whom we retain as a principal for client engagements can also lead to significant losses to clients from financial liabilities that might result.

ENVIRONMENTAL LIABILITIES AND REGULATIONS; CLIMATE CHANGE RISKS; AND AIR QUALITY RISKS.

The Firm's operations are affected by federal, state and/or local environmental laws in the countries in which we maintain office space for our own operations and where we manage properties for clients. We may face liability with respect to environmental issues occurring at properties that we manage or occupy, or in which we invest. Various laws and regulations restrict the levels of certain substances that may be discharged into the environment by properties, or they may impose liability on current or previous real estate owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at the property. We may face costs or liabilities under these laws as a result of our role as an on-site property manager or a manager of construction projects. Our risks for such liabilities may increase as we expand our services to include more industrial and/or manufacturing facilities than has been the case in the past. In addition, we may face liability if such laws are applied to expand our limited liability with respect to our co-investments in real estate as discussed above. Within our own operations, we face additional costs from rising fuel prices which make it more expensive to power our corporate offices.

Given that the Firm's own operations are generally conducted within leased office building space, we do not currently anticipate that regulations restricting the emissions of greenhouse gases, or taxes that may be imposed on their release, would result in material costs or capital expenditures. However, we cannot be certain about the extent to which such regulations will develop, as there are higher levels of understanding and commitments by different governments around the world regarding the risks of climate change and how they should be mitigated. Regulations relating to climate change may affect the scope of services we provide to clients in their managed properties, but clients would typically bear any additional costs of doing so under their contracts with us. In any event, we anticipate that the burden and cost to the Firm of climate change disclosure and carbon reporting will increase over time.

We are not aware of any material noncompliance with the environmental laws or regulations currently applicable to us, and we are not the subject of any material claim for liability with respect to contamination at any location. However, these laws and regulations may discourage sales and leasing activities and mortgage lending with respect to some properties, which may adversely affect both us and the commercial real estate services industry in general. Environmental contamination or other environmental liabilities may also negatively affect the value of commercial real estate assets held by entities that are managed by our investment management business, which could adversely affect the results of operations of this business segment.

The impact of climate change presents a significant risk. Damage to assets caused by extreme weather events linked to climate change is becoming more evident, highlighting the fragility of global infrastructure. As an example, there is a significant risk to coastal properties as sea levels rise. In the U.S., losses are likely to be concentrated in specific regions, especially on the Southeast and Atlantic coasts.

We also anticipate that the potential effects of climate change will increasingly impact our own operations and those of client properties we manage, especially when they are located in coastal cities. For example, during 2012 our own operations and properties we manage for clients in the northeastern United States and in particular New York City, were impacted by Hurricane Sandy, in some cases significantly.

We anticipate that the potential effects of climate change will increasingly impact the decisions and analysis that LaSalle makes with respect to the properties it considers for acquisition on behalf of clients since climate change considerations can impact the relative desirability of locations and the cost of operating and insuring acquired properties. Future legislation that requires specific performance levels for building operations could make non-compliant buildings obsolete, which could materially affect investments in properties we have made on behalf of clients, including those in which we may have co-invested. Climate change considerations will likely also increasingly be part of the consulting work that JLL does for clients to the extent it is relevant to the decisions our clients are seeking to make.

Around the world, many countries are enacting stricter regulations to protect the environment and preserve their natural resources. Those regulations are likely to become more rigorous over time. Companies also may face several layers of national and regional regulations. In Europe, the EU's Environmental Liability Directive establishes a comprehensive liability standard, but individual EU countries may have stricter regulations. The risks may not be limited to fines and the costs of remediation. In Brazil, employees can risk jail time as well as fines in connection with pollution incidents. In April 2014, China passed the biggest changes to its environmental protection laws in 25 years, outlining plans to punish polluters more severely as leaders work to limit contaminated water, air and soil linked to economic growth.

Declining air quality in major cities, Beijing being an example, may have consequences for our business in various ways, including the need to respond to new regulations that affect the management of buildings, declines in the desire of investors or corporates to invest in or occupy properties in such cities, and our ability to retain staff in locations that may be relatively undesirable as a place to live.

THE CHARTER AND THE BYLAWS OF JONES LANG LASALLE, OR THE MARYLAND GENERAL CORPORATION LAW, COULD DELAY, DEFER OR PREVENT A CHANGE OF CONTROL.

The charter and bylaws of Jones Lang LaSalle include provisions that may discourage, delay, defer or prevent a takeover attempt that may be in the best interest of Jones Lang LaSalle shareholders and may adversely affect the market price of our common stock.

The charter and bylaws provide for:

- The ability of the Board of Directors to establish one or more classes and series of capital stock including the ability to issue up to 10,000,000 shares of preferred stock, and to determine the price, rights, preferences and privileges of such capital stock without any further shareholder approval;
- A requirement that any shareholder action taken without a meeting be pursuant to unanimous written consent; and
- Certain advance notice procedures for Jones Lang LaSalle shareholders nominating candidates for election to the Jones Lang LaSalle board of directors.

Under the Maryland General Corporation Law (the "MGCL"), certain "Business Combinations" (including a merger, consolidation, share exchange or, in certain circumstances, an asset transfer or issuance or reclassification of equity securities) between a Maryland corporation and any person who beneficially owns 10% or more of the voting power of the corporation's shares or an affiliate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then-outstanding voting stock of the corporation (an "Interested Shareholder") or an affiliate of the Interested Shareholder are prohibited for five years after the most recent date on which the Interested Shareholder became an Interested Shareholder. Thereafter, any such Business Combination must be recommended by the board of directors of such corporation and approved by the affirmative vote of at least (1) 80% of the votes entitled to be cast by holders of outstanding voting shares of the corporation and (2) 66 2/3% of the votes entitled to be cast by holders of outstanding voting shares of the corporation other than shares held by the Interested Shareholder with whom the Business Combination is to be effected, unless, among other things, the corporation's shareholders receive a minimum price (as defined in the MGCL) for their shares and the consideration is received in cash or in the same form as previously paid by the Interested Shareholder for its shares. Pursuant to the MGCL, these provisions also do not apply to Business Combinations approved or exempted by the board of directors of the corporation prior to the time that the Interested Shareholder becomes an Interested Shareholder.

Financial Risk Factors

Financial risk relates to our ability to meet financial obligations and mitigate exposure to broad market risks, including volatility in foreign currency exchange rates and interest rates; credit risk; and liquidity risk, including risk related to our credit ratings and our availability and cost of funding.

WE MAY HAVE INDEBTEDNESS WITH FIXED OR VARIABLE INTEREST RATES AND CERTAIN COVENANTS WITH WHICH WE MUST COMPLY.

As of December 31, 2015, we had the ability to borrow, from a syndicate of lenders, up to $2.0 billion on an unsecured revolving credit facility. Borrowings under our Facility bear variable interest rates ranging from LIBOR plus 1.00% to 2.05%. As of December 31, 2015, we had outstanding borrowings under the Facility of $255.0 million and outstanding letters of credit of $18.2 million. Our average outstanding borrowings under the Facility were $335.1 million during the year ended December 31, 2015 at an effective interest rate of 1.1%. In addition to the Facility, we also have $275.0 million of unsecured long-term senior notes (the "Notes") that are due in 2022. The Notes bear an annual interest rate of 4.4%, subject to adjustment if a credit rating assigned to the Notes is downgraded below an investment grade rating (or subsequently upgraded).

Our outstanding borrowings under the Facility fluctuate during the year primarily due to varying working capital requirements and acquisition activities. For example, payment of annual incentive compensation represents a significant cash requirement commanding increased borrowings in the first half of the year, while historically the Firm's seasonal earnings pattern provides more cash flow in the second half of the year. To the extent we continue our acquisition activities in the future, the level of our indebtedness could increase materially if we use the Facility to fund such purchases.

The terms of the Facility, and to a lesser degree the Notes, contain a number of covenants that could restrict our flexibility to finance future operations or capital needs, or to engage in other business activities that may be in our best interest. The debt covenants have the effect of limiting our ability, among other things, to encumber or dispose of assets and to make significant investments.

In addition, the Facility requires that we comply with various financial covenants, including minimum leverage and cash interest coverage ratios. If we are unable to make required payments under the Facility or required by the Notes, or if we breach any of the covenants, we will be in default, which could cause acceleration of repayment of outstanding amounts as well as defaults under other existing and future debt obligations.

DOWNGRADES IN OUR CREDIT RATINGS COULD INCREASE OUR BORROWING COSTS OR REDUCE OUR ACCESS TO FUNDING SOURCES IN THE CREDIT AND CAPITAL MARKETS.

We are currently assigned corporate credit ratings from Moody's Investors Service, Inc. and Standard and Poor's Ratings Services based on their evaluation of our creditworthiness. All of our debt ratings remain investment grade, but there can be no assurance that we will not be downgraded or that any of our ratings will remain investment grade in the future. If our credit ratings are downgraded or other negative action is taken, we could be required, among other things, to pay additional interest on our long-term senior notes. Credit rating reductions by one or more rating agencies could also adversely affect our access to funding sources, the cost and other terms of obtaining funding as well as our overall financial condition, operating results and cash flow.

VOLATILITY IN LASALLE INVESTMENT MANAGEMENT INCENTIVE FEE REVENUE.

LaSalle's portfolio is of sufficient size to periodically generate large incentive fees and equity losses and gains that significantly influence our earnings and the changes in earnings from one year to the next. Volatility in this component of our earnings is inevitable due to the nature of this aspect of our business, and the amount of incentive fees or equity gains or losses we may recognize in future quarters is inherently unpredictable and relates to market and other dynamics in effect at the time. For example, underlying market conditions, particular decisions regarding the acquisition and disposition of fund assets, and the specifics of client mandates will determine the timing and size of incentive fees or equity gains or losses from one fund or investment to another. Further, as it relates to portfolio-specific results, the record magnitude of the combined incentive fees and equity earnings realized during 2015 and 2014 is expected to moderate in future years.

While LaSalle has focused over the past several years on developing more predictable annuity-type revenue, incentive fees should continue to be an important part of our revenue and earnings as long as real estate markets remain healthy. However, it is likely that the volatility described above will continue, and competitive pressures may in some cases restrict our ability to negotiate incentive fees. Given the extraordinary fall in asset prices that many markets experienced starting in 2007, our incentive fees fell significantly through 2010, and since then have rebounded. Any declines may be partially offset by our ability to take advantage of lower asset prices as we make new investments, although it is inherently difficult to predict with any confidence how all of these complicated factors will ultimately affect our future results.

Where incentive fees on a given transaction or portfolio are particularly large, certain clients have attempted to renegotiate fees even though contractually obligated to pay them, and we expect this to occur from time to time in the future. Our efforts to collect our fees in these situations may lead to significant legal fees and/or significant delays in collection due to extended negotiations, arbitration or litigation. They may also result in either negotiated reductions in fees that take into account the future value of the relationship or loss of the client.

VOLATILITY IN HOTELS AND CAPITAL MARKETS FEES.

We have business lines other than LaSalle that also generate fees based on the timing, size and pricing of closed transactions, and these fees may significantly contribute to our earnings and to changes in earnings from one quarter or year to the next. Volatility in this component of our earnings is inevitable due to the nature of these businesses and the amount of the fees we will recognize in future quarters is inherently unpredictable.

LASALLE'S BANKING AND CLIENT RELATIONSHIPS.

Although not highly leveraged by general industry standards, the investment funds that LaSalle operates in the ordinary course of business borrow money from a variety of institutional lenders. The loans typically are secured by liens on specific investment properties, but are otherwise non-recourse. During the global financial crisis, the values of specific properties were in some cases less than the amount of the outstanding loan on the property, which gave the lender the right to foreclose on the property, in which case the equity invested by the fund would be without value. These situations were typically addressed on a case-by-case basis and, because we generally maintain good relationships with our lenders, we were generally successful in renegotiations to retain the management of substantially all fund properties, which has given additional time for values to recover. A similar phenomenon could occur in connection with future economic recessions or liquidity contractions.

Some clients of LaSalle that had open commitments to provide additional investments and that came under stress due to the financial downturn became less able financially to honor their commitments and sought to renegotiate the terms of their commitments or the fees that they pay. These activities did not result in materially adverse consequences to LaSalle or any of its funds. Clients adversely affected due to a future downturn may react similarly.

Within a difficult economic environment, raising new funds takes longer and may be less successful as current and prospective clients may be less able or willing to commit new funds to real estate investments, which are inherently less liquid than many competing investments. Additionally, certain clients may decide to manage all or a portion of their real estate investments with internal resources rather than hiring outside investment managers.

CURRENCY RESTRICTIONS AND EXCHANGE RATE FLUCTUATIONS.

We produce positive flows of cash in various countries and currencies that can be most effectively used to fund operations in other countries or to repay our indebtedness, which is currently primarily denominated in U.S. dollars. We face restrictions in certain countries that limit or prevent the transfer of funds to other countries or the exchange of the local currency to other currencies. We also face risks associated with fluctuations in currency exchange rates that may lead to a decline in the value of the funds produced in certain jurisdictions.

Additionally, although we operate globally, we report our results in U.S. dollars, and thus our reported results may be positively or negatively impacted by the strengthening or weakening of currencies against the U.S. dollar. As an example, the euro and the pound sterling, each a currency used in a significant portion of our operations, have fluctuated significantly in recent years. Our revenue from outside of the United States totaled 57% and 59% of our total revenue for 2015 and 2014, respectively. In addition to the potential negative impact on reported earnings, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of the reported results of operations.

We are authorized to use currency-hedging instruments, including foreign currency forward contracts, purchased currency options and borrowings in foreign currency. There can be no assurance that such hedging will be economically effective. We do not use hedging instruments for speculative purposes.

As currency forward and option contracts are generally conducted off-exchange or over-the-counter ("OTC"), many of the safeguards accorded to participants on organized exchanges, such as the performance guarantee of an exchange clearing house, are generally unavailable in connection with OTC transactions. In addition, there can be no guarantee that the counterparty will fulfill its obligations under the contractual agreement, especially in the event of a bankruptcy or insolvency of the counterparty, which would effectively leave us unhedged.

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In 2009 and 2010, many of the most significant governments worldwide enacted economic stimulus measures of various types. In 2011 and 2012 some of these same governments, particularly within the European Union, instituted austerity measures designed to reduce sovereign indebtedness, although these have moderated subsequently. At the same time, the United States Federal Reserve has maintained very low interest rates although has most recently begun to raise them. Additionally, certain questions have arisen about the viability of the euro and there has been speculation that some countries within the Eurozone may elect, or may be forced, to revert to the currency they issued prior to the establishment of the euro. Due to these and other variables, it is inherently difficult to predict how and when these complicated factors will affect the relative values of currencies; and in any event we anticipate significant continuing volatility in currency exchange rates.

GREATER DIFFICULTY IN COLLECTING ACCOUNTS RECEIVABLE IN CERTAIN COUNTRIES AND REGIONS.

We face challenges in our ability to efficiently and/or effectively collect accounts receivable in certain countries and regions. For example, various countries have underdeveloped insolvency laws, and clients often are slow to pay. In some countries, clients typically tend to delay payments, reflecting a different business culture over which we do not necessarily have any control. Less-developed countries may have very lengthy or difficult judicial processes that can make collections through the court system more problematic than they would otherwise be. Additionally, weakness in the global economy can put additional financial stress on clients and landlords, who sometimes are the parties that pay our commissions where we have placed a tenant representation client into their buildings. This in turn can negatively impact our ability to collect our receivables fully or in a timely manner. We cannot be sure that the procedures we use to identify and rectify slowly paid receivables, and to protect ourselves against the insolvencies or bankruptcies of clients, landlords and other third parties with which we do business, which may involve placing liens on properties or litigating, will be effective in all cases.

INCREASING FINANCIAL RISK OF COUNTERPARTIES, INCLUDING REFINANCING RISK.

The unprecedented disruptions and dynamic changes in the financial markets, and particularly insofar as they have led to major changes in the status and creditworthiness of some of the world's largest banks, investment banks and insurance companies, among others, have generally increased the counterparty risk to us from a financial standpoint, including with respect to:

- Obtaining new credit commitments from lenders;
- Refinancing credit commitments or loans that have terminated or matured according to their terms, including funds sponsored by our investment management subsidiary which use leverage in the ordinary course of their investment activities;
- Placing insurance;
- Engaging in hedging transactions; and
- Maintaining cash deposits or other investments, both our own and those we hold for the benefit of clients, which are generally much larger than the maximum amount of government-sponsored deposit insurance in effect for a particular account.

While these risks remain higher than they have been historically, we believe they have moderated as the financial markets have stabilized in recent years. During 2012, we also diversified some of the counterparty risk under the Facility by issuing the Notes, the proceeds of which were initially used to reduce the outstanding loans under the Facility. We believe counterparty financial risks still remain elevated due mainly to the potential liquidity issues within certain European financial institutions.

We generally attempt to conduct business with only the highest quality and most well-known counterparties, but there can be no assurance (1) that our efforts to evaluate their creditworthiness will be effective in all cases (particularly as the quality of credit ratings provided by the nationally recognized rating agencies has been called into question), (2) that we will always be able to obtain the full benefit of the financial commitments made to us by lenders, insurance companies, hedging counterparties or other organizations with which we do business, or (3) that we will always be able to refinance existing indebtedness (or commitments to provide indebtedness) which has matured by its terms, including funds sponsored by our investment management subsidiary.

Additionally, the ability of government regulatory authorities to adequately monitor and regulate banks, investment banks, securities firms and insurance companies was significantly called into question during the downturn (for example, in identifying and preventing "pyramid schemes," "bubbles" in different asset classes and other potential systemic failures in a timely fashion), as the result of which the overall risk of unforeseeable financial loss from engaging in business with ostensibly regulated counterparties has increased.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal corporate holding company headquarters are located at 200 East Randolph Drive, Chicago, Illinois, where we currently occupy over 165,000 square feet of office space under a lease that expires in May 2032. Our regional headquarters for our Americas, EMEA and Asia Pacific businesses are located in Chicago, London and Singapore, respectively. We have 287 corporate offices worldwide located in most major cities and metropolitan areas as follows: 135 offices in 8 countries in the Americas (including 115 in the United States), 71 offices in 30 countries in EMEA, and 81 offices in 17 countries in Asia Pacific. In addition, we have on-site property and corporate offices located throughout the world. On-site property management offices are generally located within properties we manage and are provided to us without cost.

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed for trading on the New York Stock Exchange under the symbol "JLL." As of February 17, 2016, there were approximately 371 shareholders of record of our common stock and approximately 65,630 additional street name holders whose shares were held of record by banks, brokers and other financial institutions.

The following table sets forth the high and low daily closing prices of our common stock as reported on the New York Stock Exchange and dividends declared by quarter.

	Stock Price Range		
	High	Low	Dividends Declared Per Share
2015			
Fourth Quarter	$168.70	$143.63	$0.29
Third Quarter	179.35	142.69	—
Second Quarter	173.92	161.10	0.27
First Quarter	170.40	145.06	—
2014			
Fourth Quarter	153.43	120.36	0.25
Third Quarter	135.90	123.70	—
Second Quarter	126.39	115.20	0.23
First Quarter	123.92	101.95	—

Dividends

On December 15, 2015, we paid a semi-annual dividend of $0.29 per share of our common stock to holders of record at the close of business on November 13, 2015. JLL also paid a cash dividend of $0.27 per share of its common stock on June 15, 2015, to holders of record at the close of business on May 15, 2015. At JLL's discretion, a dividend-equivalent in the same amount was also paid simultaneously on outstanding but unvested restricted stock units granted under the Company's Stock Award and Incentive Plan. The Company paid its first cash dividend in October 14, 2005, and has paid semi-annual dividends each year since 2006. There can be no assurance future dividends will be declared since the actual declaration of future dividends and the establishment of record and payment dates remains subject to final determination by JLL's Board of Directors.

Transfer Agent

Computershare
P.O. Box 358015
Pittsburgh, PA 15252-8015

Equity Compensation Plan Information

For information regarding our equity compensation plans, including both shareholder approved plans and plans not approved by shareholders, see Item 12. Security Ownership of Certain Beneficial Owners and Management.

Comparison of Cumulative Total Shareholder Return

The following graph compares the cumulative 5-year total return to shareholders of JLL's common stock relative to the cumulative total returns of the S&P 500 Index, and a customized peer group that includes: 1) CBRE Group Inc. (CBG), a global commercial real estate services company publicly traded in the U.S.; 2) Colliers International Group Inc. (CIGI), a global commercial real estate services provider; and 3) Savills Plc. (SVS.L), a real estate services firm traded on the London Stock Exchange. The graph below assumes the value of the investment in JLL's common stock, the S&P 500 Index, and the peer group (including reinvestment of dividends) was $100 on December 31, 2010.

	December 31,					
	2010	2011	2012	2013	2014	2015
JLL	$100	$73	$101	$123	$181	$193
S&P 500	100	100	113	147	164	163
Peer Group	100	77	99	134	169	185

Share Repurchases

We have made no share repurchases under our share repurchase program in 2015 or 2014.

ITEM 6. SELECTED FINANCIAL DATA (UNAUDITED)

The following table sets forth our summary historical consolidated financial data. The information should be read in conjunction with our Consolidated Financial Statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein.

	Year Ended December 31,				
(in millions, except share and per share data)	2015	2014	2013	2012	2011
Statements of Operations Data:					
Revenue	$5,965.7	5,429.6	4,461.6	3,932.8	3,584.5
Operating income	529.8	465.6	368.9	289.4	251.2
Interest expense, net of interest income	(28.1)	(28.3)	(34.7)	(35.2)	(35.6)
Equity earnings from real estate ventures	77.4	48.3	31.3	23.9	6.4
Income before provision for income taxes and noncontrolling interest	579.1	485.6	365.5	278.1	222.0
Provision for income taxes	132.8	97.6	92.1	69.2	56.4
Net income	446.3	388.0	273.4	208.9	165.6
Net income attributable to noncontrolling interest	7.6	2.0	3.5	0.8	1.2
Net income attributable to the Company	438.7	386.0	269.9	208.1	164.4
Dividends on unvested common stock, net of tax	0.3	0.3	0.4	0.5	0.4
Net income attributable to common shareholders	$438.4	385.7	269.5	207.6	164.0
Basic earnings per common share before dividends on unvested common stock	$9.76	8.64	6.10	4.74	3.81
Dividends on unvested common stock, net of tax	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Basic earnings per common share	$9.75	8.63	6.09	4.73	3.80
Basic weighted average shares outstanding	44,940,042	44,684,482	44,258,878	43,848,737	43,170,383
Diluted earnings per common share dividends on unvested common stock	$9.66	8.53	5.99	4.64	3.71
Dividends on unvested common stock, net of tax	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Diluted earnings per common share	$9.65	8.52	5.98	4.63	3.70
Diluted weighted average shares outstanding	45,414,898	45,260,563	45,072,120	44,799,437	44,367,359
Cash dividends declared per common share	$0.56	0.48	0.44	0.40	0.30

	As of and for the Year Ended December 31,				
(in millions, except Assets under management)	2015	2014	2013	2012	2011
Other Data:					
EBITDA attributable to common shareholders (1)	$707.4	606.0	476.1	390.8	338.8
Ratio of earnings to fixed charges (2)	8.21X	6.93X	5.33X	4.26X	3.86X
Cash flows provided by (used in):					
Operating activities	$375.8	498.9	295.2	325.9	211.3
Investing activities	(584.6)	(188.0)	(164.2)	(151.3)	(389.2)
Financing activities	191.6	(203.0)	(128.4)	(208.7)	110.5
Assets under management (in billions) (3)	$56.4	53.6	47.6	47.0	47.7
Total square feet under management	3,994	3,440	2,954	2,606	2,098
Balance Sheet Data:					
Cash and cash equivalents	$216.6	250.4	152.7	152.2	184.5
Total assets	6,205.2	5,075.3	4,597.4	4,351.5	3,932.6
Total debt (4)	579.2	294.6	454.5	476.2	528.1
Deferred business acquisition obligations (5)	97.5	118.1	135.2	213.4	299.1
Total liabilities	3,475.8	2,652.8	2,406.5	2,392.2	2,238.3
Total Company shareholders' equity	2,688.8	2,386.8	2,179.7	1,951.2	1,691.1

(1) EBITDA attributable to common shareholders represents earnings before interest expense, net of interest income, income taxes, depreciation and amortization. Although EBITDA attributable to common shareholders a non-GAAP financial measure, it is used extensively by management and is useful to investors and lenders as metrics for evaluating operating performance and liquidity. EBITDA attributable to common shareholders also is used in the calculations of certain covenants related to the Facility. However, EBITDA attributable to common shareholders should not be considered as an alternative either to net income available to common shareholders or net cash provided by operating activities, both of which are determined in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Because EBITDA attributable to common shareholders is not calculated under U.S. GAAP, our EBITDA attributable to common shareholders may not be comparable to similarly titled measures used by other companies.

Below is a reconciliation of our net income attributable to common shareholders to EBITDA attributable to common shareholders and then to EBITDA as presented in Item 7, Managements Discussion and Analysis of Financial Condition and Results of Operations.

	Year Ended December 31,				
($ in millions)	2015	2014	2013	2012	2011
Net income attributable to common shareholders	$438.4	385.7	269.5	207.6	164.0
Interest expense, net of interest income	28.1	28.3	34.7	35.2	35.6
Provision for income taxes	132.8	97.6	92.1	69.2	56.4
Depreciation and amortization	108.1	94.4	79.8	78.8	82.8
EBITDA attributable to common shareholders	$707.4	606.0	476.1	390.8	338.8
Add:					
Net income attributable to noncontrolling interest	7.6	2.0	3.5	0.8	1.2
Dividends on unvested common stock, net of tax	0.3	0.3	0.4	0.5	0.4
EBITDA	$715.3	608.3	480.0	392.1	340.4

Below is a reconciliation of our net cash provided by operating activities, the most comparable cash flow measure on the statements of cash flows, to EBITDA.

	Year Ended December 31,				
($ in millions)	2015	2014	2013	2012	2011
Net cash provided by operating activities	$375.8	498.9	295.2	325.9	211.3
Interest expense, net of interest income	28.1	28.3	34.7	35.2	35.6
Provision for income taxes	132.8	97.6	92.1	69.2	56.4
Change in working capital and non-cash expenses	170.7	(18.8)	54.1	(39.5)	35.5
EBITDA	$707.4	606.0	476.1	390.8	338.8

(2) For purposes of computing the ratio of earnings to fixed charges, "earnings" represents net earnings before income taxes, and certain adjustments for activity relative to equity earnings, plus fixed charges, less capitalized interest. Fixed charges consist of interest expense, net of interest income and including amortization of debt discount and financing costs, capitalized interest and one-third of rental expense, which we believe is representative of the interest component of rental expense.

(3) Assets under management represent the aggregate fair value or cost basis (where an appraisal is not available) of assets managed by LaSalle. Assets under management data for separate account and fund management amounts are reported on a one quarter lag.

(4) Total debt includes long-term borrowings under the Facility, Long-term senior notes and Short-term borrowings, primarily local overdraft facilities.

(5) Deferred business acquisition obligations include both the short-term and long-term obligations to sellers of business for acquisitions closed as of December 31, 2015, with the only condition on these payments being the passage of time. We include these obligations as debt in the calculation of our leverage ratio under the Facility.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our Selected Financial Data and Consolidated Financial Statements, including the notes thereto, appearing elsewhere in this Form 10-K. The following discussion and analysis contains certain forward-looking statements generally identified by the words anticipates, believes, estimates, expects, plans, intends and other similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause JLL's actual results, performance, achievements, plans and objectives to be materially different from any future results, performance, achievements, plans and objectives expressed or implied by such forward-looking statements. See the Cautionary Note Regarding Forward-Looking Statements after Part IV, Item 15. Exhibits and Financial Statement Schedules.

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

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

EXECUTIVE SUMMARY

JLL provides comprehensive integrated real estate and investment management expertise on a local, regional and global level to owner, occupier, and investor clients and developers. We are an industry leader in property and corporate facility management services, with a portfolio of approximately 4.0 billion square feet worldwide. We deliver our array of RES product offerings across our three geographic business segments: (1) the Americas, (2) EMEA, and (3) Asia Pacific. Our fourth business segment, LaSalle, a member of the Jones Lang LaSalle group, is one of the world's largest and most diversified real estate investment management firms, with approximately $56.4 billion of assets under management across the globe.

In 2015, we generated revenue of $6.0 billion across our four business segments. In addition to U.S. dollars, we also generated revenue in British pounds, euros, Australian dollars, Indian rupees, Hong Kong dollars, Chinese yuan, Japanese yen, Singapore dollars and a variety of other currencies.

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 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 work for a broad range of clients that represent a wide variety of industries and are based in markets throughout the world. Our clients vary greatly in size. They include for-profit and not-for-profit entities of all kinds, public-private partnerships and governmental ("public sector") entities. Increasingly, we are offering services to smaller middle-market companies looking to outsource real estate services. Through our LaSalle segment, we invest for clients on a global basis in both publicly traded real estate securities and private assets.

See Item 1. Business for additional information on the services we provide, as well as our "Value Drivers for Providing Superior Client Service and Prospering as a Sustainable Enterprise," our "Global Strategic Priorities," our "Competitive Differentiators," and "Industry Trends." See also Item 1A. Risk Factors, for the various risk factors that impact our business.

SUMMARY OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

Revenue Recognition

The SEC's Staff Accounting Bulletin No. 101, Revenue Recognition in Financial Statements ("SAB 101"), as amended by SAB 104, provides guidance on the application of U.S. GAAP to selected revenue recognition issues. Additionally, the Financial Accounting Standards Board's ("FASB's") Accounting Standards Codification ("ASC") 605-45, Principal and Agent Considerations, provides guidance when accounting for reimbursements received from clients.

We earn revenue from the following principal sources:

- Transaction commissions;
- Advisory and management fees;
- Incentive fees;
- Project and development management fees; and
- Construction management fees.

Some of the contractual terms related to the process of earning revenue from these sources, including potentially contingent events, can be complex and so require us to make judgments about the timing of when we should recognize revenue. For a detailed discussion of our revenue recognition policies, see the Revenue Recognition section of Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements.

Allowance for Uncollectible Accounts Receivable

We estimate the allowance necessary to provide for uncollectible accounts receivable. This estimate includes specific accounts from which payment has become unlikely. We also base this estimate on historical experience, combined with a careful review of current developments and with a strong focus on credit quality. The process by which we calculate the allowance begins with the individual business units where we identify specific uncertain accounts. We then reserve for uncertain accounts as part of an overall reserve that is formulaic and driven by the age profile of the receivables and our historical experience. We review these allowances on a quarterly basis to ensure they are appropriate. As part of this review, we develop a range of potential allowances on a consistent formulaic basis. Our allowance for uncollectible accounts receivable as determined under this methodology was $23.2 million and $17.9 million as of December 31, 2015 and 2014, respectively.

Bad debt expense was $14.5 million, $8.2 million and $8.7 million for the years ended December 31, 2015, 2014 and 2013, respectively. We believe we have an adequate reserve for our accounts receivables as of December 31, 2015 given the current economic conditions and the credit quality of our clients. However, changes in our estimates of collectability could significantly impact our bad debt expense in the future. For additional information on our allowance for uncollectible accounts see the Financing Receivables section of Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements.

Goodwill

Historically we have grown, in part, through a series of acquisitions. Consistent with the services nature of the businesses we have acquired, the largest asset on our balance sheet is goodwill. We do not amortize this goodwill; instead, we evaluate goodwill for impairment at least annually. ASC Topic 350, Intangibles-Goodwill and Other, permits an entity to first assess qualitative factors to determine whether it is more likely than not the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test.

We have considered both quantitative and qualitative factors with respect to the performance of our annual impairment tests of goodwill during the last three years. For each period tested, we determined the fair value of our reporting units to be substantially in excess of the carrying value primarily considering (1) our market capitalization in relation to the aggregate carrying value of our net assets, (2) our overall annual financial performance, and (3) near and longer-term forecasts of operating income and cash flows generated by our reporting units in relation to the carrying values of the net assets of each reporting unit. In addition to our annual impairment evaluation, we consider whether events or circumstances have occurred in the period subsequent to our annual impairment testing which indicate it is more likely than not an impairment loss has occurred.

For additional information on goodwill and intangible asset impairment testing see the Business Combinations, Goodwill and Other Intangible Assets section of Note 2, Summary of Significant Accounting Policies, of the Notes to Consolidated Financial Statements.

Investments in Real Estate Ventures

We invest in certain real estate ventures that own and operate commercial real estate. Historically, these investments have primarily been co-investments in funds that LaSalle establishes in the ordinary course of business for its clients. These investments include non-controlling ownership interests generally ranging from less than 1% to 15% of the respective ventures. We account for these investments under the equity method of accounting or at fair value in the accompanying Consolidated Financial Statements considering the nature of our ownership and any other interests we hold in the investments.

We evaluate investments in real estate ventures, except for those reported at fair value, for indications of whether (1) we may not be able to recover the carrying value of our investments and (2) our equity investments are other than temporarily impaired. Our assessments consider the existence of impairment indicators at the underlying real estate assets that comprise the majority of our investments. We base such assessments, with regard to both the investment and underlying asset levels, on evaluations of regular updates to future cash flow models and on factors such as operational performance, market conditions, major tenancy matters, legal and environmental concerns and our ability and intent to continue to hold each investment. When events or changes in circumstances indicate the carrying amount of one of our investments in real estate ventures may be other than temporarily impaired, we consider the likelihood of recoverability of the carrying amount of our investment as well as the estimated fair value and record an impairment charge as applicable. Impairment charges to write down the carrying value of the real estate assets underlying our investments, our proportionate share of which is recognized within Equity earnings from real estate ventures in the Consolidated Statements of Comprehensive Income, are generally the result of completing discounted cash flow models to determine fair value. Additionally, we consider a number of factors, including our share of co-investment cash flows and the fair value of our investments, in determining whether or not our equity investment is other than temporarily impaired.

Impairment charges included within Equity earnings from real estate ventures aggregated to $6.0 million, $2.4 million, and $6.5 million for the years ended December 31, 2015, 2014, and 2013, respectively. It is reasonably possible that if real estate values or the periods over which assets are held decline, we may sustain additional impairment charges on our Investments in real estate ventures in future periods.

For investments in real estate ventures reported at fair value, our investment is increased or decreased each reporting period by the difference between the fair value of the investment and the carrying value at the balance sheet date. We reflect these fair value adjustments as gains or losses in our Consolidated Statements of Comprehensive Income within Equity earnings from real estate ventures. For the years ended December 31, 2015, 2014, and 2013, we included fair value gains of $21.1 million, $7.1 million, and $5.1 million, respectively, in Equity earnings.

Income Taxes

We account for income taxes under the asset and liability method. We recognize deferred tax assets and liabilities for the expected future tax consequences attributable to (1) differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and (2) operating loss and tax credit carryforwards. We measure deferred tax assets and liabilities using the enacted tax rates expected to apply to taxable income in the years in which we expect those temporary differences to be recovered or settled. We recognize into income the effect on deferred tax assets and liabilities of a change in tax rates in the period including the enactment date.

Because of the global and cross-border nature of our business, our corporate tax position is complex. We generally provide for taxes in each tax jurisdiction in which we operate based on local tax regulations and rules. Such taxes are provided on net earnings and include the provision of taxes on substantively all differences between financial statement amounts and amounts used in tax returns, excluding certain non-deductible items and permanent differences.

Our global effective tax rate is sensitive to the complexity of our operations as well as to changes in the mix of our geographic profitability. Local statutory tax rates range from 10% to 40% in the countries in which we have significant operations. We evaluate our estimated effective tax rate on a quarterly basis to reflect forecast changes in our geographic mix of income and legislative actions on statutory tax rates.

We provide for the effects of income taxes on interim financial statements based on our estimate of the effective tax rate for the full year.

Our effective tax rates for years ended December 31, 2015, 2014, and 2013 were 22.9%, 20.1%, and 25.2%, respectively. Very low tax rate jurisdictions (those with effective national and local combined tax rates of 25% or lower) providing the most significant contributions to our effective tax rate include: Hong Kong (16.5%), Singapore (17%), the United Kingdom (20.25%), The People's Republic of China (25%), and the Netherlands (25%). Other tax rate jurisdictions with effective rates of 25% or lower making meaningful contributions to our global effective tax rate include: Cyprus (12.5%), Ireland (12.5%), Poland (19%), and Switzerland (21.2%).

Based on our historical experience and future business plans, we do not expect to repatriate our foreign source earnings to the U.S. As a result, we have not provided deferred taxes on such earnings or the difference between tax rates in the U.S. and the various international jurisdictions where we earn such amounts. Further, there are various limitations on our ability to utilize foreign tax credits on such earnings when we repatriate them. As such, we could incur taxes in the U.S. upon repatriation without credits for foreign taxes paid on such earnings. We have not provided a deferred U.S. tax liability on the unremitted earnings of international subsidiaries because it is our intent to permanently reinvest such earnings outside of the U.S. If repatriation of all such earnings were to occur, we estimate our resulting U.S. tax liability would be approximately $235 million, net of the benefits of utilization of foreign tax credits and net operating loss carryovers. We believe our policy of permanently reinvesting earnings of foreign subsidiaries does not significantly impact our liquidity.

We have established valuation allowances against deferred tax assets where expected future taxable income does not support their realization on a more likely than not basis. We formally assess the likelihood of being able to utilize current tax losses in the future on a country-by-country basis, with the determination of each quarter's income tax provision. We establish or increase valuation allowances upon specific indications the carrying value of a tax asset may not be recoverable. Alternatively, we reduce valuation allowances upon (1) specific indications the carrying value of the related tax asset is more likely than not recoverable or (2) the implementation of tax planning strategies allowing an asset we previously determined not realizable to be viewed as realizable.

The table below summarizes certain information regarding the gross deferred tax assets and valuation allowance.

	December 31,	
($ in millions)	2015	2014
Gross deferred tax assets	$344.7	364.9
Valuation allowance	51.7	62.0

The decrease in gross deferred tax assets in 2015 was primarily the result of tax loss carryover utilization.

We evaluate our segment operating performance before tax, and do not consider it meaningful to allocate tax by segment. Estimations and judgments relevant to the determination of tax expense, assets, and liabilities require analysis of the tax environment and the future profitability, for tax purposes, of local statutory legal entities rather than business segments. Our statutory legal entity structure generally does not mirror the way we organize, manage, and report our business operations. For example, the same legal entity may include both LaSalle and RES businesses in a particular country.

As of December 31, 2015, the amount of unrecognized tax benefits was $28.3 million. We believe it is reasonably possible that matters for which we have recorded $7.0 million of gross unrecognized tax benefits will be resolved within twelve months after December 31, 2015. The recognition of tax benefits, and other changes to the amounts of our unrecognized tax benefits, may occur as the result of ongoing operations, the outcomes of audits or other examinations by tax authorities, or the passing of statutes of limitations. We do not expect changes to our unrecognized tax benefits to have a significant impact on net income, the financial position, or the cash flows of the Company. We do not believe we have material tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility.

Self-Insurance Programs

For all of our U.S.-based employees, we have chosen to retain certain risks regarding health insurance and workers' compensation rather than purchase third-party insurance. Estimating our exposure to such risks involves subjective judgments about future developments.

- Health Insurance: We self-insure our health benefits for all U.S.-based employees, although we purchase stop-loss coverage on an annual basis to limit our exposure. We self-insure because we believe that on the basis of our historical claims experience, the demographics of our workforce and trends in the health insurance industry, we incur reduced expense by self-insuring our health benefits as opposed to purchasing health insurance through a third party. We estimate our likely full-year cost at the beginning of the year and expense this cost on a straight-line basis throughout the year. In the fourth quarter, we estimate the required reserve for unpaid health costs, including those not yet reported, we would need at year-end. The accrual balance for our health insurance program, which can relate to multiple years, was $10.5 million and $11.0 million as of December 31, 2015 and 2014, respectively.

The table below sets out certain information related to the cost of the health insurance program.

	Year Ended December 31,		
($ in millions)	2015	2014	2013
Expense to the Company	$46.7	37.1	29.8
Employee contributions	14.9	14.1	11.8
Adjustment to prior year reserve	(0.5)	(0.2)	(0.4)
Total program cost	$61.1	51.0	41.2

- Workers' Compensation Insurance: We self-insure for workers' compensation insurance claims because our workforce has historically experienced fewer claims than is customary for our industry. We purchase stop-loss coverage to limit our exposure to large, individual claims. We accrue workers' compensation expense based on applicable state rate and job classifications. On an annual basis in the third quarter, we engage in a comprehensive analysis to develop a range of potential exposure, and considering actual experience, we reserve our best estimate of the liability based on that range. The changes in estimate (including expenses for reserve charges) for the years ended December 31, 2015, 2014 and 2013 were $9.6 million, $15.5 million, and $9.7 million. The accrual balance for workers' compensation insurance claims, which can relate to multiple years, was $37.4 million and $33.7 million as of December 31, 2015 and 2014, respectively.

- Captive Insurance Company: In order to better manage our global insurance program and support our risk management efforts, we supplement our traditional insurance program by the use of a wholly-owned captive insurance company to provide professional indemnity and employment practice liability insurance coverage on a "claims made" basis. The level of risk retained by our captive insurance company, with respect to professional indemnity claims, is up to $2.5 million per claim, inclusive of the deductible. The accrual balance for professional indemnity claims facilitated through our captive insurance company, which can relate to multiple years, was $19.2 million and $9.2 million, as of December 31, 2015 and 2014, respectively.

Professional indemnity insurance claims can be complex and take a number of years to resolve. Within our captive insurance company, we estimate the ultimate cost of these claims by way of specific claim accruals developed through periodic reviews of the circumstances of individual claims. When a potential loss event occurs, management estimates the ultimate cost of the claim and accrues the related cost when probable and estimable.

NEW ACCOUNTING STANDARDS

See New Accounting Standards section of Note 2 of the Notes to Consolidated Financial Statements.

ITEMS AFFECTING COMPARABILITY

Macroeconomic Conditions

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

LaSalle Investment Management Revenue

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

Equity earnings from real estate ventures also may vary substantially from period to period for a variety of reasons, including as a result of (1) impairment charges, (2) gains (losses) on investments reported at fair value, (3) gains (losses) on asset dispositions, and (4) incentive fees recorded as Equity earnings. The timing of recognition of these items may impact comparability between quarters, in any one year, or compared to a prior year.

The comparability of these items can be seen in Note 3, Business Segments, of the Notes to Consolidated Financial Statements and is discussed further in Segment Operating Results included herein.

Transactional-Based Revenue

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

Foreign Currency

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

MARKET RISKS

Market Risk

The principal market risks we face due to the risk of loss arising from adverse changes in market rates and prices are:

- Interest rates on the Facility; and
- Foreign exchange risks.

In the normal course of business, we manage these risks through a variety of strategies, including hedging transactions using various derivative financial instruments such as foreign currency forward contracts. We enter into derivative instruments with high credit-quality counterparties and diversify our positions across such counterparties in order to reduce our exposure to credit losses. We do not enter into derivative transactions for trading or speculative purposes.

Interest Rates

We centrally manage our debt, considering investment opportunities and risks, tax consequences, and overall financing strategies. We are primarily exposed to interest rate risk on our Facility, which as of December 31, 2015 had a maximum borrowing capacity of $2.0 billion and consisted of revolving credit available for working capital, investments, capital expenditures, and acquisitions. Our average outstanding borrowings under the Facility were $335.1 million during 2015, with an effective interest rate of 1.1%. We had outstanding borrowings of $255.0 million under the Facility and outstanding letters of credit of $18.2 million as of December 31, 2015. The Facility bears a variable rate of interest based on market rates.

Our $275.0 million of Long-term senior notes due in November 2022 (the "Notes") bear interest at an annual rate of 4.4%, subject to adjustment if a credit rating assigned to the Notes is downgraded below an investment grade rating (or subsequently upgraded). The issuance of these Notes at a fixed interest rate has helped to limit the Company's exposure to future movements in interest rates.

Our overall interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower our overall borrowing costs. To achieve this objective, in the past we have entered into derivative financial instruments such as interest rate swap agreements when appropriate and we may do so in the future. We did not enter into any such agreements in the prior three years and we had no such agreements outstanding as of December 31, 2015.

Foreign Exchange

Foreign exchange risk is the risk we will incur economic losses due to adverse changes in foreign currency exchange rates. Our revenue from outside of the U.S. approximated 57% and 59% of our total revenue for 2015 and 2014, respectively. Operating in international markets means we are exposed to movements in foreign exchange rates, most significantly by the British pound (15% of revenue for 2015) and the euro (13% of revenue for 2015).

We mitigate our foreign currency exchange risk principally by (1) establishing local operations in the markets we serve and (2) invoicing customers in the same currency as the source of the costs. The impact of translating expenses incurred in foreign currencies into U.S. dollars reduces the impact of translating revenue earned in foreign currencies into U.S. dollars. In addition, British pound and Singapore dollar expenses incurred as a result of our regional headquarters being located in London and Singapore, respectively, act as a partial operational hedge against our translation exposures to British pounds and Singapore dollars.

We enter into forward foreign currency exchange contracts to manage currency risks associated with intercompany loan balances. Generally, the maturity of these contracts is less than 60 days. As of December 31, 2015, we had forward exchange contracts in effect with a gross notional value of $2.28 billion ($1.26 billion on a net basis) and a net fair value loss of $11.7 million. This net carrying loss is generally offset by a carrying gain in associated intercompany loans.

Although we operate globally, we report our results in U.S. dollars. As a result, the strengthening or weakening of the U.S. dollar may positively or negatively impact our reported results. The following table sets forth the revenue derived from our most significant currencies.

	Year Ended December 31,					
($ in millions)	2015	% of Total		2014	% of Total	
United States dollar	$2,536.4	42.5	%	$2,214.1	40.8	%
British pound	915.5	15.3		833.4	15.3	
Euro	748.7	12.6		701.8	12.9	
Australian dollar	303.0	5.1		303.1	5.6	
Indian rupee	189.4	3.2		155.1	2.9	
Hong Kong dollar	186.7	3.1		170.5	3.1	
Chinese yuan	178.6	3.0		169.2	3.1	
Japanese yen	170.0	2.8		155.1	2.9	
Singapore dollar	123.2	2.1		157.7	2.9	
Other currencies	614.2	10.3		569.6	10.5	
Total revenue	$5,965.7	100.0	%	$5,429.6	100.0	%

Had Euro-to-U.S. dollar exchange rates been 10% higher throughout the course of 2015, we estimate our reported operating income would have increased by $10.7 million. Had the British pound-to-U.S. dollar exchange rates been 10% higher throughout the course of 2015, we estimate our reported operating income would have increased by $2.3 million. These hypothetical calculations estimate the impact of translating results into U.S. dollars and do not include an estimate of the impact a 10% increase in the U.S. dollar against other currencies would have on our foreign operations.

Seasonality

Our quarterly revenue and profits tend to grow progressively by quarter throughout the year. This is a result of a general focus in the real estate industry on completing or documenting transactions by fiscal-year-end and the fact that certain expenses are constant through the year. Historically, we have reported a relatively smaller profit in the first quarter and then increasingly larger profits during each of the following three quarters, excluding the recognition of investment-generated performance fees and co-investment equity gains or losses (each of which can be unpredictable).

We generally recognize such performance fees and realized co-investment equity gains or losses when assets are sold, the timing of which is geared toward the benefit of our clients. Non-variable operating expenses, which we treat as expenses when incurred during the year, are relatively constant on a quarterly basis.

Inflation

Our operating expenses fluctuate with our revenue and general economic conditions including inflation. However, we do not believe inflation has had a material impact on our results of operations during the three year period ended December 31, 2015.

RESULTS OF OPERATIONS

We operate in a variety of currencies but report our results in U.S. dollars. As a result, the volatility of these currencies against the U.S. dollar may positively or negatively impact our reported results. This volatility may result in the reported U.S. dollar revenue and expenses showing increases or decreases between years that may not be consistent with the real underlying increases or decreases in local currency operations. In order to provide more meaningful year-to-year comparisons of our reported results, we have included detail of the movements in certain reported lines of the Consolidated Statements of Comprehensive Income in both U.S. dollars and in local currencies in the tables throughout this section.

We define market volumes for Leasing as gross absorption of office real estate space in square meters for the U.S., Europe and selected markets in Asia Pacific. We define market volumes for Capital Markets as the U.S. dollar equivalent value of investment sales transactions globally.

Throughout Results of Operations, discussion of percentage changes and reported adjusted EBITDA margins are in local currency unless otherwise noted.

Reclassifications

We report Equity earnings (losses) from real estate ventures in the Consolidated Statements of Comprehensive Income after Operating income. However, for segment reporting we reflect Equity earnings (losses) from real estate ventures within Total revenue. See Note 3 of the Notes to Consolidated Financial Statements for Equity earnings (losses) reflected within segment revenue, as well as discussion of how the Chief Operating Decision Maker (as defined in Note 3) measures segment results with Equity earnings (losses) included in segment revenue. Certain prior year amounts have been reclassified to conform to the current presentation. These reclassifications have not been material and have not affected reported net income.

Year Ended December 31, 2015 compared with Year Ended December 31, 2014

($ in millions)	Year Ended December 31, 2015	2014	Change in U.S. dollars		% Change in Local Currency
Revenue					
Real Estate Services:					
Leasing	$1,669.5	1,540.0	129.5	8 %	13 %
Capital Markets & Hotels	955.8	822.9	132.9	16	25
Property & Facility Management [(1)]	1,128.2	1,070.6	57.6	5	13
Project & Development Services [(1)]	510.0	434.5	75.5	17	26
Advisory, Consulting and Other	503.9	465.6	38.3	8	18
LaSalle	397.0	368.1	28.9	8	16
Total firm fee revenue	5,164.4	4,701.7	462.7	10	17
Gross contract costs	801.3	727.9	73.4	10	23
Total firm revenue	5,965.7	5,429.6	536.1	10	18
Compensation, operating and administrative expenses excluding gross contract costs	4,492.4	4,099.2	393.2	10	17
Gross contract costs	801.3	727.9	73.4	10	23
Depreciation and amortization	108.1	94.3	13.8	15	20
Restructuring and acquisition charges	34.1	42.5	(8.4)	(20)	(15)
Total operating expenses	5,435.9	4,963.9	472.0	10	18
Operating income	$529.8	465.7	64.1	14 %	25 %
Adjusted EBITDA [(2)]	$749.4	650.8	98.6	15 %	24 %

(1) Amounts have been adjusted to remove gross contract costs.

(2) Adjusted EBITDA represents earnings before interest expense net of interest income, income taxes, depreciation and amortization, adjusted for restructuring and acquisition charges. Although adjusted EBITDA and EBITDA are non-GAAP financial measures, they are used extensively by management and are useful to investors and lenders as metrics for evaluating operating performance and liquidity. Adjusted EBITDA is also used in the calculations of certain covenants related to the Firm’s revolving credit facility. However, adjusted EBITDA and EBITDA should not

be considered as alternatives to net income determined in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Because adjusted EBITDA and EBITDA are not calculated under U.S. GAAP, the Firm’s adjusted EBITDA and EBITDA may not be comparable to similarly titled measures used by other companies.

Adjusted operating income excludes the impact of restructuring and acquisition charges. Adjusted operating income margin is calculated by dividing adjusted operating income by fee revenue. Below are reconciliations of revenue and operating expenses to fee revenue and fee-based operating expenses, as well as adjusted operating income margin calculations.

	Year Ended December 31,	
($ in millions)	2015	2014
Revenue	$5,965.7	5,429.6
Gross contract costs	(801.3)	(727.9)
Fee revenue	$5,164.4	4,701.7
Operating expenses	$5,435.9	4,963.9
Gross contract costs	(801.3)	(727.9)
Fee-based operating expenses	$4,634.6	4,236.0
Operating income	$529.8	465.7
Add:		
Restructuring and acquisition charges	34.1	42.5
Adjusted operating income	$563.9	508.2
Adjusted operating income margin	10.9%	10.8

Below is a reconciliation of net income (calculated pursuant to U.S. GAAP) to EBITDA and adjusted EBITDA.

	Year Ended December 31,	
($ in millions)	2015	2014
Net income	$446.3	388.0
Add:		
Interest expense, net of interest income	28.1	28.3
Provision for income taxes	132.8	97.6
Depreciation and amortization	108.1	94.4
EBITDA	$715.3	608.3
Add:		
Restructuring and acquisition charges	34.1	42.5
Adjusted EBITDA	$749.4	650.8

REVENUE

In 2015, fee revenue was $5.2 billion, a 17% increase from 2014, led primarily by a 26% increase in Project & Development Services, a 25% increase in Capital Markets & Hotels and a 16% increase in LaSalle. Fee revenue growth was not only broad-based by service line, but also geographically, with double-digit year-over-year percentage growth in all four business segments.

The 26% increase in Project & Development services reflects the results of increased cross-selling across service lines, incremental revenue contributions from recent acquisitions along with the continued expansion of our Tetris fit-out offering, which primarily operates across EMEA. The 25% increase in Capital Markets & Hotels revenue was led by increased performance in the Americas and EMEA and followed a 15% revenue increase in 2014. The growth in the Americas was aided by the fourth quarter acquisition of Oak Grove Capital, a multifamily finance provider located in the United States. Global investment volumes, as separately reported by JLL Research, increased 8% above 2014 results. LaSalle achieved its full-year revenue growth compared with 2014 through increases of (1) $18.2 million in incentive fees, which arose from property dispositions of legacy investments on behalf of clients, as well as positive market conditions for executing such dispositions at gains, (2) $7.3 million in advisory fees from new mandates and growth of existing real estate funds, partially offset by the impact of property sales, and (3) $3.4 million in transaction fees from increased investment activity for capital raised.

Our total firm revenue increased 10% in U.S. dollars and 18% in local currency, with foreign currency exchange rate fluctuations during 2015 in the euro, British pound sterling and Australian dollar having the most notable impact on the spread between revenue on a U.S. dollars basis and local currency basis.

Our fourth-quarter fee revenue increased 14% to $1.7 billion, with all segments reporting fee revenue growth of 10% or more as compared to the fourth quarter of 2014. Despite the 25% annual growth in Capital Markets & Hotels, activity in our U.K., China and Australia capital markets businesses realized some moderation in the fourth quarter of 2015 in alignment with local market conditions. This contributed to our fourth-quarter fee revenue growth being outpaced by annual fee revenue growth during 2015.

OPERATING EXPENSES

During 2015, operating expenses, excluding gross contract costs (“fee-based operating expenses”), increased to $4.6 billion, a year-over-year increase of 17% and in-line with the growth in fee revenue over the same period. In addition to cost increases in support of higher revenue levels, the noted increase was driven by continued investment in our operating platform to drive growth and efficiencies along with incentive compensation due to higher transaction volumes. Depreciation and amortization increased 20% to $108.1 million, reflecting increased capital expenditures, particularly in technology affecting both back office processes and client interactions.

Adjusted EBITDA margin, calculated on a fee revenue basis, was 14.6% for 2015 as compared with 13.8% in 2014, which reflects increases in transaction-driven activity in our Capital Markets & Hotels and Leasing businesses globally, along with improvements in productivity across our platform.

Adjusted EBITDA does not include restructuring and acquisition charges, which decreased to $34.1 million in 2015 from $42.5 million in 2014. Excluding the charges associated with the write-off of indemnification assets of $12.8 million and $34.5 million in 2015 and 2014, respectively, restructuring and acquisition charges increased $13.3 million year-over-year. The increase primarily reflected professional fees incurred in support of the increased level of acquisition activity in 2015.

INTEREST EXPENSE

Net interest expense for 2015 was $28.1 million, down from $28.3 million in 2014, primarily the result of lower average borrowings in 2015. The average outstanding borrowings under our credit facility decreased from $357.0 million during 2014 to $335.1 million in 2015, and deferred acquisition obligations decreased from $118.1 million as of December 31, 2014 to $97.5 million as of December 31, 2015.

EQUITY EARNINGS FROM REAL ESTATE VENTURES

In 2015, we recognized equity earnings of $77.5 million from our investments in real estate ventures compared with $48.3 million in 2014, resulting primarily from the sale of assets within LaSalle co-investments along with net valuation increases for investments reported at fair value, reflecting positive investment performance on behalf of clients.

PROVISION FOR INCOME TAXES

The provision for income taxes was $132.8 million in 2015, which represents an effective tax rate of 22.9%. Refer to the Income Tax discussion in the Summary of Critical Accounting Policies and Estimates and Note 8 of the Notes to Consolidated Financial Statements for a further discussion of our effective tax rate.

NET INCOME

Net income attributable to common shareholders was $438.4 million for 2015, or $9.65 per diluted weighted average share, compared with $385.7 million for 2014, or $8.52 per diluted weighted average share.

SEGMENT OPERATING RESULTS

We manage and report our operations as four business segments:

The three geographic regions of RES including:

(1) Americas,
(2) EMEA, and
(3) Asia Pacific;

and

(4) LaSalle, which offers investment management services on a global basis.

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

For segment reporting, we show revenue net of gross contract costs in our RES segments. Excluding these costs from revenue and expenses in a "net" presentation of "fee revenue" and "fee-based operating expense" more accurately reflects how we manage our expense base and operating margins. See Note 2, Revenue Recognition, of the Notes to Consolidated Financial Statements for additional information on our gross and net accounting. For segment reporting we also show Equity earnings (losses) from real estate ventures within our revenue line, since the related activity is an integral part of LaSalle. Finally, our measure of segment results also excludes Restructuring and acquisition charges.

AMERICAS - REAL ESTATE SERVICES

($ in millions)	Year Ended December 31, 2015	2014	Change in U.S. dollars		% Change in Local Currency
Leasing	$1,165.6	1,039.5	126.1	12 %	14 %
Capital Markets & Hotels	331.6	266.6	65.0	24	25
Property & Facility Management (1)	499.3	454.3	45.0	10	14
Project & Development Services (1)	258.0	222.7	35.3	16	20
Advisory, Consulting and Other	138.9	125.6	13.3	11	13
Equity earnings	5.9	0.8	5.1	n.m.	n.m.
Total segment fee revenue	2,399.3	2,109.5	289.8	14	16
Gross contract costs	212.1	210.4	1.7	1	11
Total segment revenue	2,611.4	2,319.9	291.5	13	16
Compensation, operating and administrative expenses excluding gross contract costs	2,085.0	1,834.9	250.1	14	16
Gross contract costs	212.1	210.4	1.7	1	11
Depreciation and amortization	63.2	55.2	8.0	14	15
Total operating expenses	2,360.3	2,100.5	259.8	12	15
Operating income	$251.1	219.4	31.7	14 %	19 %
Adjusted EBITDA	$314.3	274.6	39.7	14 %	18 %

n.m. - not meaningful

(1) Amounts have been adjusted to remove gross contract costs.

Fee revenue for the Americas was $2.4 billion, an increase of 16% over 2014 results. Revenue growth was broad-based with all service lines reflecting year-over-year increases greater than 10%. The primary revenue growth drivers for the segment in 2015 were Capital Markets & Hotels, up 25%, Project & Development Service, up 20%, and Leasing, up 14%, as compared to 2014.

The Capital Markets & Hotels revenue growth was driven by increases in productivity, another year of performance improvement in our hotels business and the acquisition of Oak Grove Capital completed in the fourth quarter of 2015. The Leasing results reflected growth in the U.S., focused in the New York, Dallas, Southwest and Northwest markets. Additionally, the U.S. leasing business outperformed against market results as measured by gross absorption, which increased in the U.S. by 2% in 2015 as separately reported by JLL Research. As previously mentioned in the discussion of our consolidated results, Project & Development services benefited from continued expansion of efforts to cross-sell across service lines and from key strategic acquisitions over the past few years.

Fee-based operating expenses, excluding restructuring and acquisition charges, were $2.1 billion for the year, up from $1.9 billion in 2014 in support of higher revenue activity and also reflecting increased investments in technology and data management that did not qualify for capitalization to support our clients and our growing platform. Operating income was $251.1 million for 2015, compared with $219.4 million in 2014, up 19%. Adjusted EBITDA was $314.3 million for 2015, compared with $274.6 million in 2014, up 18%. Adjusted EBITDA margin, calculated on a fee revenue basis, was 13.3% for 2015, compared with 13.0% in 2014.

EMEA - REAL ESTATE SERVICES

($ in millions)	Year Ended December 31, 2015	2014	Change in U.S. dollars		% Change in Local Currency
Leasing	$289.4	295.2	(5.8)	(2)%	11%
Capital Markets & Hotels	474.8	411.8	63.0	15	29
Property & Facility Management [1]	224.4	236.9	(12.5)	(5)	6
Project & Development Services [1]	170.1	139.6	30.5	22	38
Advisory, Consulting and Other	247.0	232.7	14.3	6	18
Equity earnings	0.8	—	0.8	n.m.	n.m.
Total segment fee revenue	1,406.5	1,316.2	90.3	7	20
Gross contract costs	397.4	316.4	81.0	26	45
Total segment revenue	1,803.9	1,632.6	171.3	10	25
Compensation, operating and administrative expenses excluding gross contract costs	1,233.8	1,171.6	62.2	5	18
Gross contract costs	397.4	316.4			