Jones Lang LaSalle Limited

Directors' report and financial statements

Registered number 1188567

31 December 2012

Contents

Directors' Report

The directors present their directors' report and the audited financial statements for the year ended 31 December 2012

Business review and principal activities

The principal activity of the company is the provision of services and advice relating to all aspects of commercial real estate for investors and occupiers

The company continues to hold interests in companies mostly in Europe through its subsidiary Jones Lang LaSalle European Holdings Limited

Turnover from continuing operations increased from £220 4m to £266m reflecting a full year contribution of the former King Sturge business compared to 7 months in 2011 and the inclusion of the Jones Lang LaSalle businesses in Scotland from 1st January 2012 following the transfer of their trade and net assets to the company

The company recorded an operating profit before exceptional items of £18 5m (2011 loss of £10 5m) from continuing operations The marked improvement in operating profit in 2012 is due in part to the successful integration of the former King Sturge business, the result of successful cost containment measures arising from the on-going restructuring exercise which began in 2011, and a slow improvement in market conditions in the UK

As part of the process of integrating the King Sturge business with Jones Lang LaSalle, management continued with its programme of integration and restructuring This included lease termination costs, employee retention bonuses, IT related costs and severance costs The total cost of these one off actions during this period was £24m (2011 £20 7m) Management expect the major part of this exercise to be completed by the end of 2013

The table below shows the movement in operating performance taking exceptional items and goodwill amortisation into account

	2012	2011
	£'000	£'000
Operating loss	**(5,499)**	(31,150)
Exceptional items	**23,954**	20,685
Goodwill amortisation	**4,920**	4,920
Operating profit/(loss) excluding exceptional items amortisation of goodwill and exceptional items	**23,375**	(5,545)

Key performance indicators ("KPIs")

Indicator	2012	2011	Commentary
Sales (%) (Year on year sales increase/(decrease) expressed as a percentage)	20 7	43 7	A full year contribution of the King Sturge business in 2012 compared to 7 months in 2011
Adjusted operating margin (%) (Operating profit/(loss) excluding exceptional items & goodwill amortisation)	8 8	(2 5)	Improvement reflects the benefits of the integration of the King Sturge business and results of the cost containment measures arising from last year's restructuring efforts
Net margin (%) (Ratio of profit/(loss) for the financial year to sales, expressed as a percentage)	(1 3)	(14 4)	Improved margin reflects the full year contribution of the King Sturge business and quick wins from the on-going restructuring exercise

Directors' Report *(continued)*

Future outlook

Despite continued Eurozone uncertainties, the first half year of 2013 saw the beginnings of a slow, gradual return to growth in activity levels In spite of improved investor confidence and market momentum, there remain risks to the recovery to date

The directors continue to be cautious in respect of the second half of the year given the fragile nature of improved market sentiment Concerns over sovereign debt and weak Eurozone growth continue to weigh heavily as risks to recovery despite improving economic data

With a solid start to 2013 and the benefits of the combination with King Sturge, the company remains well placed to successfully negotiate the fragile economic environment, and to continue to look for growth opportunities

The directors continue to be committed to the following priorities to guide the business through this difficult period

- Absolute focus on clients
- Drive productivity to increase quality, reduce cost and improve operating margins across all business lines
- Take advantage of new areas of opportunity
- Continue to grow annuity revenue
- Protect and grow market share
- Retain and attract key business leaders

Focusing on the above at this point in the market cycle places the company in a strong position to grow revenues and profits

Directors' Report *(continued)*

Rısks

The contınued ımpact of the wıder Global / European macro-economıc uncertaınty means that the UK busıness envıronment remaıns tough In lıght of thıs, the board maıntaıns a heıghtened on-goıng focus on both the wıder external and busıness specıfic rısk

Rısks are formally revıewed by the board and appropriate processes are put ın place to monıtor and mıtıgate them If more than one event occurs, ıt ıs possıble that the overall effect of such events would compound the possıble adverse effects on the company

The key busıness specıfic rısks affectıng the company, as ıdentıfied by the dırectors are set out below

Declıne ın acquısıtıon and disposıtıon actıvıty

A general declıne ın acquısıtıon and dısposıtıon actıvıty can lead to a reductıon ın fees and commıssıons for arrangıng such transactıons, as well as ın fees and commıssıons for arrangıng financıng for acquırers

Declıne ın the real estate values and performance, leasing actıvıty and rental levels

A general declıne ın the value and performance of real estate and rental levels can lead to a reductıon ın fees and commıssıons that are based upon the value of, or revenues produced by, the propertıes wıth respect to whıch servıces are provıded, ıncludıng fees and commıssıons for property management and valuatıons, and for arrangıng acquısıtıons, dısposıtıons, leasıng and financıngs

The cyclıcal nature of the real estate markets

Thıs may lead to an ımpact on the company's profitabılıty

Lıquıdıty risk

The company's rısk to lıquıdıty ıs a result of the funds avaılable to cover future commıtments The company manages lıquıdıty rısk through an on-goıng revıew of future commıtments, credıt facılıtıes and cash reserves

Cash flow forecasts are prepared and adequate utılısed borrowıng facılıtıes are monıtored

Foreıgn exchange risk

The company ıs exposed to foreıgn exchange rısk arısıng from varıous currency exposures, prımarıly wıth respect to the US dollar and the Euro

Results and dıvıdends

The results of the company for the year ended 31 December 2012 are set out on page 8

The dırectors dıd not pay an ınterım dıvıdend durıng the year *(2011 £nıl)*

The dırectors do not recommend the payment of a final dıvıdend *(2011 £nıl)*

Directors' Report *(continued)*

Directors

The directors during the year and to the date of signing were

SJ Cresswell
RC Batten
RO Howling
M Stupples
AJ Mottram (resigned 22 March 2013)
AJ Gould (resigned 22 March 2013)
RM Fiddes (resigned 1 October 2012
AR Irvine (appointed 28 February 2012)
A Humphery (appointed 28 February 2012)
C Macfarlane (appointed 28 February 2012)
C Ireland (appointed 25 January 2013)
GJ Grainger (appointed 25 January 2013)
R Knight (appointed 22 October 2012)

Secretary

NG Taylor
RH Webster
AJ Bruce

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

Employee consultation

The company has in place established methods and 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 the company intranet, regular written briefings circulated to all staff and by meetings of staff to provide information to operating units and departments and to receive feedback

Political and charitable contributions

During the year the company made contributions for charitable purposes of £156,542 *(2011 £55,534)* It is company policy not to make contributions for political purposes

Payment policy for creditors

The company's policy is to use its purchasing power fairly and, wherever possible, to pay in accordance with terms agreed with suppliers

The company agrees payment terms with suppliers when it orders items or commits expenditure It is the company's policy to make payments for purchases on agreed terms, provided that the relevant invoice is presented to the company in a timely fashion and is complete It seeks to adhere to these arrangements providing it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions In instances where delays in payments occur, remedial action is sanctioned by an executive of the company

Directors' Report *(continued)*

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor, KPMG Audit Plc will be deemed to be reappointed and will therefore continue in office

By order of the board on 25th September 2013

RH Webster

Secretary

Registered office

22 Hanover Square
London W1S 1JA

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditor's report to the members of Jones Lang LaSalle Limited

We have audited the financial statements of Jones Lang LaSalle Limited for the year ended 31 December 2012 set out on pages 8 to 31 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

S. McCallion

Sean McCallion (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL

30 September 2013

Profit and loss account

for the year ended 31 December 2012

	Note	**2012**	2011
		£'000	£'000
Turnover		**265,958**	220,363
Operating expenses	*2*	**(247,503)**	(230,828)
Exceptional items	*5*	**(23,954)**	(20,685)
Operating loss		**(5,499)**	(31,150)
Interest receivable and similar income	*6*	**5,709**	7,821
Interest payable and similar charges	*7*	**(3,505)**	(4,953)
Loss on ordinary activities before taxation		**(3,295)**	(28,282)
Tax on loss on ordinary activities	*8*	**(106)**	(3,462)
Loss for the financial year	19	**(3,401)**	(31,744)

All the Company's revenues and costs are derived from continuing operations

The Company's revenues and costs are reported on the historical cost basis Accordingly there is no difference between historical cost profits and losses and those presented

The notes on pages 11 to 31 form part of these financial statements

Balance sheet
at 31 December 2012

	Note	2012	2011
		£'000	£'000
Fixed assets			
Intangible assets	*9*	**33,077**	37,997
Tangible assets	*10*	**21,797**	22,877
Investments	*11*	**121,680**	209,722
		176,554	270,596
Current assets			
Debtors	*12*	**263,729**	251,652
Cash at bank and in hand		**88**	864
		263,817	252,516
Creditors amounts falling due within one year	*14*	**(278,391)**	(359,860)
Net current liabilities		**(14,574)**	(107,344)
Total assets less current liabilities		**161,980**	163,252
Creditors amounts falling due after more than one year	*15*	**(4,481)**	(7,392)
Provisions for liabilities and charges	*16*	**(12,489)**	(4,165)
Net assets excluding pension liabilities		**145,010**	151,695
Pension liabilities			
Total of defined benefit schemes With net liabilities	*17*	**(367)**	(5,604)
Net assets including pension liabilities		**144,643**	146,091
Capital and reserves			
Called up share capital	*18*	**121,088**	121,088
Capital contribution reserve	*19*	**90,557**	89,835
Capital redemption reserve	*19*	**268**	268
Profit and loss account	*19*	**(67,270)**	(65,100)
Equity shareholders' funds		**144,643**	146,091

These financial statements were approved by the board of directors on 25th September 2013 and were signed on its behalf by

RO Howling (Director)

The notes on pages 11 to 31 form part of these financial statements

Statement of total recognised gains and losses

for the year ended 31 December 2012

	Note	2012	2011
		£'000	£'000
Loss for the financial year		**(3,401)**	(31,744)
Actuarial gain/(loss) recognised in the pension scheme	17	**919**	(12,987)
Deferred tax arising on losses in the pension scheme		**(361)**	3,376
Total recognised gains and losses relating to the financial year		**(2,843)**	(41,355)

Reconciliation of movements in shareholders' funds

for the year ended 31 December 2012

	2012	2011
	£'000	£'000
Loss for the financial year	**(3,401)**	(31,744)
Capital contributed	**722**	-
Other recognised gains and losses relating to the year (net of tax)	**558**	(9,611)
Share based payments charge for the year		
Parent company shares vesting	**(2,131)**	(2,260)
Share based payment amortisation	**3,037**	4,339
Movement in accruals for share based payment recharge	**(233)**	2,563
Net reduction to shareholders' funds	**(1,448)**	(36,713)
Opening shareholders funds	**146,091**	182,804
Closing shareholders' funds	**144,643**	146,091

The notes on pages 11 to 31 form part of these financial statements

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard No 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Jones Lang LaSalle Incorporated, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investors in the group qualifying as related parties) The consolidated financial statements of Jones Lang LaSalle Incorporated within which this company is included can be obtained from the address given in note 23

The company is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare group accounts on the basis that the results of the company and all of its subsidiary undertakings are included in the consolidated financial statements of the ultimate parent undertaking, Jones Lang LaSalle Inc, which are prepared on an equivalent manner to the provisions of the EU seventh directive These financial statements present information about the company and not about its group

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons The company is dependent for its working capital on funds provided to it by Jones Lang LaSalle Incorporated, the ultimate parent company Jones Lang LaSalle Incorporated has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

Turnover

Turnover is measured at the fair value of the consideration received or receivable Revenue comprises transaction commissions, advisory and management fees and project and development management fees, exclusive of sales-related taxes and amounts due to third parties

Transaction commissions related to agency leasing services, capital markets services and tenant representation services are recognised as income when we provide the related service unless future contingencies exist If future contingencies exist, we defer recognition of revenue until the respective contingencies have been satisfied

Advisory and management fees related to property management services, valuation services, corporate property services and strategic consulting are recognised as income in the period in which the related service is performed

Project and development management fees are recognised by applying the "percentage of completion" method of accounting We use the efforts expended method to determine the extent of progress toward completion for project and development management fees

Notes *(continued)*

1 Accounting policies *(continued)*

Goodwill

Purchased goodwill arising on business combinations in respect of acquisitions before 1 January 1998, when FRS 10 *Goodwill and intangible assets* was adopted, was written off to reserves in the year of acquisition When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions since 1 January 1998 is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost, less the estimated residual value of tangible fixed assets, by equal instalments over their estimated useful economic lives as follows

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

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

Investments

Investments held as fixed assets are stated at cost less provision of impairment

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Pension costs

The Company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Company in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

The Company also operates two pension schemes providing benefits based on final pensionable pay The assets of the schemes are held separately from those of the Company

Pension scheme assets are measured using market values Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Share based payments

The share option programmes allow employees to acquire shares of the ultimate parent company The fair value of options granted after 7 November 2002 and those not yet vested at 1 January 2010 is recognised as an employee expense with a corresponding increase in equity The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options The fair value of the SAYE Scheme granted is measured using a valuation pricing model, taking into account the terms and conditions upon which the shares were granted The amount recognised as an expense is adjusted to reflect the actual number of share options that vest

The company receives a recharge from its ultimate parent company for the full value of shares issued when they vest Because the charge is clearly linked to the share awards it is recognised directly in the profit and loss reserve An accrual is made at each year end for the expected value of the charge based on the share price at year end, so as to spread the overall expected charge over the vesting period

Notes *(continued)*

2 Operating expenses

	2012 £'000	2011 £'000
Loss on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration		
Audit of these financial statements	77	50
Audit of financial statements of subsidiaries of the company	78	58
Other services	271	220
Rentals under operating leases		
Hire of plant and machinery	630	23
Land and buildings	12,631	10,082
Other	-	2,081
Depreciation	6,276	5,800
Amortisation of goodwill	4,920	4,920
Intercompany debt forgiveness	(910)	(1,344)

The company bore the cost of the audit of all of its UK subsidiary undertakings

Fees for Sarbanes-Oxley compliance work were borne by the ultimate parent company

3 Remuneration of directors

	2012 £'000	2011 £'000
Directors' emoluments	5,323	2,006
Company contributions to money purchase pension schemes	248	113
	5,571	2,119

The aggregate of emoluments of the highest paid director was £1,058,142 (2011 £535,862) and company pension contributions of £16,000 (2011 £15,000) were made to a money purchase scheme on his behalf He is not a member of a defined benefit scheme The highest paid director exercised share options in the ultimate holding company during the year During the year the highest paid director did not receive shares in the ultimate holding company in respect of his service under long term incentive plan

	Number of directors 2012	2011
Retirement benefits accrued to the following number of directors under money purchase schemes	13	7
The number of directors who exercised share options	4	-
The number of directors in respect of whose services shares were received under long term incentive scheme	7	2

Notes *(continued)*

4 Staff costs

	2012	2011
The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows	No	No
Managerial and professional	2,319	1,663

	2012	2011
	£'000	£'000
The aggregate payroll costs of these persons (including directors) were as follows		
Wages and salaries	166,583	131,117
Social security costs	19,258	17,904
Other pension costs		
Defined contribution fund *(see Note 17)*	9,351	8,258
Defined benefit fund *(see Note 17)*	1,469	745
Share based payments	8,036	5,816
	204,697	163,840

5 Exceptional items

Integration and restructuring cost incurred in the process of integrating the King Sturge business with Jones Lang LaSalle These costs have been separately identified as they are not considered to be "business as usual" expenses These are separately identified and presented to give a clearer understanding of the performance of the business It also shows the information in the same way as it is presented and reviewed by management

	2012	2011
	£'000	£'000
Exceptional items	23,954	20,685

6 Interest receivable and similar income

	2012	2011
	£'000	£'000
Bank interest	5	386
Interest receivable from fellow subsidiaries	4,048	5,779
Interest on pension scheme	1,656	1,656
	5,709	7,821

7 Interest payable and similar charges

	2012	2011
	£'000	£'000
Interest payable to third parties	45	23
Interest payable to fellow subsidiaries	3,460	4,930
	3,505	4,953

Notes *(continued)*

8 Tax on loss on ordinary activities

Analysis of charge/(credit) in the year

	2012 £'000	2011 £'000
United Kingdom corporation tax at 24.5% (2011. 26 5%)		
Refund of overpayment from group companies in respect of prior periods losses	-	329
Adjustments in respect of previous years	16	1,155
Current year tax	-	-
Total current tax	16	1,484
Deferred tax at 23% (2011. 25%)		
Origination and reversal of timing differences		
Pension provision	1,397	1,401
Other movements *(see Note 13)*	(1,307)	577
Total deferred tax	90	1,978
Tax on loss on ordinary activities	106	3 462

Factors affecting tax charge for the year
The tax assessed differs from the application of the standard rate of corporation tax in the UK (24 5%) (2011 26 5%) to the company s loss before taxation for the following reasons

	2012	2011
Loss on ordinary activities before tax	(3,295)	(28,282)
Tax credit on loss at a standard rate of 24 5% (2011 26 5%)	(807)	(7,495)
Expenses not deductible for tax purposes	1,382	3,244
Impact of share based payment recharges	17	(651)
Group relief for current year	1,087	6,747
Depreciation in excess of capital allowances	89	(67)
Other timing differences	(1,545)	(1,422)
Adjustments in respect of previous years	16	1,155
Intercompany debt forgiveness	(223)	(356)
Refund of overpayment from group companies in respect of prior periods losses	-	329
Total current tax charge - see above	16	1,484

The Budget of the Chancellor of the Exchequer, dated 21 March 2012 announced a phased reduction in the main UK corporation tax rate from 26% to 22% by April 2014, with a 2% reduction taking effect from 1 April 2012 (substantively enacted on 26 March 2012), followed by a subsequent reduction to 23% from 1 April 2013 (substantively enacted on 3 July 2012) and a further reduction to 22% from 1 April 2014 The Autumn Statement of the Chancellor of the Exchequer, dated 5 December 2012 announced the intention to reduce the corporation tax rate in the UK for large companies to 21% by April 2014 The Budget of the Chancellor of the Exchequer, dated 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 1 April 2015, substantively enacted in July 2013

Notes *(continued)*

9 Intangible fixed assets

	Purchased goodwill £'000
Cost	
At 1 January and 31 December 2012	**94,481**
Amortisation	
At 1 January 2012	56,484
Charge for the year	4,920
At 31 December 2012	**61,404**
Net book value	
At 31 December 2012	**33,077**
At 31 December 2011	37,997

Purchased goodwill principally relates to the acquisition of the activities of the Jones Lang Wootton partnership on 8 March 1999 The average useful economic life of purchased goodwill is 20 years

10 Tangible fixed assets

	Motor vehicles £'000	Office machinery, computer equipment and fixtures £'000	Improvements to short leasehold premises £'000	Total £'000
Cost				
At 1 January 2012	381	22,759	16,838	39,978
Additions	-	4,912	822	5,734
Disposals	(102)	(4,310)	-	(4,412)
At 31 December 2012	**279**	**23,361**	**17,660**	**41,300**
Depreciation				
At 1 January 2012	187	11,776	5,138	17,101
Charge for the year	42	4,059	2,175	6,276
Disposals	(67)	(3,807)	-	(3,874)
At 31 December 2012	**162**	**12,028**	**7,313**	**19,503**
Net book value				
At 31 December 2012	**117**	**11,333**	**10,347**	**21,797**
At 31 December 2011	194	10,983	11,700	22,877

Notes *(continued)*

11 Fixed asset investments

	2012	2011
	£'000	£'000
Shares in group companies – subsidiaries	120,562	209,405
Other investments	1,118	317
	121,680	209,722

	£'000
Shares in group companies – subsidiary undertakings	
At 1 January 2012	209,405
Additions	723
Transfer of investment to another group company	(89,566)
At 31 December 2012	120,562

Investment in Jones Lang Wootton Limited was transferred during the year to fellow group company Roger Chapman Limited

	£'000
Other investments	
At 1 January 2012	317
Additions	1,000
Movements recognised in profit and loss account	(199)
At 31 December 2012	1,118

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

Notes *(continued)*

11 Fixed asset investments *(continued)*

Principal subsidiaries	Activity	Country of incorporation/ registration and operation	Proportion of ordinary shares held %
Direct holdings			
Jones Lang LaSalle Corporate Finance Limited	Financial services	England	100
Jones Lang LaSalle Resources Limited	Staff services provider	England	100
Jones Lang LaSalle European Services Limited	Surveying services	England	100
Jones Lang LaSalle European Holdings Limited	Holding company	England	97
Rogers Chapman Limited	Surveying services	England	100
HG2 Limited (formerly Hargreaves Goswell Limited)	Surveying services	England	100
AMAS Limited	Dormant	England	100
JLW Nominees Ltd	Dormant	England	100
JLW Second Nominees Ltd	Dormant	England	100
Tetris Projects Limited	Refurbishment & fit-out services	England	100

A full list of companies will be included in the company's annual return

Notes *(continued)*

12 Debtors

	2012 £'000	2011 £'000
Trade debtors	**56,337**	54,559
Amounts owed by		
Subsidiary undertakings	**16,837**	8,637
Parent company and fellow subsidiaries	**161,493**	163,906
Deferred tax asset	**2,661**	1,429
Other debtors	**2,723**	721
Prepayments and accrued income	**23,678**	22,400
	263,729	251,652

13 Deferred taxation movement

	2012 £'000	2011 £'000
At the beginning of the year	**1,429**	1,931
(Charged)/credited to profit and loss account *(see Note 8)*	**1,307**	(577)
Other movements in balance sheet	**(75)**	75
At 31 December 2012 *(see Note 12)*	**2,661**	1,429
Amounts fully provided for deferred taxation		
Accelerated depreciation	**1,222**	578
Company share schemes	**1,439**	776
Other timing differences	**-**	75
	2,661	1,429

Deferred tax assets of £11,266,000 in respect of unutilised trading taxable losses and of £410,000 in respect of unutilised non-trade taxable losses carried forward at 31 December 2012 have not been provided for due to uncertainty surrounding the timing for future taxable profits available for offset

Notes *(continued)*

14 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Amounts due to		
Subsidiary undertakings	**9,358**	98,793
Parent company and fellow subsidiaries	**181,319**	160,032
Taxation and social security	**14,843**	18,604
Other creditors	**4,615**	4,400
Accruals and deferred income	**68,256**	78,031
	278,391	359,860

15 Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Accruals due after more than one year	**4,344**	7,392
Other creditors	**137**	-
	4,481	7,392

16 Provisions for liabilities and charges

	Dilapidations £'000	Onerous lease £'000	Total £'000
At the beginning of the year	**4,165**	**4,455**	**8,620**
Additions	**288**	-	**288**
Utilisation in the year	**(226)**	-	**(226)**
Interest charge	-	3,807	3,807
At 31 December 2012	**4,227**	**8,262**	**12,489**

Onerous lease provision in previous year was included in creditors

Notes *(continued)*

17 Pension schemes

The Company operates a defined contribution pension scheme The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £9,351,000 (2011 £8,258,000) There were no outstanding or prepaid contributions at either the beginning or end of the financial year

The Company also operates two pension schemes providing benefits based on final pensionable pay The latest full actuarial valuation was carried out at 24 December 2012 for the Jones Lang LaSalle scheme and at 30 September 2010 for the King Sturge scheme Both schemes were updated for FRS 17 purposes to 31 December 2012 by a qualified independent actuary The Jones Lang LaSalle Limited Group contributions for the year were £5,920,000 *(2011 £10,444,000)* The Company expects to contribute around £5,580,000 to its pension schemes in 2013

	2012 King Sturge scheme £'000	**2012 Jones Lang LaSalle scheme £'000**	**2012 Total £'000**	2011 £'000
Fair value of plan assets	**57,158**	**116,110**	**173,268**	153,497
Present value of unfunded defined benefit obligations	**(61,612)**	**(112,133)**	**(173,745)**	(160,969)
(Deficit)/surplus	**(4,454)**	**3,977**	**(477)**	(7,472)
Related deferred tax	**1,024**	**(914)**	**110**	1,868
Net (deficit)/surplus	**(3,430)**	**3,063**	**(367)**	(5,604)

Movements in present value of defined benefit obligation

	2012 King Sturge scheme £'000	**2012 Jones Lang LaSalle scheme £'000**	**2012 Total £'000**	2011 £'000
Benefit obligation at beginning of year	**54,682**	**106,287**	**160,969**	101,883
Transfer	**-**	**-**	**-**	51,518
Current service cost	**565**	**904**	**1,469**	745
Interest cost	**2,550**	**4,923**	**7,473**	6,997
Actuarial loss	**4,524**	**3,827**	**8,351**	2,761
Benefits paid	**(709)**	**(3,808)**	**(4,517)**	(2,935)
Benefit obligation at end of year	**61,612**	**112,133**	**173,745**	160,969

Analysis of defined benefit obligation

	2012 King Sturge scheme £'000	**2012 Jones Lang LaSalle scheme £'000**	**2012 Total £'000**	2011 £'000
Plans that are wholly or partly funded	**61,612**	**112,133**	**173,745**	160,969

Notes *(continued)*

17 Pension schemes *(continued)*

Movements in fair value of plan assets

	2012 King Sturge scheme £'000	2012 Jones Lang LaSalle scheme £'000	2012 Total £'000	2011 £'000
Fair value of plan assets at beginning of year	51,045	102,452	153,497	102,279
Expected return on plan assets	3,046	6,052	9,098	8,653
Transfer	-	-	-	45,282
Actuarial gain/(loss)	1,906	7,364	9,270	(10,226)
Employer contributions	1,870	4,050	5,920	10,444
Benefits paid	(709)	(3,808)	(4,517)	(2,935)
Fair value of plan assets at end of year	57,158	116,110	173,268	153,497

Amounts in the balance sheet

	2012 King Sturge scheme £'000	2012 Jones Lang LaSalle scheme £'000	2012 Total £'000	2011 £ 000
Funded status	(4,454)	3,977	(477)	(7,472)

Components of pension cost

	2012 King Sturge scheme £'000	2012 Jones Lang LaSalle scheme £'000	2012 Total £'000	2011 £'000
Interest cost	2,550	4,923	7,473	6,997
Expected return on plan assets	(3,046)	(6,052)	(9,098)	(8,653)
Net benefit	(496)	(1,129)	(1,625)	(1,656)
Current service cost	565	904	1,469	745
Total pension cost / recognised in the profit and loss account	69	(225)	(156)	(911)

The current service cost is recognised in operating expenses and the interest benefit is recognised in interest receivable and similar income in the profit and loss account

Notes *(continued)*

17 Pension schemes *(continued)*

Actuarial loss/(gain)

	2012 King Sturge scheme £'000	2012 Jones Lang LaSalle scheme £'000	2012 Total £'000	2011 £ 000
Actuarial gain/(loss) immediately recognised in statement of total recognised gains and losses	2,618	(3,537)	(919)	12 987
Cumulative amount of actuarial loss/(gain) immediately recognised	7,502	(5,937)	1,565	2,484

Plan assets

The weighted-average asset allocation at the year end was as follows

	2012 King Sturge scheme %	2012 Jones Lang LaSalle scheme %	2012 Total - average %	2011 %
Equities	72.3	37 2	54 7	54 6
Bonds	27.0	42.1	34 6	34 6
Diversified growth fund	-	18 3	9 2	10 0
Other	0.7	2 4	1 5	0 8
	100.0	100.0	100 0	100 0

To develop the expected long-term rate of return on assets assumption, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class The expected return for each asset class was then weighted based on the asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio

	2012 King Sturge scheme £'000	2012 Jones Lang LaSalle scheme £'000	2012 Total £'000	2011 £'000
Actual return/(loss) on plan assets	4,952	13,416	18,368	(1,573)

Weighted average assumption used to determine benefit obligation at year end

	2012 %	2011 %
Discount rate	4.40	4 70
Rate of compensation/salary increase	3 40	3 40
Rate of price inflation (RPI)	2 90	2 90
Rate of price inflation (CPI)	2 20	2 20
Rate of pension increases (LPI 5%)	2 80	2 80

Notes *(continued)*

17 Pension schemes *(continued)*

Weighted average assumption used to determine net pension cost for year ended

	2012 %	2011 %
Discount rate	**4 70**	5 35
Expected long-term return on plan assets	**5 90**	6 45
Rate of compensation/salary increase	**3 40**	4 85
Rate of price inflation (RPI)	**2 90**	3 35
Rate of price inflation (CPI)	**2.20**	N/A
Rate of pension increases (LPI 5%)	**2 80**	3 25

Weighted average life expectancy for mortality tables used to determine benefit obligation (assumed life expectations on retirement at age 65)

	Male	Female
Retiring today (member aged 65)	24 3	25 5
Retiring in 20 years (member aged 45 today)	26 3	27 8

Five year history

	2012 King Sturge scheme £ 000	2012 Jones Lang LaSalle scheme £'000	2012 Total £'000
Benefit obligation at end of year	(61,612)	(112,133)	(173,745)
Fair value of plan assets at end of year	57,158	116,110	173,268
Deficit	(4 454)	3,977	(477)
Difference between actual and expected return on scheme assets			
Amount (£'000)	1,906	7,364	9,270
Percentage of scheme assets	3 1%	6 6%	5 3%
Experience gains/(losses) on scheme liabilities			
Amount (£'000)	-	(3,674)	(3,674)
Percentage of scheme assets	0%	3%	2%

Notes *(continued)*

17 Pension schemes *(continued)*

Five year history *(continued)*

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Benefit obligation at end of year	**(173,745)**	(160,969)	(101,883)	(93,764)	(72,500)
Fair value of plan assets at end of year	**173,268**	153,497	102,279	91,131	79,355
(Deficit)/surplus	**(477)**	(7,472)	396	(2,633)	6,855
Difference between actual and expected return on scheme assets					
Amount (£'000)	**9,270**	(10,226)	4,933	(6,413)	(20,230)
Percentage of scheme assets	**5%**	(7%)	5%	(7%)	(25%)
Experience gains/(losses) on scheme liabilities					
Amount (£ 000)	**(3,674)**	257	6	1,120	(749)
Percentage of scheme assets	**(2%)**	0%	0%	1%	(1%)

18 Called up share capital

	2012 £'000	2011 £'000
Allotted, called up and fully paid		
At 1 January and 31 December (121,087,706 ordinary shares of £1 each)	**121,088**	121,088

19 Reserves

	Capital contribution reserve £'000	Capital Redemption reserve £'000	Profit and loss account £'000
At the beginning of the year	89,835	268	(65,100)
Loss for the year	-	-	**(3,401)**
Capital contribution	**722**	-	-
Other recognised gains/losses relating to the year			
Actuarial loss recognised in the pension scheme	-	-	**919**
Deferred tax arising on losses in the pension scheme	-	-	**(361)**
Share based payments charge for the year	-	-	**906**
Movement in accruals for share based payment recharge	-	-	**(233)**
	90,557	**268**	**(67,270)**

Notes *(continued)*

20 Operating lease commitments

At 31 December 2012 the company was committed to making the following payments during the following year in respect of operating leases

	Land and buildings 2012 £'000	Office equipment 2012 £'000	Other 2012 £'000	Total 2012 £'000
Leases which expire				
Within one year	190	4	-	194
Within two to five years	8,333	312	-	8,645
After five years	7,251	-	3,367	10,618
	15,774	316	3,367	19,457

	Land and buildings 2011 £'000	Office equipment 2011 £'000	Other 2011 £'000	Total 2011 £'000
Leases which expire				
Within one year	1,588	50	-	1,638
Within two to five years	9,049	7	-	9,056
After five years	6,578	-	3,567	10,145
	17,215	57	3,567	20,839

The company entered into a lease agreement with Jones Lang LaSalle Dorchester Limited to run the King Sturge business for a period of 15 years commencing on 1 June 2011 There is an annual turnover based royalty fee payable on the lease

21 Contingent liabilities

The company, along with other Jones Lang LaSalle group entities, is guarantor of the obligations of Jones Lang LaSalle Finance BV to lending banks under the Multicurrency Credit Facility In June 2011, the existing US$1 1 billion unsecured Multicurrency Credit Facility was amended to, among other things 1) reset pricing, 2) terminate the $195 million term loan portion of the facility, 3) increase the $900 million revolving credit loan to $1 1 billion, 4) extend the maturity to June 2016 and 5) permit the add-back of certain integration and retention costs associated with King Sturge and other acquisitions to the adjusted EBITDA and EBIT that are used in certain credit facility calculations The Facility remains unsecured

As at 31 December 2012, the Facility had a drawn balance of US$169 million (2011 US$463 million)

The remaining guaranteed deferred acquisition and earn out payments as of 31 December 2012 totaled approximately US$88 0 million and will pay $71 1 million in 2013, and the remaining amounts will be paid at various time over the next five years

Notes *(continued)*

22 Share-based payments

The Group operates a number of share-based payment schemes, details of those which apply to employees of the Company follow The shares are in the ultimate parent company

All of the schemes provide for shares with no performance conditions, and with the exception of the SAYE scheme, entitle participants to dividend equivalents Therefore, the fair value of the share awards, other than SAYE, is equal to the share price at date of grant The fair value of SAYE schemes is determined by using the Black-Scholes valuation model For 2006 and earlier years the Mercer Binomial valuation model was used

All employee Save As You Earn (SAYE) schemes

The Group operates a SAYE share option scheme for all employees to encourage participation in the group's results Options are exercisable at a price equal to the quoted market price of the Group's shares on the date of grant less a discount of 15 per cent The options mature after either three years or five years and there is an exercise period of six months from when the share options become exercisable after which period the options lapse

Details of the share options outstanding during the year are as follows

	2012	2011
Outstanding at the beginning of the year	**224,305**	243,003
Granted during the year	**111,942**	13,179
Forfeited during the year	**(6,495)**	(18,452)
Exercised during the year	**(129,049)**	(13,425)
Outstanding at the end of the year	**200,703**	224,305

The options outstanding at 31 December 2012 had a weighted average exercise price of £20 03 (2011 £17 20), and a weighted average remaining contractual life of 0 5 years (2011 1 1 years) During the year options were granted on 29 June 2012 The aggregate of the estimated fair values of the options granted on that date is £1,684,551

Notes *(continued)*

22 Share-based payments *(continued)*

All employee Save As You Earn (SAYE) schemes *(continued)*

The inputs into the binomial model that the company uses to value share options were

	2012	**2012**	2011	2011
	3 year	**5 year**	3 year	5 year
Share price at date of grant	$69 72	$69 72	$98 50	$98 50
Share price at date of grant	£44 94	£44 94	£61 30	£61 30
Exercise price	£59 26	£59 26	£52 10	£52 10
Expected volatility	40 80%	47 20%	51 40%	42 60%
Expected life	3 year	5 year	3 year	5 year
Risk free rate	0 37%	0 73%	1 18%	2 13%
Expected dividend yield	1 0%	1 0%	1 0%	1 0%

Expected volatility was determined by calculating the historical volatility for the 3 years up to the date of grant

The weighted average share price at date of exercise of share options exercised during the year was £49 45

Share Ownership Programme

The Group also operates a Share Ownership Programme (SOP), the participants in this were the directors and senior managers of the Company Under the SOP the participants receive part of their discretionary bonus in the form of shares These shares vest eighteen and thirty months after the financial year to which they relate Vesting is conditional upon the participant remaining in the employ of a Group company, unless they retire in the intervening period at normal retirement age

Details of the shares outstanding under the SOP during the year are as follows

	2012	2011
Outstanding at the beginning of the year	**33,694**	64,314
Granted during the year	**57,464**	25,502
Forfeited during the year	**(665)**	(14,826)
Exercised during the year	**(20,547)**	(41,296)
Outstanding at the end of the year	**69,946**	33,694

The options outstanding at 31 December 2012 had a weighted average remaining contractual life of 0 9 years (2011 0 9 years) During the year awards were granted on 1 January 2012 relating to performance in the previous year The aggregate of the estimated fair values of the shares awarded on that date is £2,361,239

The share price at the date of grant was £41 09 ($63 44)

The weighted average share price at date of exercise of share options exercised during the year was £45 00

Notes *(continued)*

22 Share-based payments *(continued)*

Restricted Stock Grant Plan

The Group operates a restricted stock grant plan (RSG), under which some directors and senior managers may receive awards of shares Shares under this plan vest in equal instalments forty months and sixty four months from the grant date Vesting is conditional upon the participant remaining in the employ of a Group company

Details of the shares outstanding under the RSG during the year are as follows

	2012	2011
Outstanding at the beginning of the year	**137,190**	160,809
Granted during the year	**23,644**	25,448
Forfeited during the year	**(1,797)**	(27,124)
Exercised during the year	**(22,268)**	(21,943)
Outstanding at the end of the year	**136,769**	137,190

The options outstanding at 31 December 2012 had a weighted average remaining contractual life of 1 83 years (2011 2 05 years) During the year awards were made as shown below The aggregate of the estimated fair values of the shares awarded on that date is £1,073,013

The inputs into the binomial model that the company uses to value share options were

Grant Date	15/02/2008	15/04/2008	01/07/2008	01/08/2008	02/01/2009
Share price at date of grant	$71 70	$77 93	$62 11	$48 99	$30 55
Share price at date of grant	£36 49	£39 47	£31 16	£24 72	£20 91
Grant Date	04/03/2009	26/05/2009	16/06/2009	14/08/2009	01/10/2009
Share price at date of grant	$18 77	$35 75	$32 25	$42 02	$44 91
Share price at date of grant	£13 35	£22 49	£19 72	£25 39	£28 04
Grant Date	18/11/2009	23/11/2009	18/12/2009	03/03/2010	21/05/2010
Share price at date of grant	$54 32	$50 93	$58 38	$66 31	$71 59
Share price at date of grant	£32 31	£30 86	£36 02	£43 51	£49 19
Grant Date	07/07/2010	14/07/2010	02/08/2010	05/08/2010	16/08/2010
Share price at date of grant	$66 62	$66 77	$80 03	$79 72	$76 01
Share price at date of grant	£44 26	£45 68	£51 26	£51 07	£49 15
Grant Date	03/01/2011	25/02/2011	02/03/2011	27/04/2011	26/05/2011
Share price at date of grant	$86 25	$97 50	$97 18	$101 42	$93 12
Share price at date of grant	£55 64	£60 50	£60 30	£60 92	£56 48

Notes *(continued)*

22 Share-based payments *(continued)*

Restricted Stock Grant Plan *(continued)*

Grant Date	06/07/2011	01/10/2011	03/01/2012	07/03/2012	16/04/2012
Share price at date of grant	$97 66	$51 81	$63 44	$79 94	$78 65
Share price at date of grant	£60 75	£33 22	£41 09	£50 21	£50 83

Grant Date	06/07/2012	08/10/2012	26/11/2012	05/12/2012
Share price at date of grant	$69 18	$77 71	$78 29	$81 25
Share price at date of grant	£44 59	£47 87	£48 81	£50 66

The weighted average share price at date of exercise of share options exercised during the year was £43 75

23 Ultimate controlling party

The company's immediate parent company during the year was Jones Lang LaSalle Europe Limited, a company incorporated in England and Wales, and the ultimate parent company is Jones Lang LaSalle Incorporated, a company incorporated in Maryland, USA

The only group in which the financial statements of the company are consolidated is that headed by 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