

**Jones Lang LaSalle Limited**

**Directors' report and financial  
statements**

**Registered number 1188567  
31 December 2008**

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## Directors' report

The directors present their directors' report and the audited financial statements for the year ended 31 December 2008.

### 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 decreased from £162,074,000 to £135,491,000 reflecting a slowdown in economic activity across the UK and global markets.

The company continues to provide real value in a changing world. This is being achieved by further strengthening client relationships and focusing on new markets.

The company recorded an operating loss of £6,636,000 (2007 profit: £12,425,000) from continuing operations, as shown on the face of the profit and loss account on page 8. The loss was primarily driven by the reduction in turnover.

The table below shows the movement in operating performance taking accelerated goodwill amortisation into account.

	2008	2007
	£'000	£'000
Operating (loss) / profit	(6,636)	12,425
Goodwill amortisation	4,905	4,905
Operating (loss) / profit excluding amortisation of goodwill	<u>(1,731)</u>	<u>17,330</u>

### Key performance indicators ("KPIs")

Indicator	2008	2007	Commentary
Sales (%) (Year on year sales increase/(decrease) expressed as a percentage)	(16.4)	20.1	Decrease is in line with reduced activity in the real estate markets, due to the downturn in the UK and Global economy.
Adjusted operating margin (%) (Operating profit/(loss) excluding goodwill amortisation)	(1.3)	10.7	Decrease is due to lower revenue.
Net margin (%) (Ratio of profit/(loss) for the financial year to sales, expressed as a percentage)	(4.8)	6.9	Decrease is due to downward pressure on revenue.

## **Directors' report** *(continued)*

### **Market share**

- **Capital Markets**

The Company advised on 64 investment deals worth c£2.45 billion or over 27% of the c£9.0 billion transacted in the first half of 2009 (source: Property Data). Our knowledge of who the buyers are, has ensured we have remained No. 1 in the market.

- **London Office Leasing**

The Company is No. 2 in the London market for the amount of square footage leased during the last 2 quarters (18% market share) (source: Egi). The Central London leasing market shows a mixed picture. For the first time in a long time, we are not No. 1 in the City disposals market. We are however, No. 1 in the West End Market based on square footage leased during the last 2 quarters.

### **Future outlook**

The commercial real estate services market is currently experiencing depressed activity levels. This is set to continue in 2009 leading to continued pressure on revenues and profit.

The directors have identified two priorities to guide the business through this difficult period:

- Focusing on current and new clients
- Continuing to reduce costs to offset revenue and profit pressures

Focusing on our priorities will place the company in a strong position to grow revenues and profits once global markets begin to show signs of recovery.

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks affecting the company are set out below:

Risks are formally reviewed by the board and appropriate processes put in place to monitor and mitigate them. If more than one event occurs, it is possible that the overall effect of such events would compound the possible adverse effects on the company.

- **Decline in acquisition and disposition activity**

A general decline in acquisition and disposition activity can lead to a reduction in fees and commissions for arranging such transactions, as well as in fees and commissions for arranging financing for acquirers.

- **Decline in the Real Estate Values and Performance, Leasing Activity and rental levels**

A general decline in the value and performance of real estate and rental levels can lead to a reduction in fees and commissions that are based upon the value of, or revenues produced by, the properties with respect to which services are provided, including fees and commissions for property management and valuations, and for arranging acquisitions, dispositions, leasing and financings.

- **The cyclical nature of the Real Estate Markets**

This may lead to an impact to our profitability.

- **Liquidity risk**

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments, credit facilities and cash reserves.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

- **Foreign exchange risk**

The company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro.

## **Directors' report** *(continued)*

### **Results and dividends**

The results of the company for the year ended 31 December 2008 are set out on page 8.

The directors did not pay an interim dividend during the year (2007: *£nil*).

The directors do not recommend the payment of a final dividend (2007: *£nil*).

### **Directors**

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

A Hughes (resigned 3 February 2009)  
SJ Cresswell  
AJ Mottram  
PR Patel

### **Secretary**

NG Taylor

### **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 £48,516 (2007: £44,122). 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.

### **Disclosure of information to auditors**

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 auditors are 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 auditors are aware of that information.

### **Auditors**

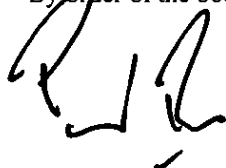
Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

## **Directors' report** *(continued)*

### **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 on 18/9/2009



**PR Patel**

*Director*

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).

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 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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**

8 Salisbury Square  
London EC4Y 8BB  
United Kingdom

**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 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 5.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

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

**Basis of audit opinion**

We conducted our audit in accordance with International Standard 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 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

*18 September* 2009

## Profit and loss account

for the year ended 31 December 2008

	<i>Note</i>	2008	2007
		£'000	£'000
<b>Turnover</b>		<b>135,491</b>	<b>162,074</b>
Operating expenses	2	(142,127)	(149,649)
<b>Operating (loss) / profit</b>		<b>(6,636)</b>	<b>12,425</b>
Income from shares in group undertakings		1,000	3,500
<b>(Loss) / profit on ordinary activities before interest and taxation</b>		<b>(5,636)</b>	<b>15,925</b>
Interest receivable and similar income	5	12,410	10,248
Interest payable and similar charges	6	(11,554)	(13,041)
<b>(Loss) / profit on ordinary activities before taxation</b>	2	<b>(4,780)</b>	<b>13,132</b>
Tax on (loss) / profit on ordinary activities	7	(1,753)	(1,939)
<b>(Loss) / profit for the financial year</b>	17	<b>(6,533)</b>	<b>11,193</b>

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.

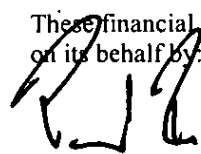
**Balance sheet**  
*at 31 December 2008*

	<i>Note</i>	2008	2007
		£'000	£'000
<b>Fixed assets</b>			
Intangible assets	8	52,443	57,348
Tangible assets	9	23,586	20,623
Investments	10	210,870	211,545
		<hr/>	<hr/>
		286,899	289,516
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors	11	197,712	146,336
Cash at bank and in hand		-	79
		<hr/>	<hr/>
		197,712	146,415
<b>Creditors: amounts falling due within one year</b>	12	(266,689)	(206,075)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(68,977)	(59,660)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		217,922	229,856
<b>Creditors: amounts falling due after more than one year</b>	13	(5,908)	(13,353)
<b>Provisions for liabilities and charges</b>	14	(1,207)	(1,125)
		<hr/>	<hr/>
<b>Net assets excluding pension assets</b>		210,807	215,378
<b>Pension assets / (liabilities)</b>			
Total of defined benefit schemes:			
With net assets / (liabilities)	15	4,937	2,391
		<hr/>	<hr/>
<b>Net assets including pension assets</b>		215,744	217,769
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	16	121,088	121,088
Capital contribution reserve	17	89,783	89,783
Capital redemption reserve	17	268	268
Profit and loss account	17	4,605	6,630
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		215,744	217,769
		<hr/>	<hr/>

These financial statements were approved by the board of directors on  
on its behalf by:

18/9/

2009 and were signed



**PR Patel**  
*Director*

**Statement of total recognised gains and losses**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>2008</b>	<b>2007</b>
		<b>£'000</b>	<b>£'000</b>
<b>(Loss) / profit for the financial year</b>		<b>(6,533)</b>	<b>11,193</b>
Actuarial gain recognised in the pension scheme	15	521	6,937
Deferred tax arising on gains in the pension scheme		(146)	(2,073)
<b>Total recognised gains and losses relating to the financial year</b>		<b>(6,158)</b>	<b>16,057</b>
Prior year adjustment		-	(12,017)
<b>Total recognised gains and losses since last annual report</b>		<b>(6,158)</b>	<b>4,040</b>

**Statement of movements in shareholders' funds**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>2008</b>	<b>2007</b>
		<b>£'000</b>	<b>£'000</b>
<b>(Loss) / profit for the financial year</b>		<b>(6,533)</b>	<b>11,193</b>
Other recognised gains and losses relating to the year (net of tax)		375	4,864
Capital contribution		-	34,558
Share based payments charge for the year		(1,931)	(4,305)
Movement in accruals for share based payment recharge		6,064	3,127
<b>Net (reduction) / addition to shareholders' funds</b>		<b>(2,025)</b>	<b>49,437</b>
Opening shareholders' funds		217,769	168,332
<b>Closing shareholders' funds</b>		<b>215,744</b>	<b>217,769</b>

## 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 22.

The company is exempt by virtue of s228A of the Companies Act 1985 from preparing consolidated financial statements 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 for impairment for any permanent reduction in value.

#### *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 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 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### *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 2008 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 Notes to the profit and loss account

	2008 £'000	2007 £'000
(Loss) / profit on ordinary activities before taxation is stated after charging / (crediting):		
Auditors' remuneration - audit fee	140	110
Other payments to auditors for consultancy services	-	12
Rentals under operating leases:		
Hire of plant and machinery	58	83
Land and buildings	6,379	7,004
Depreciation	5,318	5,752
Amortisation of goodwill	4,905	4,905
Intercompany debt forgiveness	(2,687)	(5,822)

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

	2008 £'000	2007 £'000
Directors' emoluments	1,236	3,900
Company contributions to money purchase pension schemes	64	79
	<u>1,300</u>	<u>3,979</u>

The aggregate of emoluments of the highest paid director was £462,323 (2007: £2,590,023), and company pension contributions of £10,000 (2007: £40,455) were made to a money purchase scheme on his behalf. He is a member of a defined benefit scheme under which his accrued pension at year end was £7,780 (2007: £5,877). The highest paid director did not exercise any share options in the ultimate holding company during the year (2007: £nil).

	Number of directors	
	2008	2007
Retirement benefits accrued to the following number of directors under money purchase schemes	<u>4</u>	<u>4</u>

No directors exercised share options during the year (2007: nil).



## Notes (continued)

### 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:

	2008	2007
	No.	No.
<b>Average number of persons employed:</b>		
Managerial and professional	1,290	1,084

	2008	2007
	£'000	£'000

The aggregate payroll costs of these persons (including directors) were as follows:

Wages and salaries	90,058	98,237
Social security costs	11,491	12,277
Other pension costs		
Defined contribution fund (see Note 15)	5,675	4,745
Defined benefit fund (see Note 15)	659	637
Share based payments	2,282	7,656
	<u>110,165</u>	<u>123,552</u>

Share based payments include costs associated with shares granted prior to 8 November 2002, and therefore not accounted for in accordance with accounting standard FRS 20 "Share based payments".

### 5 Interest receivable and similar income

	2008	2007
	£'000	£'000
Bank interest	350	142
Interest receivable from fellow subsidiaries	11,184	9,352
Interest on pension scheme	876	754
	<u>12,410</u>	<u>10,248</u>

### 6 Interest payable and similar charges

	2008	2007
	£'000	£'000
Interest payable to third parties	564	488
Interest payable to fellow subsidiaries	10,990	12,553
	<u>11,554</u>	<u>13,041</u>

## Notes (continued)

### 7 Tax on (loss) / profit on ordinary activities

#### *Analysis of charge in the year*

	2008	2007
	£'000	£'000
Current tax		
United Kingdom corporation tax at 28.5% (2007: 30%)	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences		
Profit & loss (see Note 11)	909	1,130
Pension provision	844	809
Total deferred tax	1,753	1,939
Tax on profit / (loss) on ordinary activities	1,753	1,939

#### *Factors affecting tax charge for the year*

The current tax charge for the year is lower (2007: higher) than the standard rate of corporation tax in the UK (28.5%, 2007: 30%). The differences are explained below.

(Loss) / profit on ordinary activities before tax	(4,780)	13,132
Tax credit/charge on profit / (loss) at a standard rate of 28.5% (2007: 30%)	(1,362)	3,940
Expenses not deductible for tax purposes	2,748	3,007
Impact of share based payment recharges	(1,609)	(2,557)
Group relief for current at no cost	2,615	(1,290)
Dividend income not taxable	(285)	(1,050)
Depreciation in excess of capital allowances	318	459
Other timing differences	(766)	(762)
Intercompany debt forgiveness	(1,659)	(1,747)
Total current tax charge (see above)	-	-

## Notes (continued)

### 8 Intangible fixed assets

	Purchased goodwill £'000
<b>Cost</b>	
At 1 January 2008	94,179
<b>At 31 December 2008</b>	<b>94,179</b>
<b>Accumulated amortisation</b>	
At 1 January 2008	36,831
Charge for the year	4,905
<b>At 31 December 2008</b>	<b>41,736</b>
<b>Net book value</b>	
<b>At 31 December 2008</b>	<b>52,443</b>
At 31 December 2007	57,348

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

The useful economic life of purchased goodwill is 20 years.

**Notes (continued)**

**9 Tangible fixed assets**

	Motor vehicles £'000	Office machinery, computer equipment and fixtures £'000	Improvements to short leasehold premises £'000	Total £'000
<b>Cost</b>				
At 1 January 2008	7	19,523	10,598	30,128
Additions	-	3,301	4,978	8,279
Disposals	-	(1,205)	-	(1,205)
<b>At 31 December 2008</b>	<b>7</b>	<b>21,619</b>	<b>15,576</b>	<b>37,202</b>
<b>Accumulated depreciation</b>				
At 1 January 2008	6	8,379	1,120	9,505
Charge for the year	1	3,609	1,708	5,318
Disposals	(5)	(1,202)	-	(1,207)
<b>At 31 December 2008</b>	<b>2</b>	<b>10,786</b>	<b>2,828</b>	<b>13,616</b>
<b>Net book value</b>				
<b>At 31 December 2008</b>	<b>5</b>	<b>10,833</b>	<b>12,748</b>	<b>23,586</b>
<b>At 31 December 2007</b>	<b>1</b>	<b>11,144</b>	<b>9,478</b>	<b>20,623</b>

**Notes (continued)**

**10 Fixed asset investments**

	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>
Shares in group companies – subsidiaries	209,353	209,353
Other investments	1,517	2,192
	<u>210,870</u>	<u>211,545</u>
		<b>£'000</b>
<b>Other investments</b>		
<b>At 1 January 2008</b>		2,192
Movements recognised in profit and loss account		(675)
		<u>1,517</u>
<b>At 31 December 2008</b>		<u>1,517</u>

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 23.

## Notes (continued)

### 11 Debtors

	2008	2007
	£'000	£'000
Trade debtors	2,870	3,500
Amounts owed by:		
Subsidiary undertakings	1,702	2,118
Parent company and fellow subsidiaries	155,932	113,136
Deferred tax asset	2,172	3,081
Other debtors	17,015	3,065
Prepayments and accrued income	18,021	21,436
	<u>197,712</u>	<u>146,336</u>
Deferred taxation movement		
At the beginning of the year	3,081	4,211
Transferred to profit and loss account (see Note 7)	(909)	(1,130)
	<u>2,172</u>	<u>3,081</u>
At 31 December	<u>2,172</u>	<u>3,081</u>
Amounts fully provided for deferred taxation		
Accelerated depreciation	306	429
Company share schemes	1,779	2,463
Other timing differences	87	189
	<u>2,172</u>	<u>3,081</u>

### 12 Creditors: amounts falling due within one year

	2008	2007
	£'000	£'000
Bank loans and overdrafts	4,920	433
Amounts due to:		
Subsidiary undertakings	98,609	97,480
Parent company and fellow subsidiaries	112,467	33,278
Taxation and social security	12,532	13,820
Other creditors	2,771	1,772
Accruals and deferred income	35,390	59,292
	<u>266,689</u>	<u>206,075</u>

Included in amounts due to parent company and fellow subsidiaries is an amount due to Jones Lang LaSalle Finance BV of £8,748,129 (2007: £17,290,646).

## Notes (continued)

### 13 Creditors: amounts falling due after more than one year

	2008	2007
	£'000	£'000
Acquisition creditor	2,744	7,326
Other creditors	2,248	2,343
Accruals due after more than one year	916	3,684
	<u>5,908</u>	<u>13,353</u>

The acquisition creditor balance represents consideration outstanding in relation to the acquisitions of Rogers Chapman Limited and Hargreaves Goswell Limited.

### 14 Provisions for liabilities and charges

	Delapidations £'000
At the beginning of the year	1,125
Additions	88
Utilisation in the year	(6)
At 31 December 2008	<u>1,207</u>

### 15 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 £5,675,000 (2007: £4,745,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The Company also operates a pension scheme providing benefits based on final pensionable pay. The Company expects to contribute around £786,000 to its pension scheme in 2009.

	2008 £'000	2007 £'000
Fair value of plan assets	79,355	93,369
Present value of unfunded defined benefit obligations	(72,500)	(90,050)
Surplus	6,855	3,319
Related deferred tax	(1,920)	(930)
Net Surplus	<u>4,935</u>	<u>2,389</u>

## Notes (continued)

### 15 Pension schemes (continued)

#### Movements in present value of defined benefit obligation

	2008 £'000	2007 £'000
Benefit obligation at beginning of year	90,050	95,000
Current service cost	659	637
Interest cost	5,166	4,796
Actuarial gain	(20,751)	(7,818)
Benefits paid	(2,624)	(2,565)
Benefit obligation at end of year	<u>72,500</u>	<u>90,050</u>

#### Analysis of defined benefit obligation

	2008 £'000	2007 £'000
Plans that are wholly or partly funded	<u>72,500</u>	<u>90,050</u>

#### Movements in fair value of plan assets

	2008 £'000	2007 £'000
Fair value of plan assets at beginning of year	93,369	88,491
Expected return on plan assets	6,042	5,550
Actuarial (loss)	(20,230)	(881)
Employer contributions	2,798	2,774
Benefits paid	(2,624)	(2,565)
Fair value of plan assets at end of year	<u>79,355</u>	<u>93,369</u>

	2008 £'000	2007 £'000
Funded status	<u>6,855</u>	<u>3,319</u>

#### Components of pension cost

	2008 £'000	2007 £'000
Interest cost	5,166	4,796
Expected return on plan assets	(6,042)	(5,550)
Net interest (benefit)	<u>(876)</u>	<u>(754)</u>
Current service cost	659	637
Total pension cost recognised in the profit and loss account	<u>(217)</u>	<u>(117)</u>

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)

### 15 Pension schemes (continued)

	2008 £'000	2007 £'000
Actuarial (gain) immediately recognised in statement of total recognised gains and losses	(521)	(6,937)

#### Plan assets

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

	2008 %	2007 %
Equities	57.5	63.0
Bonds	40.5	34.6
Other	2.0	2.4
	<u>100.00</u>	<u>100.00</u>

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 target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.5 assumption.

	2008 £'000	2007 £'000
Actual return on plan assets	(14,188)	4,944

Weighted average assumption used to determine benefit obligation at year end:

	2008 %	2007 %
Discount rate	6.50	5.80
Rate of compensation increase	4.30	4.90

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

	2008 %	2007 %
Discount rate	5.80	5.10
Expected long-term return on plan assets	6.50	6.32
Rate of compensation increase	4.90	4.50

Weighted average life expectancy for mortality tables used to determine benefit obligation at:

	Male	Female
Member aged 65 (current life expectancy)	22	25
Member aged 45 (life expectancy at age 65)	23	26

## Notes (continued)

### 15 Pension schemes (continued)

#### Five year history

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Benefit obligation at end of year	(72,500)	(90,050)	(95,000)	(95,490)	(75,122)
Fair value of plan assets at end of year	79,355	93,369	88,216	83,259	68,313
Surplus/(deficit)	6,855	3,319	(6,784)	(12,231)	(6,809)
Difference between expected and actual return on scheme assets: Amount (£'000)	(20,230)	(606)	162	7,823	1,611
Percentage of scheme assets	(25%)	(1%)	-	9%	2%
Experience gains and losses on scheme liabilities: Amount (£'000)	(749)	(532)	2,193	-	1,537
Percentage of scheme assets	(1%)	(1%)	2%	0%	2%

### 16 Called up share capital

	2008 £'000	2007 £'000
<b>Authorised:</b>		
125,000,000 ordinary shares of £1 each	125,000	125,000
<b>Allotted, called up and fully paid:</b>		
At 1 January and 31 December (121,087,705 ordinary shares of £1 each)	121,088	121,088

## Notes (continued)

### 17 Reserves

	Capital contribution reserve	Capital redemption reserve	Profit and loss account
	£'000	£'000	£'000
At the beginning of the year	89,783	268	6,630
Loss for the year	-	-	(6,533)
Other recognised gains/losses relating to the year:			
Actuarial gain recognised in the pension scheme	-	-	521
Deferred tax arising on losses in the pension scheme	-	-	(146)
Share based payments charge for the year	-	-	(1,931)
Movement in accruals for share based payment recharge	-	-	6,064
	<u>89,783</u>	<u>268</u>	<u>4,605</u>

### 18 Operating lease commitments

At 31 December 2008 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	503	600	1,103
Within two to five years	188	-	188
After five years	1,602	-	1,602
	<u>2,293</u>	<u>600</u>	<u>2,893</u>

### 19 Capital commitments

	2008 £'000	2007 £'000
Contracted for but not provided	-	739

## 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 Multicurrency Credit Facility. In July 2008, the US\$575 million revolving Multicurrency Credit Facility was amended and increased to US\$675 million and the company entered into a US\$200 million term loan agreement (which was fully drawn and requires eight quarterly principal payments of US\$5 million commencing 31 December 2008, six quarterly principal payments of US\$7.5 million commencing 31 December 2010 and the balance payable on 6 June 2012), with terms and pricing similar to the amended Multicurrency Credit Facility. As a result of these changes, the total capacity of both the revolving facility and term loan, together the "Facilities", increased to US\$875 million. In December 2008, the Facilities were amended to increase the maximum allowable leverage ratio through September 2009, provide additions to Adjusted EBITDA for certain non-recurring charges and modify certain other definitions and pricing while keeping the borrowing capacity unchanged.

As at 31 December 2008, the Facilities had a drawn balance of US\$483.9 million (2007 US\$29.2 million). The Facilities maturity date is 6 June 2012.

In connection with Jones Lang LaSalle's acquisition of Staubach Holdings, Inc. on 11 July 2008, the company, along with other Jones Lang LaSalle group entities, became a guarantor of deferred acquisition and potential earn out payment obligations owed by an affiliate to the Staubach Holdings, Inc. shareholders. The guaranteed deferred acquisition and potential earnout payments total approximately US\$504 million and will be paid at various times through August 2013.

### 21 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.

## Notes (continued)

### 21 Share-based payments (continued)

#### 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:

	2008	2007
Outstanding at the beginning of the year	98,647	77,705
Granted during the year	69,903	32,124
Forfeited during the year	-	(11,182)
Exercised during the year	(35,348)	-
Outstanding at the end of the year	133,202	98,647

The options outstanding at 31 December 2008 had a weighted average exercise price of £32.18 (2007: £27.23), and a weighted average remaining contractual life of 2.25 years (2007: 1.75 years). During the year options were granted on 16 March 2008. The aggregate of the estimated fair values of the options granted on that date is £650,852.

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

	2008 3 year	2008 5 year	2007 3 year	2007 5 year
Share price at date of grant	\$75.52	\$75.52	\$99.79	\$99.79
Share price at date of grant	£37.19	£37.19	£50.91	£50.91
Exercise price	£29.87	£29.87	£45.92	£45.92
Expected volatility	32.00%	32.00%	32.00%	32.00%
Expected life	3 years	5 years	3 years	5 years
Risk free rate	1.65%	2.38%	4.73%	4.68%
Expected dividend yield	1.50%	1.50%	0.00%	0.00%

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

## Notes (continued)

### 21 Share-based payments (continued)

#### 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:

	2008	2007
Outstanding at the beginning of the year	119,732	157,540
Granted during the year	91,154	70,344
Exercised during the year	(84,561)	(108,152)
	<hr/>	<hr/>
Outstanding at the end of the year	126,326	119,732
	<hr/>	<hr/>

The options outstanding at 31 December 2008 had a weighted average remaining contractual life of 0.9 years (2007: 0.8 years). During the year awards were granted on 1 January 2009 relating to performance in the current year. The aggregate of the estimated fair values of the shares awarded on that date is £1,691,528.

The share price at the date of grant was £19.14 (\$27.70).

#### 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:

	2008	2007
Outstanding at the beginning of the year	222,299	242,342
Granted during the year	21,861	21,657
Exercised during the year	(96,098)	(41,700)
	<hr/>	<hr/>
Outstanding at the end of the year	148,062	222,299
	<hr/>	<hr/>

The options outstanding at 31 December 2008 had a weighted average remaining contractual life of 1.4 years (2007: 1.3 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 £684,487.

## Notes (continued)

### 21 Share-based payments (continued)

#### Restricted Stock Grant Plan (continued)

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

Grant Date	14/02/2003	21/05/2003	30/09/2003	25/02/2004	26/04/2004
Share price at date of grant	\$13.00	\$15.75	\$18.50	\$23.00	\$23.57
Share price at date of grant	£8.03	£9.60	£11.10	£12.16	£13.31
Grant Date	08/06/2004	09/07/2004	23/02/2005	29/07/2005	02/08/2005
Share price at date of grant	\$26.48	\$26.65	\$41.35	\$49.25	\$50.00
Share price at date of grant	£14.39	£14.41	£21.64	£28.04	£28.28
Grant Date	01/01/2006	18/01/2006	23/02/2006	15/06/2006	15/08/2006
Share price at date of grant	\$50.35	\$57.55	\$70.94	\$78.00	\$78.40
Share price at date of grant	£29.21	£32.61	£40.68	£42.39	£41.46
Grant Date	08/03/2007	02/08/2007	21/11/2007	13/12/2007	15/02/2008
Share price at date of grant	\$104.34	\$110.11	\$71.66	\$77.34	\$71.70
Share price at date of grant	£54.05	£54.31	£34.85	£37.90	£36.49
Grant Date	15/04/2008	01/07/2008	01/08/2008		
Share price at date of grant	\$77.93	\$62.11	\$48.99		
Share price at date of grant	£39.47	£31.16	£24.72		

#### Stock options

The Group operates a stock option plan, under which some directors and senior managers may receive awards of options in respect of the Ordinary shares of the Group, 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:

	2008	2007
Outstanding at the beginning of the year	-	1,936
Exercised during the year	-	(1,936)
Outstanding at the end of the year	-	-

## Notes (continued)

### 22 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.

### 23 Additional information on principal subsidiary undertakings

Subsidiaries	Activity	Country of incorporation/ registration and operation	Proportion of ordinary shares held %
<i>Direct holdings</i>			
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
Jones Lang LaSalle Insurance Services Limited	Insurance services	England	100
Rogers Chapman Limited	Surveying services	England	100
HG2 Limited (formerly Hargreaves Goswell Limited)	Surveying services	England	100
A full list of companies will be included in the company's annual return.			