Jones Lang LaSalle Limited

Directors' report and financial statements

Registered number 1188567

31 December 2005

Contents

Directors' report

The directors present their directors' report and the audited financial statements for the year ended 31 December 2005.

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.

Review of business operations and future prospects

Turnover from continuing operations increased from £103,572,000 to £109,951,000 reflecting a strong performance in an improving market.

The company recorded an operating loss of £4,186,000 *(2004: £195,000)* from continuing operations, as shown on the face of the profit and loss account on page 6.

Operating profits excluding amortisation of goodwill and depreciation decreased by £4,931,000, from £8,627,000 to £3,696,000.

Results and dividends

The results of the company for the year ended 31 December 2005 are set out on page 6.

The directors paid an interim dividend of £5,500,000 on 30 April 2005 *(2004: £967,900)*.

The directors do not recommend the payment of a final dividend *(2004: £nil)*.

Directors and directors' interests

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

A Hughes	
R S Orr	(resigned 29 December 2005)
S J Cresswell	
A J Mottram	
P R Patel	(appointed 10 February 2006)

Directors and directors' interests (continued)

None of the directors who held office during the financial year had any disclosable interest in the shares of the company or any other group company.

No disclosable rights to subscribe for shares in or debentures of the Company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

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 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.

Charitable contributions

During the year the company made contributions for charitable purposes of £5,757 *(2004: £25,000)*. It is company policy not to make contributions for political purposes.

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 directors' report and financial statements and the auditors' report on the financial statements.

By order of the board

P R Patel
Director

9 Queen Victoria Street
London
EC4N 4YY

15 November 2006

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.

The financial statements are required by law to 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 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 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 proper accounting records which 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 1985. 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.

KPMG Audit Plc
PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Independent auditors' 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 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor's 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 auditors

As described on the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standard (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 1985. 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report to the members of Jones Lang LaSalle Limited (continued)

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with UK Generally Accepted Accounting Practice of the state of the company's affairs as at 31 December 2005 and of its loss 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

15 November 2006

Profit and loss account

for the year ended 31 December 2005

	Note	**2005**	2004 *As restated See note 1*
		£'000	£'000
Turnover	*1*	**109,951**	103,572
Operating expenses	*2*	**(114,137)**	(103,767)
Operating loss		**(4,186)**	(195)
Income from shares in group undertakings		**2,391**	3,061
(Loss) / profit on ordinary activities before interest and taxation		**(1,795)**	2,866
Interest receivable and similar income	*5*	**10,226**	12,997
Interest payable and similar charges	*6*	**(10,345)**	(16,579)
Loss on ordinary activities before taxation	*2*	**(1,914)**	(716)
Tax on loss on ordinary activities	*7*	**(1,147)**	1,488
(Loss) / profit for the financial year	17	**(3,061)**	772

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

All activities derive from continuing operations.

Balance sheet
at 31 December 2005

	Note	2005	2004 *As restated See note 1*
		£'000	£'000
Fixed assets			
Intangible assets	9	**60,064**	64,626
Tangible assets	10	**10,185**	9,356
Investments	11	**151,807**	150,643
		222,056	224,625
Current assets			
Debtors	12	**130,512**	118,804
Cash at bank and in hand		**908**	5,027
		131,420	123,831
Creditors: amounts falling due within one year	13	**(182,966)**	(183,361)
Net current liabilities		**(51,546)**	(59,530)
Total assets less current liabilities		**170,510**	165,095
Provisions for liabilities and charges	14	**(355)**	(605)
Net assets excluding pension liabilities		**170,155**	164,490
Pension liabilities			
Total of defined benefit schemes:			
With net liabilities	15	**(8,378)**	(4,766)
Net assets including pension liabilities		**161,777**	159,724
Capital and reserves			
Called up share capital	16	**121,088**	121,088
Capital contributions	17	**44,245**	27,045
Capital redemption reserve	17	**268**	268
Profit and loss account	17	**(3,824)**	11,323
Equity shareholders' funds		**161,777**	159,724

These financial statements were approved by the board of directors on 15 November 2006 and were signed on its behalf by:

P R Patel
Director

15 November 2006

Statement of total recognised gains and losses
for the year ended 31 December 2005

	2005 £'000	2004 *As restated See note 1* £'000
(Loss) / profit for the financial year	(3,061)	772
Actuarial loss recognised in the pension scheme	(9,409)	(1,462)
Deferred tax arising on losses in the pension scheme	2,823	439
Total recognised gains and losses relating to the financial year	(9,647)	(251)
Prior year adjustment (as explained in note 1)	1,085	
Total gains and losses recognised since last annual report	(8,562)	

Statement of movement in shareholders' funds
for the year ended 31 December 2005

	Note	2005 £'000	2004 *As restated See note 1* £'000
(Loss) / profit for the financial year		(3,061)	772
Dividends on shares classified in shareholders' funds	8	(5,500)	(968)
Retained loss		(8,561)	(196)
Other recognised gains and losses relating to the year		(6,586)	(1,023)
Capital contribution		17,200	25,172
New share capital subscribed (net of issue costs)		-	10,000
Net addition to shareholders' funds		2,053	33,953
Opening shareholders' funds (originally £159,075 restated for prior year adjustment of £649)		159,724	125,771
Closing shareholders' funds		161,777	159,724

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 company's financial statements.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- The recognition and measurement requirements of FRS 17 'Retirement benefits' have also been adopted. Previously the transitional disclosures have been followed.

Change in accounting policy and presentation

Comparative figures in 2004 have been restated to reflect two changes of accounting policy:

Dividends were restated to the year they were approved, in line with FRS 21.

Pension charges were restated in accordance with FRS 17.

As a result comparative figures for the year ended 31 December 2004 have been adjusted as follows:

	Profit for the year £'000	Net assets £'000
As previously reported	185	159,075
Effect of change from dividends restatement	(530)	(930)
Effect of change from pension restatement	1,447	2,256
Effect of change from pension restatement – deferred tax	(330)	(677)
As restated 2004	772	159,724

Basis of preparation

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

The company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 (revised) 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 Europe Limited, 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 investees of the group qualifying as related parties). The consolidated financial statements of Jones Lang LaSalle Europe Limited within which this company is included can be obtained from the address given in note 21.

Notes *(continued)*

1 Accounting policies *(continued)*

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 represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Goodwill

Purchased goodwill arising on business combination 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 for impairment for any permanent reduction in value.

Leases

Assets held under finance leases are capitalised at their fair value on the inception of the leases and depreciated to their estimated residual values 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 the profit and loss account on a straight line basis over the period of the lease.

Notes *(continued)*

1 Accounting policies *(continued)*

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 operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme 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.

Foreign exchange

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.

2 Notes to the profit and loss account

	2005	2004
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit fee	**107**	86
Other payments to auditors	**134**	87
Rentals under operating leases:		
Hire of plant and machinery	**86**	123
Land and buildings	**5,873**	5,321
Depreciation and other amounts written off tangible fixed assets		
Own assets	**3,320**	3,427

The company bore the cost of auditing all of its UK subsidiary undertakings.

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

Notes *(continued)*

3 Remuneration of directors

	2005 £'000	2004 £'000
Directors' emoluments	2,319	1,956
Company contributions to money purchase pension schemes	67	37
	2,386	1,993

The aggregate of emoluments of the highest paid director was £951,309 (2004: £818,425), and company pension contributions of £15,000 (2004: £8,750) were made to a money purchase scheme on his behalf. He is a member of a defined benefit scheme under which his accrued pension was at year end was £5,587. The highest paid director exercised 2,348 share options in the ultimate holding company during the year (2004: 6,000).

	Number of directors 2005	2004
Retirement benefits accrued to the following number of directors under money purchase schemes	5	4
The number of directors who exercised share options was	3	3

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	No.	No.
Average number of persons employed:		
Technical and administration	921	910

	2005 £'000	2004 *As restated* £'000
The aggregate payroll costs of these persons were as follows:		
Staff costs (including directors):		
Wages and salaries	70,806	60,778
Social security costs	8,973	8,359
Other pension costs		
Defined contribution fund (see Note 15)	3,425	3,391
Defined benefit fund (see Note 15)	824	764
	84,028	73,292

5 Interest receivable and similar income

	2005 £'000	2004 *As restated* £'000
Bank interest	788	279
Interest receivable from fellow subsidiaries	8,709	12,058
Interest receivable from third parties	-	102
Interest on pension scheme liability	729	558
	10,226	12,997

Notes *(continued)*

6 Interest payable and similar charges

	2005	2004
	£'000	£'000
Bank loans and overdrafts	**60**	102
Interest payable to third parties	**3**	-
Interest payable to fellow subsidiaries	**10,282**	15,606
Amortisation of debt issuance costs	**-**	871
	10,345	16,579

7 Tax on loss on ordinary activities

Analysis of charge in the year

	2005	2004 *As restated*
	£'000	£'000
Current tax		
United Kingdom corporation tax at 30%	**1,242**	690
Adjustment in respect of prior years	**-**	(239)
Total current tax	**1,242**	451
Deferred tax		
Origination and reversal of timing differences		
Profit & loss (see Note 12)	**(1,372)**	(2,298)
Pension provision	**1,277**	359
Total deferred tax	**(95)**	(1,939)
Tax on loss on ordinary activities	**1,147**	(1,488)

Factors affecting tax charge for the year
The current tax charge for the year is higher (2004: higher) than the standard rate of corporation tax in the UK (30%, 2004: 30%). The differences are explained below.

Loss on ordinary activities before tax	**(1,914)**	(716)
Tax credit on profit at a standard rate of 30% (2004: 30%)	**(574)**	(215)
Expenses not deductible for tax purposes	**303**	316
Group relief relating to current year	**412**	(538)
Dividend income not taxable	**(717)**	(1,077)
Depreciation in excess of capital allowances	**30**	98
Other timing differences	**1,788**	2,106
Adjustment in respect of prior years (principally group relief)	**-**	(239)
Total current tax charge (see above)	**1,242**	451

Notes *(continued)*

8 Dividends

	2005 **£'000**	2004 £'000
Interim dividends paid in respect of the current year	**5,500**	968

9 Intangible fixed assets

	Purchased Goodwill £'000
Cost	
At 1 January 2005 and 31 December 2005	**87,330**
Accumulated amortisation	
At 1 January 2005	22,704
Charge for the year	4,562
At 31 December 2005	**27,266**
Net book value	
At 31 December 2005	**60,064**
At 31 December 2004	64,626

Purchased goodwill principally relates to the acquisition of the activities of the Jones Lang Wootton partnership on 8 March 1999.

Notes *(continued)*

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 2005	155	14,313	6,609	21,077
Additions	-	3,938	255	4,193
Disposals	(120)	(5,075)	-	(5,195)
Reclassification	-	(327)	327	-
At 31 December 2005	**35**	**12,849**	**7,191**	**20,075**
Accumulated depreciation				
At 1 January 2005	99	8,108	3,514	11,721
Charge for the year	4	2,309	1,007	3,320
Disposals	(77)	(5,074)	-	(5,151)
Reclassification	-	(37)	37	-
At 31 December 2005	**26**	**5,306**	**4,558**	**9,890**
Net book value				
At 31 December 2005	**9**	**7,543**	**2,633**	**10,185**
At 31 December 2004	56	6,205	3,095	9,356

Notes *(continued)*

11 Fixed asset investments

	2005	2004
	£'000	£'000
Shares in group companies – subsidiaries	**150,642**	150,643
Investments	**1,165**	-
	151,807	150,643

	£'000
Shares in group companies – subsidiary undertakings:	
At 1 January 2005	150,643
Dissolution of companies	(1)
At 31 December 2005	**150,642**

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.

A list of principal subsidiaries is set out in note 22.

Notes *(continued)*

12 Debtors

	2005	2004 *As restated*
	£'000	£'000
Trade debtors	**11,286**	584
Amounts owed by:		
Subsidiary undertakings	**868**	3,550
Parent company and fellow subsidiaries	**94,557**	94,174
Deferred tax asset	**5,970**	4,598
Other debtors	**1,938**	1,748
Prepayments and accrued income	**15,893**	14,150
	130,512	118,804

Deferred taxation movement		
At the beginning of the year as previously stated	**7,209**	4,948
Prior year adjustment	**(2,611)**	(2,648)
At the beginning of the year as restated	**4,598**	2,300
Transferred to profit and loss account (see Note 7)	**1,372**	2,298
At 31 December 2005	**5,970**	4,598

Amounts fully provided for deferred taxation		
Accelerated depreciation	**103**	73
Company share schemes	**5,809**	4,474
Other timing differences	**58**	51
	5,970	4,598

13 Creditors: amounts falling due within one year

	2005	2004 *As restated*
	£'000	£'000
Bank loans and overdrafts	**2,020**	2,153
Amounts due to:		
Subsidiary undertakings	**90,988**	92,012
Parent company and fellow subsidiaries	**26,207**	32,377
Taxation and social security	**9,886**	4,031
Other creditors	**1,369**	204
Accruals and deferred income	**52,496**	52,584
	182,966	183,361

Included in amounts due to parent company and fellow subsidiaries is an amount due to Jones Lang LaSalle Finance BV of £13,557,000 *(2004: £18,749,000).*

Notes *(continued)*

14 Provisions for liabilities and charges

	Onerous contracts £'000
At the beginning of the year	605
Utilisation in the year	(250)
At 31 December 2005	**355**

15 Pension schemes

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £3,425,000 (2004: £3,391,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The Company operates a pension scheme providing benefits based on final pensionable pay. The latest full actuarial valuation was carried out at 31 December 2003 and was updated for FRS 17 purposes to 31 December 2005 by a qualified independent actuary.

It has been agreed with the Trustees that the Group contributions will be £700,000 payable in monthly instalments in accordance with the Schedule of Contributions dated 19 December 2003. This is subject to review at future actuarial valuations.

The major assumptions used in this valuation were:

	2005	2004	2003
Rate of increase in salaries	**4.30%**	4.30%	4.10%
Rate of increase in pensions in payment and deferred pensions	**2.80%**	2.80%	2.60%
Discount rate applied to scheme liabilities	**4.70%**	5.30%	5.40%
Inflation assumption	**2.80%**	2.80%	2.60%

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Notes *(continued)*

15 Pension schemes (continued)

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2005	2004	2003
	£000	£000	£000
Equities	**50,032**	48,174	51,522
Bonds	**32,614**	19,811	7,829
Other - cash	**875**	328	3,496
Total market value of assets	**83,521**	68,313	62,847
Present value of scheme liabilities	**(95,490)**	(75,122)	(69,417)
Deficit in the scheme – Pension liability	**(11,969)**	(6,809)	(6,570)
Related deferred tax asset	**3,591**	2,043	1,971
Net pension asset liability	**(8,378)**	(4,766)	(4,599)

Movement in related deferred tax asset during the year

	2005	2004
	£000	£000
Deferred tax asset – opening balance	**2,043**	1,971
Charge in the Profit and loss account (see note 7)	**(1,277)**	(359)
Amount recognised in the Statement of total recognised gains and losses	**2,823**	439
Other movement	**2**	(8)
Deferred tax asset at year end	**3,591**	2,043

The expected long term rates of return on the assets in the scheme were:

	2005	2004	2003
Equities	**6.60%**	7.00%	7.30%
Bonds	**4.70%**	4.90%	5.10%
Other - cash	**4.50%**	4.75%	3.75%

Notes *(continued)*

15 Pension schemes (continued)

Movement in deficit during the year

	2005 £000	2004 £000
Deficit in scheme at beginning of year	**(6,809)**	(6,570)
Current service cost	**(824)**	(764)
Contributions paid	**4,344**	1,429
Other finance income	**729**	558
Actuarial loss	**(9,409)**	(1,462)
Deficit in the scheme at the end of the year	**(11,969)**	(6,809)

Analysis of other pension costs charged in arriving at operating loss

	2005 £000	2004 £000
Current service cost	**824**	764
	824	764

Analysis of amounts included in other finance income

	2005 £000	2004 £000
Expected return on pension scheme assets	**4,444**	4,277
Interest on pension scheme liabilities	**(3,715)**	(3,719)
	729	558

Analysis of amount recognised in statement of total recognised gains and losses

	2005 £000	2004 £000
Actual return less expected return on scheme assets	**8,085**	1,611
Experience gains and losses arising on scheme liabilities	**-**	1,537
Changes in assumptions underlying the present value of scheme liabilities	**(17,494)**	(4,610)
Actuarial loss recognised in statement of total recognised gains and losses	**(9,409)**	(1,462)

Notes *(continued)*

15 Pensions scheme (continued)

History of experience gains and losses

	2005	2004	2003	2002
Difference between the expected and actual return on scheme assets:				
Amount (£ '000)	**8,085**	1,611	(7,924)	(12,717)
Percentage of year end scheme assets	**10%**	2%	(13)%	(24)%
Experience gains and losses on scheme liabilities:				
Amount (£ '000)	**-**	1,537	9,429	(1,093)
Percentage of year end present value of scheme liabilities	**0%**	2%	14%	(2)%
Total amount recognised in statement of total recognised gains and losses:				
Amount (£ '000)	**(9,409)**	(1,462)	11,329	(18,647)
Percentage of year end present value of scheme liabilities	**(10%)**	(2)%	16%	(26)%

16 Called up share capital

	2005 £'000	2004 £'000
Authorised:		
125,000,000 ordinary shares of £1 each	**125,000**	125,000
Allotted, called up and fully paid:		
At 1 January (121,087,705 (2004: 111,088,000) ordinary shares of £1 each)	**121,088**	111,088
Shares issued during the year	**-**	10,000
At 31 December (121,087,705 ordinary shares of £1 each)	**121,088**	121,088

Notes *(continued)*

17 Reserves

	Capital contribution reserve £'000	**Capital redemption reserve £'000**	**Profit and loss account** £'000
At the beginning of the year as originally stated	27,045	268	10,674
Prior year adjustment	-	-	649
At beginning of year as restated	27,045	268	11,323
Capital contributed	17,200	-	-
Loss for the year	-	-	(3,061)
Dividends on shares classified in shareholders' funds	-	-	(5,500)
Other recognised losses relating to the year:			
Actuarial loss recognised in the pension scheme	-	-	(9,409)
Deferred tax arising on losses in the pension scheme	-	-	2,823
	44,245	**268**	**(3,824)**

18 Operating lease commitments

At 31 December 2005 the company was committed to making the following payments during the following year in respect of operating leases:

	Land and buildings £'000	**Office equipment £'000**	**Total £'000**
Leases which expire:			
Within one year	-	-	-
Within two to five years	5,523	83	5,606
After five years	318	-	318
	5,841	**83**	**5,924**

19 Capital commitments

	2005 £'000	2004 £'000
Contracted for but not provided	**4,428**	502

Notes *(continued)*

20 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 renegotiated Multicurrency Credit Agreement dated 1 March 2006, providing a finance facility up to the equivalent of US$450,000,000 (2004: US$325,000,000). As at 31 December 2005, the facility had a drawn down balance of US$26,697,000 (2004: US$40,585,000).

The Multicurrency Credit Agreement was renegotiated on 1 March, 2006 which increased borrowing capacity under the facility and extended the term to 2011 from its previous maturity in 2007.

21 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, which heads the smallest group in which the results of the company are consolidated.

Copies of the group financial statements of Jones Lang LaSalle Europe Limited are available from 22 Hanover Square, London, W1A 2BN.

Throughout the year the ultimate controlling party was Jones Lang LaSalle Incorporated, a company incorporated in Maryland, USA.

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.

22 Additional information on principal subsidiary undertakings

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	100

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