

Jones Lang LaSalle Limited
(formerly Jones Lang LaSalle Supply Co. Limited)

Directors' report and consolidated financial statements

Registered number 1188567

31 December 1999



Contents

Directors' report	1
Statement of directors' responsibilities	4
Report of the auditors to the members of Jones Lang LaSalle Limited	5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Consolidated statement of total recognised gains and losses	10
Reconciliation of movements in shareholders' funds	10
Notes	11

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

Principal activities

Until 8 March 1999 Jones Lang LaSalle Limited was beneficially owned by its directors (except JA Jenkins) in their capacity as partners in the firm of Jones Lang Wootton which carried on business principally in England and Wales. Jones Lang Wootton together with associated companies and firms and the trading subsidiaries of the company, provided advice on all aspects of commercial real estate, including surveying and related services to clients world-wide. The company operated as the service organisation for the Jones Lang Wootton Partnership.

On 8 March 1999 the business and interests of the Jones Lang Wootton Partnership were transferred to a new company (now called JLL 99 Limited) substantially under common ownership of the former partners of Jones Lang Wootton. Since 11 March 1999 the company has been owned by Jones Lang LaSalle Incorporated or other companies in the group of which Jones Lang LaSalle Incorporated is the ultimate parent. Until 31 December 1999 the company operated as the service company of JLL 99 Limited.

Since 1 January 2000 the company has succeeded to and carries on the business previously carried on by Jones Lang Wootton and JLL99 Limited.

The company also continues as the parent company of a group of companies, most of which are established in Europe and Eastern Europe.

Review of business operations and future prospects

The financial position of the group is shown by the consolidated balance sheet on page 7, and that of the company is shown by the balance sheet on page 8. It is intended that the company will continue its activities as successor to the business of Jones Lang Wootton.

Results and dividends

The group made a profit for the year after taxation and minority interests of £1,245,000 (1998: £2,280,000). A dividend of £ nil was paid (1998 - £nil).

Change of name and status

The company was re-registered as a limited company on 9 March 1999.

The company changed its name on 4 January 2000 from Jones Lang LaSalle Supply Co. Limited to Jones Lang LaSalle Limited.

Directors' report (continued)

Directors and directors' interests

The directors who held office during the year were as follows:

R S Broadhurst	(Resigned 23 February 1999)
RJ Calnan	(Resigned 23 February 1999)
R A Campbell	(Resigned 23 February 1999)
Mrs H M R Chapman	(Resigned 23 February 1999)
K J Clark	(Resigned 23 February 1999)
R Cumming-Bruce	(Resigned 23 February 1999)
C A J Drury	(Resigned 23 February 1999)
A P D Edgley	(Resigned 23 February 1999)
M E Follett	(Resigned 23 February 1999)
A M Horrell	(Resigned 23 February 1999)
A Hughes	(Appointed 1 August 2000)
J A Jenkins	(Appointed 23 February 1999)
D J W Larkin	(Resigned 23 February 1999)
P J Mantle	(Resigned 17 July 2000)
J A Milligan	(Resigned 23 February 1999)
W F Monk	(Resigned 23 February 1999)
J B Nairn	(Resigned 23 February 1999)
R M Naish	(Resigned 23 February 1999)
B M Nealon	(Resigned 23 February 1999)
R S Orr	(Appointed 23 February 1999; Resigned 7 March 1999; Re-appointed 11 March 1999)
C A Peacock	(Resigned 23 February 1999)
C A Penn	(Resigned 23 February 1999)
C J T Pickford	(Resigned 23 February 1999; Re-appointed 11 March 1999; Resigned 25 May 2000)
J H Stephen	(Resigned 23 February 1999)
T R Whittaker	(Appointed 1 August 2000)

Until 8 March 1999 all directors (except JA Jenkins) held joint interests in the share capital of the company and until 11 March 1999 all held interests in part of the share capital.

Until 8 March 1999, as partners of Jones Lang Wootton, the directors were interested in the company's agreement for providing services and other facilities to the firm. Subsequently they were interested in the service agreement as shareholders in JLL 99 Limited, the successor to Jones Lang Wootton.

These interests ceased on 11 March 1999 when the company was acquired by LaSalle Partners Incorporated, a company incorporated in Maryland, United States of America. LaSalle Partners Incorporated then changed its name to Jones Lang LaSalle Incorporated.

Year 2000

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report the directors are not aware of any significant factors that have arisen, or that may arise, which will affect the activities of the business. The situation continues to be monitored. Potential future costs associated with this issue cannot be quantified but are not expected to be significant.

Employment of disabled persons

The company has a policy of giving full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities and of providing retraining for alternative work for employees who become disabled.

Directors' report (*continued*)

Employee consultation

The company has in place established procedures for providing information to all its staff on matters affecting them as employees and in relation to the business affairs of Jones Lang LaSalle. Information is provided by regular written briefings circulated to all staff and by meetings of staff to provide information to operating units and departments and to receive feedback.

Charitable contributions

During the year the group made contributions for charitable purposes of £40,000 (1998: £88,000).

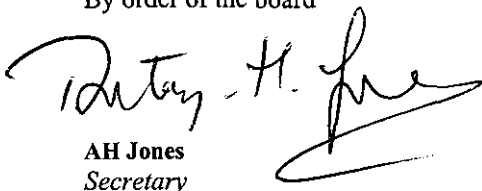
Auditors

The company has passed an Elective Resolution in accordance with Section 386 of the Companies Act 1985 dispensing with the obligation to appoint Auditors annually, accordingly KPMG Audit Plc will remain in office until the company or KPMG Audit Plc otherwise determine.

Annual General Meeting

The company has passed an Elective Resolution pursuant to Sections 252 and 366A of the Companies Act 1985 (as amended) dispensing with Annual General Meetings and the laying before the company in general meeting copies of the Annual Accounts, the Directors' Report and the Auditors' Report on the Accounts.

By order of the board



AH Jones
Secretary

9 Queen Victoria Street
London
EC4N 4YY

29th MARCH 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group, and of the group's profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group or company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of Jones Lang LaSalle Limited

We have audited the financial statements on pages 6 to 32.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

29 March 2001

Consolidated profit and loss account

for the year ended 31 December 1999

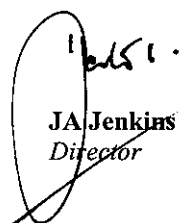
	<i>Note</i>	1999 £'000	1998 £'000
Turnover – continuing operations	<i>1</i>	164,332	132,598
Operating expenses		(157,302)	(126,400)
Other operating income	<i>2</i>	304	229
		<hr/>	<hr/>
Operating profit – continuing operations		7,334	6,427
Profit on disposal of subsidiary undertaking	<i>2</i>	683	-
		<hr/>	<hr/>
Profit on ordinary activities before interest		8,017	6,427
Interest receivable and similar income		549	568
Interest payable and similar charges	<i>3</i>	(542)	(305)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>2</i>	8,024	6,690
Tax on profit on ordinary activities	<i>4</i>	(6,742)	(4,017)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		1,282	2,673
Minority interests	<i>13</i>	(37)	(393)
		<hr/>	<hr/>
Profit for the year transferred to reserves	<i>15</i>	1,245	2,280
		<hr/> <hr/>	<hr/> <hr/>

There is no difference between the results as stated and the results on a historical cost basis.

Consolidated balance sheet
at 31 December 1999

	<i>Note</i>	1999 £'000	1998 £'000
Fixed assets			
Intangible assets	6	95,492	267
Tangible assets	7	13,122	11,070
Investments	8	45	60
		<hr/> 108,659	<hr/> 11,397
Current assets			
Debtors	9	60,239	50,845
Cash at bank and in hand		6,822	13,261
		<hr/> 67,061	<hr/> 64,106
Creditors: amounts falling due within one year	10	(65,587)	(57,253)
Net current assets		<hr/> 1,474	<hr/> 6,853
Total assets less current liabilities		<hr/> 110,133	<hr/> 18,250
Creditors: amounts falling due after more than one year	11	(325)	(185)
Provisions for liabilities and charges	12	(2,888)	(1,007)
Minority interests	13	(425)	(415)
Net assets		<hr/> 106,495	<hr/> 16,643
Capital and reserves			
Called up share capital	14	89,574	8
Capital redemption reserve	15	268	268
Other reserves	15	770	643
Foreign exchange translation reserve	15	(1,012)	69
Profit and loss account	15	16,895	15,655
Equity shareholders' funds		<hr/> 106,495	<hr/> 16,643


These financial statements were approved by the board of directors on 29 March 2001 and were signed on its behalf by:


JA Jenkins
Director

Company balance sheet
at 31 December 1999

	<i>Note</i>	1999 £'000	1998 £'000
Fixed assets			
Intangible assets	6	90,784	-
Tangible assets	7	7,697	5,706
Investments	8	91,257	1,147
		<hr/> 189,738	<hr/> 6,853
Current assets			
Debtors	9	29,530	25,354
Cash at bank and in hand		12	2,264
		<hr/> 29,542	<hr/> 27,618
Creditors: amounts falling due within one year	10	(129,533)	(29,061)
Net current liabilities		<hr/> (99,991)	<hr/> (1,443)
Total assets less current liabilities		<hr/> 89,747	<hr/> 5,410
Provisions for liabilities and charges	12	-	-
Net assets		<hr/> 89,747	<hr/> 5,410
Capital and reserves			
Called up share capital	14	89,574	8
Capital redemption reserve	15	268	268
Profit and loss account	15	(95)	5,134
Equity shareholders' funds		<hr/> 89,747	<hr/> 5,410

These financial statements were approved by the board of directors on *29 March* 2001 and were signed on its behalf by:


JA Jenkins
Director

Consolidated cash flow statement

for the year ended 31 December 1999

	Note	1999 £'000	1998 £'000
Net cash inflow from operating activities	16	4,449	11,864
Returns on investments and servicing of finance			
Interest received		549	568
Interest paid		(532)	(303)
Interest element of finance lease rental payments		(10)	(2)
Dividends paid to minority interests		(98)	(331)
Net cash outflow from returns on investments and servicing of finance		(91)	(68)
Taxation			
UK corporation tax paid		(2,381)	(1,317)
Overseas tax paid		(1,462)	(634)
Tax paid		(3,843)	(1,951)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(5,222)	(6,254)
Receipts from sales of tangible fixed assets		408	507
Purchases of investments		(29)	-
Receipts from sale of investments		31	-
Net cash outflow from capital expenditure and financial investment		(4,812)	(5,747)
Acquisitions and disposals			
Payments to acquire investments in subsidiaries	19	(228)	(478)
Net cash inflow / (outflow) from acquisitions		(228)	(478)
Cash (outflow) / inflow before use of liquid resources and financing		(4,525)	3,620
Financing			
Capital element of finance lease rental payments		(55)	(33)
Net cash outflow from financing		(55)	(33)
(Decrease)/increase in cash	17,18	(4,580)	3,587

Consolidated statement of total recognised gains and losses

for the year ended 31 December 1999

	Group	
	1999 £'000	1998 £'000
Profit for the financial year	1,245	2,280
Currency translation differences on foreign currency net Investments	(1,086)	406
Total recognised gains and losses relating to the year	159	2,686

Reconciliation of movements in shareholders' funds

for the year ended 31 December 1999

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Profit/(loss) for the financial year	1,245	2,280	(5,229)	(1,018)
Other recognised gains and losses relating to the year	(1,086)	406	-	-
New share capital subscribed (net of issue costs)	89,566	-	89,566	-
Goodwill written back to other reserves on the disposal of a business	127	-	-	-
Net addition to shareholders' funds	89,852	2,686	84,337	(1,018)
Opening shareholders' funds	16,643	13,957	5,410	6,428
Closing shareholders' funds	106,495	16,643	89,747	5,410

Notes

(forming part of the financial statements)

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below:

Basis of preparation

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The financial statements incorporate the financial statements of the company for the year ended 31 December 1999 and its subsidiaries. Further details are given in note 28 to the accounts.

Going concern

The company's financial statements have been prepared on a going concern basis because the company's ultimate parent Jones Lang LaSalle Incorporated has confirmed that it will provide continuing financial support to the company for the foreseeable future.

Acquisitions and disposals of businesses

On the acquisition of a business, including interests in joint ventures, fair values are attributed to the group's share of net assets acquired. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill. Purchased goodwill is amortised over a period of 20 years.

Goodwill arising on consolidation

Goodwill arising on consolidation in connection with acquisitions prior to 1 January 1998 was written off directly to reserves in the year of acquisition. Amounts arising on acquisitions after that date are capitalised and amortised over a period of between ten and twenty years, the expected useful life.

Turnover

Turnover represents the amounts invoiced, excluding VAT, for the provision of services falling within the group's ordinary activities. All trading arises from the group's principal activities.

The table below sets out the group's turnover by destination.

	1999 £'000	1998 £'000
United Kingdom	76,614	57,150
Germany	26,889	23,055
Benelux	23,527	22,432
France	22,225	15,972
Rest of Europe	14,955	12,386
Canada	122	1,603
	<hr/> 164,332 <hr/>	<hr/> 132,598 <hr/>

Notes (continued)

Depreciation

Depreciation is provided annually on the various categories of fixed assets using the following rates:

Motor vehicles	- on written down value	20% - 50%
Office machinery and fixtures	- on cost	10% - 33%
Computer equipment	- on cost	25% - 33%

Short leasehold improvements and leasehold property are amortised on a straight line basis over the length of the lease.

Investments

Except as stated below, investments held as fixed assets are stated at cost less provision for impairment.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Leases

Assets held under finance leases are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to profit and loss in equal amounts over the lease term.

Pension costs

The group operates a variety of schemes including defined benefit and defined contribution schemes:

(i) UK Schemes

Defined benefit scheme - company

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of the employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Defined contribution scheme - Property Management Resources Limited

Retirement benefits to employees are provided by a defined contribution scheme. Contributions payable by the company in respect of each accounting period are charged to the profit and loss account.

(ii) Overseas Schemes

The pension charges relating to overseas schemes are determined in accordance with local best practice and regulations in the countries concerned.

Foreign exchange

Transactions of companies within the group's UK companies denominated in foreign currencies are translated at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

The assets and liabilities of foreign subsidiaries continue to be translated at the closing exchange rates. Where foreign currency borrowings have been used to finance group investments, the exchange gains or losses arising on the translation of the foreign borrowings are offset as a reserve movement against the exchange differences arising on the retranslation of the net investments.

Notes (continued)

2 Profit on ordinary activities before taxation

	1999 £'000	1998 £'000
Profit on ordinary activities before taxation is stated after including:		
(a) <i>Other operating income:</i>		
Gross rents receivable	304	229
(b) <i>Staff costs:</i>		
Wages and salaries	74,351	65,784
Social security costs	11,672	9,334
Other pension costs (note 20)	4,048	1,681
	90,071	76,799
	No.	No.
Average number of persons employed:		
Technical and administration	1,991	2,133

The directors did not receive any remuneration from the company during the year (1998 - £nil).

	£'000	£'000
(c) <i>Other operating charges:</i>		
Auditors' remuneration - audit fee	355	345
Other payments to auditors		
UK	45	115
Overseas	105	171
Rentals under operating leases:		
Hire of plant and machinery	226	1,531
Other operating leases	7,032	5,793

Auditors' remuneration paid by Jones Lang LaSalle Limited was £116,400 (1998: £110,000). The company bore the cost of auditing all of its UK subsidiary undertakings.

(d) <i>Depreciation and other amounts written off</i>		
<i>tangible fixed assets</i>		
Own assets	4,317	4,213
Assets held under finance leases	23	25
(e) <i>Amortisation of goodwill</i>	33	28

Notes (continued)

2 Profit on ordinary activities before taxation (continued)

	£'000
(f) Profit on disposal of subsidiary undertaking	
Proceeds from disposal	171
Net liabilities disposed of	639
Goodwill previously written off to reserves	(127)
	<hr/> 683 <hr/>

During the year the group sold Jones Lang Wootton Canada Inc.

3 Interest payable and similar charges

	1999 £'000	1998 £'000
Bank loans and overdrafts	532	303
Finance charges - finance leases	10	2
	<hr/> 542 <hr/>	<hr/> 305 <hr/>

4 Tax on profit on ordinary activities

	1999 £'000	1998 £'000
United Kingdom corporation tax at 30.25% (year ended 31 December 1998 - 31%)	3,183	1,987
Deferred taxation	(10)	83
Overseas taxation	4,374	1,989
Double tax relief	(199)	(39)
	<hr/> 7,348 <hr/>	<hr/> 4,020 <hr/>
Adjustment in respect of prior years	(606)	(3)
	<hr/> 6,742 <hr/>	<hr/> 4,017 <hr/>

The tax charge is disproportionately high due to the high incidence of expenditure which does not qualify for tax relief, the non recognition of deferred tax assets within the group and the high effective rate of tax in France, Belgium, Germany, Italy and The Netherlands compared with the UK rate.

Notes (continued)

5 Profit of parent company

As permitted by Section 230 (4) of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year amounted to £5,229,000 (1998 : loss £1,018,000).

6 Intangible fixed assets

	Purchased goodwill £'000	Goodwill arising on consolidation £'000	Group £'000	Company Purchased goodwill £'000
Cost				
At 1 January 1999	-	295	295	-
Additions	90,784	4,508	95,292	90,784
Foreign exchange translation differences	-	(38)	(38)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	90,784	4,765	95,549	90,784
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated amortisation				
At 1 January 1999	-	28	28	-
Charge for year	-	33	33	-
Foreign exchange translation differences	-	(4)	(4)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	-	57	57	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 1999	90,784	4,708	95,492	90,784
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	-	267	267	-
	<hr/>	<hr/>	<hr/>	<hr/>

The purchased goodwill arises within JLL 99 Limited on its acquisition of the activities of the Jones Lang Wootton partnership on 8 March 1999 and was transferred to Jones Lang LaSalle Limited on 31 December 1999. The goodwill arising on consolidation in the year is set out in note 19.

Notes (continued)

7 Tangible fixed assets

Group	Motor vehicles £'000	Office machinery, computer equipment and fixtures £'000	Improvements to short leasehold premises £'000	Short Leasehold Property £'000	Total £'000
Cost					
At 1 January 1999	7,001	18,927	1,447	316	27,691
Foreign exchange translation differences	(313)	(1,187)	-	-	(1,500)
Subsidiary acquired	971	226	-	-	1,197
Additions	1,919	4,259	1	1	6,180
Subsidiary disposed	-	(233)	-	-	(233)
Disposals	(1,126)	(1,963)	-	-	(3,089)
At 31 December 1999	8,452	20,029	1,448	317	30,246
Accumulated depreciation					
At 1 January 1999	3,839	11,783	733	266	16,621
Foreign exchange translation differences	(200)	(835)	-	-	(1,035)
Charge for the year	1,147	3,083	89	21	4,340
Subsidiary disposed	-	(146)	-	-	(146)
Disposals	(839)	(1,816)	(1)	-	(2,656)
At 31 December 1999	3,947	12,069	821	287	17,124
Net book value					
At 31 December 1999	4,505	7,960	627	30	13,122
At 31 December 1998	3,162	7,144	714	50	11,070

The net book value of the group's fixed assets includes motor vehicles amounting to £57,000 (1998: £79,000) and equipment amounting to £46,000 (1998: £39,000) in respect of assets held under finance leases.

Notes (continued)

7 Tangible fixed assets (continued)

Company	Motor vehicles £'000	Office machinery, computer equipment and fixtures £'000	Improvements to short leasehold premises £'000	Short leasehold property £'000	Total £'000
Cost					
At 1 January 1999	4,076	8,414	1,447	316	14,253
Subsidiary acquired	971	200	-	-	1,171
Additions	1,093	2,003	-	-	3,096
Disposals	(640)	(1,099)	-	-	(1,739)
At 31 December 1999	5,500	9,518	1,447	316	16,781
Accumulated depreciation					
At 1 January 1999	2,298	5,251	732	266	8,547
Charge for the year	596	1,323	88	21	2,028
Disposals	(476)	(1,015)	-	-	(1,491)
At 31 December 1999	2,418	5,559	820	287	9,084
Net book value					
At 31 December 1999	3,082	3,959	627	29	7,697
At 31 December 1998	1,778	3,163	715	50	5,706

Notes (continued)

8 Fixed asset investments

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Shares in group companies – subsidiaries	-	-	91,241	1,131
Interests in joint ventures	16	16	16	16
Other investments other than loans	29	44	-	-
	<u>45</u>	<u>60</u>	<u>91,257</u>	<u>1,147</u>
			Group £'000	Company £'000
Shares in group companies – subsidiary undertakings:				
Balance at 1 January 1999			-	1,131
Additions			-	90,110
			<u>-</u>	<u>91,241</u>
Balance at 31 December 1999			<u>-</u>	<u>91,241</u>
Interests in joint ventures:				
Balance at 1 January 1999 and 31 December 1999			16	16
			<u>16</u>	<u>16</u>
Other investments other than loans:				
Balance at 1 January 1999			44	-
Disposals			(15)	-
			<u>29</u>	<u>-</u>
Balance at 31 December 1999			<u>29</u>	<u>-</u>

The directors are satisfied that the group's and company's investments are worth at least as much as the amounts at which they are included in the balance sheet

Shares in group companies - subsidiaries

The principal addition during the year is the acquisition of JLL 99 Limited on 31 December 1999. Additional information on subsidiary undertakings is given in note 27.

Interests in joint ventures

The company's investments in Jones Lang LaSalle KK and Jones Lang Wootton International Limited are not consolidated in these financial statements, as in the opinion of the directors, the amounts involved are immaterial. The investments are stated at cost in the consolidated balance sheet. No dividends were received in the year.

Notes (continued)

9 Debtors

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
	£	£	£	£
Trade debtors	41,725	36,949	17,237	12,889
Amounts owed by:				
Subsidiary undertakings	-	-	2,996	2,362
Jones Lang Wootton	-	6	-	-
Parent company and fellow subsidiaries	5,079	5,252	2,328	-
Other debtors:				
Due within one year	1,864	2,584	722	7,790
Due after more than one year	372	485	-	-
Prepayments and accrued income	11,199	5,569	6,247	2,313
	<u>60,239</u>	<u>50,845</u>	<u>29,530</u>	<u>25,354</u>

10 Creditors: amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	871	3,136	594	1,729
Obligations under finance lease (note 22)	47	81	-	-
Amounts owed to:				
Subsidiary undertakings	-	-	101,030	428
Jones Lang Wootton	-	8,998	-	7,979
Parent company and fellow subsidiaries	2,863	489	1,394	-
Taxation and social security	14,651	11,746	2,070	3,165
Other creditors	6,858	4,278	2,268	1,402
Accruals and deferred income	40,297	28,525	22,177	14,358
	<u>65,587</u>	<u>57,253</u>	<u>129,533</u>	<u>29,061</u>

11 Creditors: amounts falling due after more than one year

	Group	
	1999	1998
	£'000	£'000
Obligations under finance leases (note 22)	39	29
Other creditors	286	156
	<u>325</u>	<u>185</u>

Notes (continued)

12 Provisions for liabilities and charges

Group	Balance at 1 January 1999 £'000	Exchange differences £'000	Debited/ (credited) to profit and loss account £'000	Other movements £'000	Balance at 31 December 1999 £'000
Deferred taxation	83	(10)	(10)	-	63
Pension provision -UK	-	-	1,881	-	1,881
Pension provision - overseas	160	(19)	(16)	-	125
Insurance fund	764	-	(14)	69	819
	<u>1,007</u>	<u>(29)</u>	<u>1,841</u>	<u>69</u>	<u>2,888</u>

Information concerning the pension provision is given in note 20.

The insurance fund relates to the underwriting of insurance and reinsurance business by Orchid Insurance Limited. The excess of premiums over paid claims and expenses for all underwriting years, subject to any transfers to or from the profit and loss account, is carried forward in the insurance fund. Additional information on Orchid Insurance Limited is given in note 27.

The potential deferred taxation liability/(assets) and the portions thereof which are considered likely to be payable/(receivable) within the foreseeable future and therefore provided in the financial statements are:

	1999		1998	
Group	Total potential tax £'000	Amount provided £'000	Total potential tax £'000	Amount provided £'000
Capital allowances in excess of depreciation	(365)	-	(503)	-
Other timing differences – liabilities	63	63	83	83
Other timing differences – assets	(1,343)	-	(287)	-
	<u>(1,645)</u>	<u>63</u>	<u>(707)</u>	<u>83</u>
Company				
Capital allowances in excess of depreciation	(352)	-	(501)	-
Other timing differences	(1,045)	-	(279)	-
	<u>(1,397)</u>	<u>-</u>	<u>(780)</u>	<u>-</u>

Notes (continued)

13 Minority interests

Group	1999 £'000	1998 £'000
Balance at beginning of year	415	310
Retained profit for the year	37	393
Acquisition of subsidiary undertakings	98	-
Subsidiary established in the year	240	-
Payments received in the year	(338)	(331)
Foreign exchange translation differences	(27)	43
	<hr/>	<hr/>
Balance at 31 December 1999	425	415
	<hr/>	<hr/>

14 Called up share capital

	1999 £'000	1998 £'000
Authorised:		
125,000,000 ordinary shares of £1 each	125,000	-
5,000,000 ordinary shares of 1p each	-	50
	<hr/>	<hr/>
Allotted, called up and fully paid:		
89,574,265 ordinary shares of £1 each	89,574	-
848,330 ordinary shares of 1p each	-	8
	<hr/>	<hr/>

On 21 January 1999 the issued share capital was reduced to 828,093 shares of 1p by cancellation of 20,237 shares of 1p. The proceeds of cancellation have been credited to the capital redemption reserve.

On 8 March 1999 the issued share capital was increased to 848,330 shares of 1p by issuing 20,237 shares of 1p.

On 23 December 1999 the authorised share capital was increased to 12,500,000,000 shares of 1p and the issued share capital was increased by issuing 70 shares of 1p to 848,400 shares of 1p. The 1p shares were then converted into shares of £1, giving an authorised share capital of 125,000,000 shares of £1.

On 31 December 1999 the issued share capital was increased to 89,574,265 shares of £1 by issuing 89,565,781 shares of £1 at par in order to acquire JLL 99 Limited.

Notes (continued)

15 Reserves

Group	Capital redemption reserve £'000	Other reserves £'000	Foreign exchange translation reserve £'0000	Profit and loss account £'000
Balance at 1 January 1999	268	643	69	15,655
Profit for the year	-	-	-	1,245
Foreign exchange translation differences	-	-	(1,086)	-
Disposal of subsidiary	-	127	-	-
Transfer on realisation of sale	-	-	5	(5)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 1999	268	770	(1,012)	16,895
	<hr/>	<hr/>	<hr/>	<hr/>
Company				
Balance at 1 January 1999	268	-	-	5,134
Loss for the year	-	-	-	(5,229)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 1999	268	-	-	(95)
	<hr/>	<hr/>	<hr/>	<hr/>

Other reserves represents goodwill and negative goodwill written off directly to reserves.

16 Reconciliation of operating profit to net cash inflow from operating activities

	1999 £'000	1998 £'000
Operating profit	7,334	6,427
Depreciation and amortisation charges	4,373	4,266
Loss/(profit) on sale of tangible fixed assets	34	(78)
Increase/(decrease) in provisions for liabilities and charges	1,901	(404)
(Increase) in debtors	(7,640)	(10,321)
(Decrease)/increase in creditors	(285)	12,025
Foreign exchange differences	(1,268)	(51)
	<hr/>	<hr/>
Net cash inflow from operating activities	4,449	11,864
	<hr/>	<hr/>

Notes (continued)

17 Analysis of net funds

	At 1 January 1999 £'000	Cash flow £'000	Exchange movement £'000	Non-cash changes £'000	Arising on acquisition /disposal of subsidiary undertakings £'000	At 31 December 1999 £'000
Cash in hand and at bank	13,261	(6,769)	(451)	-	781	6,822
Overdrafts	(3,136)	2,189	76	-	-	(871)
	<hr/> 10,125	<hr/> (4,580)	<hr/> (375)	<hr/> -	<hr/> 781	<hr/> 5,951
Finance leases	(110)	55	-	(31)	-	(86)
	<hr/> (110)	<hr/> 55	<hr/> -	<hr/> (31)	<hr/> -	<hr/> (86)
Total	<hr/> 10,015	<hr/> (4,525)	<hr/> (375)	<hr/> (31)	<hr/> 781	<hr/> 5,865

18 Reconciliation of net cash flow to movement in net funds

	1999 £'000	1998 £'000
(Decrease)/increase in cash in the year	(4,580)	3,587
Cash inflow from decrease in debt and lease financing	55	33
	<hr/> (4,525)	<hr/> 3,620
Change in net funds resulting from cash flows	(4,525)	3,620
New finance leases	(31)	(136)
Arising on acquisition/disposal of subsidiary undertakings	781	(144)
Translation difference	(375)	144
	<hr/> (4,150)	<hr/> 3,484
Movement in net funds in the year	(4,150)	3,484
Net funds at start of year	10,015	6,531
	<hr/> 10,015	<hr/> 6,531
Net funds at end of year	5,865	10,015
	<hr/> 5,865	<hr/> 10,015

Notes (continued)

19 Acquisition of subsidiary undertakings

	1999 £'000	1999 £'000	1999 £'000	1999 £'000	1998 £'000
	JLL 99 Ltd	JLW Residential	JLL Gestion SA	Total	Total
Net assets acquired					
Intangible fixed assets	90,784	-	-	90,784	-
Tangible fixed assets	1,171	-	26	1,197	108
Investments	1	-	-	1	-
Debtors	3,678	27	279	3,984	1,536
Cash	576	-	303	879	44
Creditors	(11,050)	-	(411)	(11,461)	(1,300)
Minority interests	-	-	(98)	(98)	(188)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	85,160	27	99	85,286	200
Goodwill	4,406	-	102	4,508	278
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	89,566	27	201	89,794	478
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Satisfied by					
Shares allotted	89,566	-	-	89,566	-
Cash	-	27	201	228	478
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	89,566	27	201	89,794	478
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The company directly acquired JLL 99 Limited on the 31 December 1999 for consideration of £89,565,781 and JLW Residential Limited in March 1999 for consideration of £27,000. The company acquired through a subsidiary undertaking a 50% interest in Jones Lang LaSalle Gestion SA on 1 July 1999, for consideration of £201,000.

The directors considered at the dates of the acquisitions that there was no difference between the fair value of the identifiable assets and liabilities and their book values.

Notes (continued)

19 Acquisition of subsidiary undertakings (continued)

In respect of substantial acquisitions during the year, a summarised profit and loss account for JLL 99 Limited for the period from the beginning of its financial year (1 January 1999) to the effective date of acquisition (31 December 1999) and comparative information for the year ending 31 December 1998 is provided below.

	1999 £'000	1998 £'000
Turnover	70,710	-
Operating expenses	(70,438)	-
	<hr/>	<hr/>
Operating profit	272	-
Amortisation of goodwill	(3,977)	-
Forgiveness of amount owed to parent company	5,881	-
	<hr/>	<hr/>
Profit on ordinary activities before taxation	2,176	-
Tax on profit on ordinary activities	(78)	-
	<hr/>	<hr/>
Profit on ordinary activities after taxation	2,098	-
Dividends	(625)	-
	<hr/>	<hr/>
Retained profit for the year	1,473	-
	<hr/>	<hr/>

There were no recognised gains or losses for the period up until acquisition or during the prior year other than as stated in the summarised profit and loss account. Consequently no statement of total recognised gains and losses has been shown.

Notes (continued)

20 Pensions costs

The group operates a number of pension schemes.

The main scheme was operated by Jones Lang LaSalle Resources, a directly held subsidiary undertaking, until 1 October, 2000. The operation of the scheme reverted to the company following the transfer of all employees from Jones Lang LaSalle Resources. This scheme is a defined benefit scheme providing benefits based on final pensionable pay. The pension scheme is set up under a trust and the assets of the scheme are, therefore, held separately from those of the group.

The pension cost charged to the profit and loss account is calculated by the actuary so as to spread the cost of pensions over the employees' working lives with the company. The pension costs are based on the most recent actuarial valuation which was completed with an effective date of 31 December 1997. The actuarial method used was the projected unit funding method. The most significant assumptions for their effect on the pension costs are those relating to the rate of return on the investments of the scheme and the rate of increase in salaries and pensions. The investment return used was 7.5 per cent per annum. The rate of earnings increase used was 5.5 per cent per annum and pensions were assumed to increase at the rate of 3.5 per cent per annum.

The pension cost charged to the profit and loss account for the year in respect of the group was £1,881,000 (1998: £nil). None of this amount has been paid at the balance sheet date.

The actuarial valuation at 31 December 1997 showed that the market value of the scheme's assets was £55,530,000 and the actuarial value of those assets represented 139% of the liability for benefits, under the valuation method, for service to the valuation date and based on salaries projected to retirement or earlier exit.

Overseas companies

The element of total pension cost relating to foreign schemes includes £2,167,000 for the year (1998: £1,194,000) where the charge is based on contributions payable which have been determined in accordance with local best practice and regulations in Holland, Belgium, France, Spain, Germany and Luxembourg.

Other schemes operated by the group are as follows:

Property Management Resources Limited, whose costs are directly rechargeable, operates a defined contribution pension scheme. The assets of the scheme are held separately from that company in an independently administered fund. The pension cost charge represents contributions payable by Property Management Resources Limited to the fund and amounted to £550,431 in the year (1998: £487,220). Of this pension cost £41,378 is unpaid at the balance sheet date (1998: £85,000).

Notes (continued)

21 Operating lease commitments

At 31 December 1999 the group was committed to making the following payments during the following year in respect of operating leases:

	Land and buildings £'000	Office equipment £'000
Leases which expire:		
Within one year	235	43
Within two to five years	8,483	1,136
After five years	6,051	-
	<hr/> 14,769 <hr/>	<hr/> 1,179 <hr/>

22 Obligations under finance leases

	1999 £'000	1998 £'000
Group		
The minimum lease payments to which the group was committed at 31 December were as follows:		
Due within one year (note 10)	47	81
Due within two to five years (note 11)	39	29
	<hr/> 86 <hr/>	<hr/> 110 <hr/>

23 Capital commitments

	Group		Company	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Contracted for but not provided	428	288	300	200
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

24 Contingent liabilities

Jones Lang LaSalle Limited and intermediate holding companies have given guarantees to the bankers of some of their subsidiary undertakings in order to obtain otherwise unsecured loan and credit facilities. The amounts of each guarantee and subsidiary to which it relates are listed below:

			Amount of loan/ overdraft at 31 December 1999 £'000
Subsidiary undertakings			
French Francs	25,000,000	Jones Lang LaSalle SA France	-
Spanish Pesetas	150,000,000	Jones Lang LaSalle SA Spain	-
Sterling	100,000	Jones Lang LaSalle sp.z.o.o. Poland	64
			<hr/> 64 <hr/>

Jones Lang LaSalle Limited has given an indemnity of £250,000 on behalf of certain UK group companies and guarantees of £712,000 in respect of overseas related parties, all of which terminated during the year.

25 Related party transactions

The following management fees were received in respect of services provided to the Jones Lang Wootton partnership prior to 8 March 1999. The relationship between the company and the Jones Lang Wootton partnership is explained in the directors' report.

	1999 £'000	1998 £'000
Jones Lang Wootton partnership	4,406	22,276
Jones Lang LaSalle Resources	-	28,943
	<hr/>	<hr/>

No amount was due to or from Jones Lang Wootton partnership at the balance sheet date (1998: amounts due £8,998,000 and amounts due from Jones Lang Wootton partnership £6,000).

26 Ultimate controlling party

Until 8 March 1999 the ultimate controlling party was Jones Lang Wootton, a partnership.

Between 8 and 11 March 1999, the company was controlled by the individual partners of the Jones Lang Wootton partnership.

After the 11 March 1999 the ultimate controlling party was Jones Lang LaSalle Incorporated, a company incorporated in Maryland, USA.

On 31 December 1999 the immediate parent became Jones Lang LaSalle Europe Limited, an indirect subsidiary of Jones Lang LaSalle Incorporated.

Copies of the group financial statements of Jones Lang LaSalle Incorporated can be obtained from Jones Lang LaSalle Incorporated, 200 East Randolph Drive, Chicago, Illinois 60601, USA. This is the only company in which the results of the group are consolidated.

Notes (continued)

27 Additional information on subsidiary undertakings and joint ventures

Subsidiary undertakings	Activity	Country of incorporation/ registration and operation	Proportion of ordinary shares held %
<i>Direct holdings</i>			
JLL99 Limited Formerly - Jones Lang LaSalle Limited	Surveying services	England	100
Jones Lang LaSalle Corporate Finance Limited Formerly - JLW Finance Limited	Financial services	England	100
Property Management Resources Limited	Staff services provider	England	100
PMR Pension Trustees Limited	Trustee company	England	100
Jones Lang LaSalle Pension Trustees Formerly - JLW Pension Trustees	Trustee company	England	100
J.L.W. Nominees Limited	Nominee company	England	100
J.L.W. Second Nominees Limited	Nominee company	England	100
Jones Lang LaSalle Resources Formerly - JLW Resources	Employment Services	England	100
J.L.W. Jones Limited	Surveying services	England	100
AMAS Limited Formerly - Wootton Asset Managers Limited	Surveying services	England	100
Jones Lang LaSalle European Services Limited Formerly - Jones Lang Wootton European Services Limited	Surveying services	England	100
Jones Lang LaSalle European Holdings Limited Formerly - Jones Lang Wootton European Holdings Limited	Holding company	England	100
Jones Lang LaSalle European Resources Limited Formerly - Jones Lang Wootton European Resources Limited	Surveying services	England	100
Jones Lang LaSalle Eastern European Services Limited Formerly - Jones Lang Wootton Eastern European Services Limited	Surveying services	England	100
JLW Staff Resources	Dormant company	England	100
Jones Lang Wootton Formerly - Jones Lang LaSalle	Dormant company	England	100
JLW Residential Limited Formerly - JLW & WAE Residential Limited	Surveying services	England	100
J.L.W. Estate Management Services	Dormant company	England	100
J.L.W. Building Surveying Services	Dormant company	England	100
Jones Lang Wootton Insurance Services	Dormant company	England	100

Notes (continued)

27 Additional information on subsidiary undertakings and joint ventures (continued)

Subsidiary undertakings	Activity	Country of incorporation/ registration and operation	Proportion of ordinary shares held %
<i>Direct holdings (continued)</i>			
Jones Lang Wootton Fund Management Limited	Dormant company	England	100
Jones Lang Limited Formerly - Jones Lang LaSalle Europe Limited	Dormant company	England	100
RM Client Management Services Limited	Dormant company	England	100
Richard Main & Company	Dormant company	England	100
JLW European Holdings Limited	Holding company	Jersey	100
Orchid Insurance Limited	Insurance underwriting	Guernsey	100
JLW Canadian Holdings Inc.	Holding company	Canada	100
<i>Indirect holdings</i>			
Wonderment NV	Holding company	Curacao	100
Jones Lang LaSalle SA Formerly - Jones Lang Wootton SA	Surveying services	Belgium	100
Jones Lang LaSalle (Luxembourg) Secs Formerly - Jones Lang Wootton (Luxembourg) Secs	Surveying services	Luxembourg	90
Jones Lang LaSalle SA Formerly - Jones Lang Wootton SA	Surveying services	France	100
Jones Lang LaSalle Property Management Services SARL Formerly - Jones Lang Wootton Property Management Services SARL	Surveying services	France	100
Jones Lang LaSalle Balay Prenot SA Formerly - Jones Lang Wootton Balay Prenot SA	Surveying services	France	100
Jones Lang LaSalle Gestion SA	Surveying services	France	50
Jones Lang LaSalle GmbH Formerly - Jones Lang Wootton GmbH	Surveying services	Germany	100
Jones Lang LaSalle GmbH Formerly - Jones Lang Wootton GmbH	Surveying services	Austria	100
Jones Lang LaSalle srl Formerly - Jones Lang Wootton srl	Surveying services	Italy	100
Jones Lang LaSalle Espana SA Formerly - Jones Lang Wootton Espana SA	Surveying services	Spain	100
Jones Lang LaSalle Laese SL Formerly - JLW Laese SL	Surveying services	Spain	100

Notes (continued)

27 Additional information on subsidiary undertakings and joint ventures (continued)

Subsidiary undertakings	Activity	Country of incorporation/ registration and operation	Proportion of ordinary shares held %
<i>Indirect holdings (continued)</i>			
Laese de Desarrollo de Centros Comerciles SA	Surveying services	Spain	100
Laese de Gestion Centros Comerciales SA	Surveying services	Spain	100
Laese de Servicios para Centros Comerciales SA	Surveying services	Spain	100
Laese de Desarrollo de Centros Comerciales SA	Surveying services	Spain	100
Laese de Centros Comerciales SA	Surveying services	Portugal	100
Jones Lang LaSalle AB Formerly - Jones Lang Wootton AB	Surveying services	Sweden	100
Jones Lang LaSalle Asset Management AB	Surveying services	Sweden	55
Jones Lang LaSalle Sp z.o.o Formerly - Jones Lang Wootton Sp. z.o.o	Surveying services	Poland	100
Jones Lang LaSalle srl Formerly - Jones Lang Wootton Srl	Surveying services	Romania	100
Jones Lang LaSalle Ingationaforaimazo Szaktanacsado es Szolgaltata Kft Formerly - Jones Lang Wootton Ingationforaimazo Szaktanacsado es Szolgaltata Kft	Surveying services	Hungary	100
Jones Lang LaSalle BV Formerly - Jones Lang Wootton B.V.	Surveying services	Netherlands	100
Wonderment B.V.	Holding company	Netherlands	100
Jones Lang LaSalle LLC Formerly - Jones Lang Wootton LLC	Surveying services	Russia	100
Jones Lang LaSalle BV Formerly - Jones Lang Wootton B.V.	Surveying services	Netherlands	100
Jones Lang LaSalle Vastgoed Management BV Formerly - JLW Vastgoed Management BV	Surveying services	Netherlands	100
Jones Lang LaSalle Vastgoed Taxaties BV Formerly - JLW Vastgoed Taxaties BV	Surveying services	Netherlands	100
Jones Lang LaSalle Vastgoed Adviseurs BV Formerly - JLW Vastgoed Adviseurs BV	Surveying services	Netherlands	100
Jones Lang LaSalle BBP Project Management BV Formerly - Buijs Business Promotions BV	Surveying services	Netherlands	100

Notes *(continued)*

27 Additional information on subsidiary undertakings and joint ventures *(continued)*

Subsidiary undertakings	Activity	Country of incorporation/ registration and operation	Proportion of ordinary shares held %
<i>Indirect holdings (continued)</i>			
Jones Lang LaSalle Investment Consultants BV Formerly - JLW Investment Consultants BV	Surveying services	Netherlands	100
Jones Lang LaSalle Research & Consultancy BV Formerly - JLW Research & Consultancy BV	Surveying services	Netherlands	100
Jones Lang LaSalle Woningbeheer BV Formerly - JLW Woningbeheer BV	Surveying services	Netherlands	100
Neottia BV	Surveying services	Netherlands	100
Ophrys BV	Surveying services	Netherlands	100
Pleone BV	Surveying services	Netherlands	100
Cattelya BV	Surveying services	Netherlands	100
Epipactis BV	Surveying services	Netherlands	100
Joint ventures			
Jones Lang LaSalle KK Formerly - Jones Lang Wootton KK	Surveying services	Japan	33.3
Jones Lang Wootton International Limited	Global investment advice	Bermuda	33.3
JLW Management Services LLC	Holding company	Russia	50
SJI Management Limited	Surveying services	Cyprus	50

All joint ventures are incorporated.