JONES LANG LASALLE INC
Form 10-Q
May 08, 2009

United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-Q

S Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 31, 2009

Or

£ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number 1-13145

Jones Lang LaSalle Incorporated
(Exact name of registrant as specified
in its charter)

Maryland
(State or other jurisdiction of incorporation or organization)

36-4150422
(I.R.S. Employer Identification No.)

200 East Randolph Drive, Chicago, IL	60601
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 312-782-5800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes S No £

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer S	Accelerated filer £	Non-accelerated filer £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes £ No S

The number of shares outstanding of the registrant's common stock (par value $0.01) as of the close of business on

May 5, 2009 was 34,754,429.

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Part I Financial Information
Item 1. Financial Statements

JONES LANG LASALLE INCORPORATED
Consolidated Balance Sheets
March 31, 2009 and December 31, 2008
($ in thousands, except share data)

Assets	March 31, 2009 (unaudited)	December 31, 2008
Current assets:		
Cash and cash equivalents	$ 46,019	45,893
Trade receivables, net of allowances of $27,628 and $23,847	587,359	718,804
Notes and other receivables	76,758	89,636
Prepaid expenses	35,624	32,990
Deferred tax assets	118,285	102,934
Other	10,511	9,511
Total current assets	874,556	999,768
Property and equipment, net of accumulated depreciation of $236,006 and $225,496	214,031	224,845
Goodwill, with indefinite useful lives	1,434,722	1,448,663
Identified intangibles, with finite useful lives, net of accumulated amortization of $56,505 and $46,936	48,545	59,319
Investments in real estate ventures	145,209	179,875
Long-term receivables	49,959	51,974
Deferred tax assets	59,426	58,639
Other, net	52,589	53,942
Total assets	$ 2,879,037	3,077,025
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 295,673	352,489
Accrued compensation	420,748	487,895
Short-term borrowings	38,551	24,570
Deferred tax liabilities	3,503	2,698
Deferred income	33,904	29,213
Deferred business acquisition obligations	23,398	13,073
Other	85,153	77,947
Total current liabilities	900,930	987,885
Noncurrent liabilities:		
Credit facilities	496,008	483,942
Deferred tax liabilities	4,351	4,429
Deferred compensation	31,291	44,888
Pension liabilities	3,938	4,101
Deferred business acquisition obligations	354,044	371,636
Minority shareholder redemption liability	43,500	43,313
Other	57,091	65,026

Total liabilities	1,891,153	2,005,220
Commitments and contingencies		
Company Shareholders' Equity:		
Common stock, $.01 par value per share, 100,000,000 shares authorized; 34,734,550 and 34,561,648 shares issued and outstanding	347	346
Additional paid-in capital	616,472	599,742
Retained earnings	481,843	543,318
Shares held in trust	(3,504)	(3,504)
Accumulated other comprehensive loss	(112,520)	(72,220)
Total Company shareholders'equity	982,638	1,067,682
Noncontrolling interest	5,246	4,123
Total equity	987,884	1,071,805
Total liabilities and equity	$ 2,879,037	3,077,025

See accompanying notes to consolidated financial statements.

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JONES LANG LASALLE INCORPORATED
Consolidated Statements of Operations
For the Three Months Ended March 31, 2009 and 2008
($ in thousands, except share data) (unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Revenue	$ 494,211	563,920
Operating expenses:		
Compensation and benefits	342,555	378,873
Operating, administrative and other	137,623	160,866
Depreciation and amortization	24,520	16,446
Restructuring charges (credits)	17,042	(188)
Total operating expenses	521,740	555,997
Operating (loss) income	(27,529)	7,923
Interest expense, net of interest income	12,758	1,176
Equity in losses from unconsolidated ventures	(32,022)	(2,213)
(Loss) income before income taxes and noncontrolling interest	(72,309)	4,534
(Benefit) provision for income taxes	(10,846)	1,143
Net (loss) income	(61,463)	3,391
Net income attributable to noncontrolling interest	12	552
Net (loss) income attributable to the Company	(61,475)	2,839
Net (loss) income attributable to common shareholders	$ (61,475)	2,839
Basic (loss) earnings per common share	$ (1.78)	0.09
Basic weighted average shares outstanding	34,617,894	31,772,825
Diluted (loss) earnings per common share	$ (1.78)	0.09
Diluted weighted average shares outstanding	34,617,894	33,229,444

See accompanying notes to consolidated financial statements.

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JONES LANG LASALLE INCORPORATED
Consolidated Statement of Changes in Equity
For the Three Months Ended March 31, 2009
($ in thousands, except share data) (unaudited)

	Company Shareholders' Equity							
	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Shares Held in Trust	Other Comprehensive Loss	Noncontrolling Interest	Total Equity
Balances at December 31, 2008	34,561,648	$ 346	599,742	543,318	(3,504)	(72,220)	4,123	$ 1,071,805
Net (loss) income	—	—	—	(61,475)	—	—	12	(61,463)
Shares issued under stock compensation programs	195,662	1	2,368	—	—	—	—	2,369
Share repurchased for payment of taxes on stock awards	(22,760)	—	(625)	—	—	—	—	(625)
Excess tax adjustments due to vestings and exercises	—	—	(1,098)	—	—	—	—	(1,098)
Amortization of stock compensation	—	—	16,085	—	—	—	—	16,085
Increase in amounts due to noncontrolling interest	—	—	—	—	—	—	1,111	1,111
Foreign currency translation adjustments	—	—	—	—	—	(40,300)	—	(40,300)
Balances at March 31, 2009	34,734,550	$ 347	616,472	481,843	(3,504)	(112,520)	5,246	$ 987,884

See accompanying notes to consolidated financial statements.

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JONES LANG LASALLE INCORPORATED

Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2009 and 2008
($ in thousands) (unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Cash flows from operating activities:		
Net (loss) income	$ (61,475)	2,839
Reconciliation of net income to net cash used by operating activities:		
Depreciation and amortization	24,520	16,446
Equity in losses from real estate ventures	32,022	2,213
Operating distributions from real estate ventures	—	59
Provision for loss on receivables and other assets	7,592	9,109
Minority interest, net of tax	12	552
Amortization of deferred compensation	14,311	15,955
Amortization of debt issuance costs	946	141
Change in:		
Receivables	122,003	52,071
Prepaid expenses and other assets	(3,452)	(2,001)
Deferred tax assets, net	(15,409)	(18,040)
Excess tax adjustment from share-based payment arrangements	—	(856)
Accounts payable, accrued liabilities and accrued compensation	(124,935)	(350,338)
Net cash used in operating activities	(3,865)	(271,850)
Cash flows from investing activities:		
Net capital additions – property and equipment	(6,952)	(18,787)
Business acquisitions	(13,783)	(40,752)
Capital contributions and advances to real estate ventures	—	(10,400)
Distributions, repayments of advances and sale of investments	873	6
Net cash used in investing activities	(19,862)	(69,933)
Cash flows from financing activities:		
Proceeds from borrowings under credit facilities	242,619	545,067
Repayments of borrowings under credit facilities	(216,572)	(209,006)
Debt issuance costs	(3,938)	—
Shares repurchased for payment of employee taxes on stock awards	(625)	(1,650)
Excess tax adjustment from share-based payment arrangements	—	856
Common stock issued under stock option plan and stock purchase programs	2,369	2,584
Net cash provided by financing activities	23,853	337,851
Net increase (decrease) in cash and cash equivalents	126	(3,932)
Cash and cash equivalents, January 1	45,893	78,580
Cash and cash equivalents, March 31	$ 46,019	74,648

Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	$	6,160	780
Income taxes, net of refunds		8,141	45,836
Non-cash financing activities:			
Deferred business acquisition obligations		3,054	15,602

See accompanying notes to consolidated financial statements.

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JONES LANG LASALLE INCORPORATED

Notes to Consolidated Financial Statements (Unaudited)
Readers of this quarterly report should refer to the audited financial statements of Jones Lang LaSalle Incorporated ("Jones Lang LaSalle", which may also be referred to as "the Company" or as "the Firm," "we," "us" or "our") for the year enc December 31, 2008, which are included in Jones Lang LaSalle's 2008 Annual Report on Form 10-K, filed with the United States Securities and Exchange Commission ("SEC") and also available on our website (www.joneslanglasalle.com), since we have omitted from this report certain footnote disclosures which would substantially duplicate those contained in such audited financial statements. You should also refer to the "Summary of Critical Accounting Policies and Estimates" section within Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, contained herein, for further discussion of our accounting policies and estimates.

(1) Interim Information

Our consolidated financial statements as of March 31, 2009 and for the three months ended March 31, 2009 and 2008 are unaudited; however, in the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the consolidated financial statements for these interim periods have been included.

Historically, our revenue and profits have tended to be higher in the third and fourth quarters of each year than in the first two quarters. This is the result of a general focus in the real estate industry on completing or documenting transactions by calendar-year-end and the fact that certain expenses are constant throughout the year. Our Investment Management segment earns investment-generated performance fees on clients' real estate investment returns and co-investment equity gains, generally when assets are sold, the timing of which is geared towards the benefit of our clients. Within our Investor and Occupier Services segments, revenue for capital markets activities relates to the size and timing of our clients' transactions and can fluctuate significantly from period to period. Non-variable operating expenses, which are treated as expenses when they are incurred during the year, are relatively constant on a quarterly basis. As a result, the results for the periods ended March 31, 2009 and 2008 are not indicative of the results to be obtained for the full fiscal year.

(2) New Accounting Standards

Fair Value Measurements
In 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 157, "Fair Value Measurements." SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 applies to accounting pronouncements that require or permit fair value measurements, except for share-based payment transactions under SFAS 123R.

On January 1, 2008 the Company adopted SFAS 157 with respect to its financial assets and liabilities that are measured at fair value, and on January 1, 2009 the Company adopted SFAS 157 with respect to its non-financial assets and liabilities that are measured at fair value. The adoption of these provisions did not have a material impact on our consolidated financial statements.

SFAS 157 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- Level 1. Observable inputs such as quoted prices in active markets;
- Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

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We regularly use foreign currency forward contracts to manage our currency exchange rate risk related to intercompany lending and cash management practices. We determine the fair value of these contracts based on widely accepted valuation techniques. The inputs for these valuation techniques are primarily Level 2 inputs in the hierarchy of SFAS 157. At March 31, 2009, we had forward exchange contracts in effect with a gross notional value of $571.2 million and a net fair value gain of $0.2 million, recorded as a current asset of $6.1 million and a current liability of $5.9 million. This net carrying gain is offset by a carrying loss in the associated intercompany loans such that the net impact to earnings is not significant.

See Note 6. Investments in Real Estate Ventures and “Asset Impairments, Investments in Real Estate Ventures” in our Summary of Critical Accounting Policies and Estimates in Management’s Discussion and Analysis for discussion of our processes for evaluating investments in real estate ventures for impairment on a quarterly basis. The inputs to this quarterly impairment analysis are Level 3 inputs in the fair value hierarchy under SFAS 157.

Business Combinations
In December 2007, the FASB issued SFAS 141(revised), “Business Combinations” (“SFAS 141(R)”). SFAS 141(R) changes how identifiable assets acquired and the liabilities assumed in a business combination are recorded in the financial statements. SFAS 141(R) requires the acquiring entity in a business combination to recognize the full fair value of assets acquired and liabilities assumed in the transaction (whether a full or partial acquisition); establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires expensing of most transaction and restructuring costs. SFAS 141(R) principally applies prospectively to business combinations for which the acquisition date is after December 31, 2008. The impact of the application of SFAS 141(R) on our consolidated financial statements will depend on the contract terms of business combinations we complete in the future.

Noncontrolling Interests
In December 2007, the FASB issued SFAS 160, “Noncontrolling Interests in Consolidated Financial Statements—an amendment of Accounting Research Bulletin No. 51” (“SFAS 160”). SFAS 160 requires reporting entities to present noncontrolling (minority) interests as equity (as opposed to a liability or mezzanine equity) and provides guidance on the accounting for transactions between an entity and noncontrolling interests. We applied the provisions of SFAS 160 prospectively starting January 1, 2009. The adoption of SFAS 160 did not have a material impact on our consolidated financial statements.

Disclosures about Derivative Instruments and Hedging Activities
SFAS 161, “Disclosures about Derivative Instruments and Hedging Activities” (“SFAS 161”) requires enhanced disclosures about an entity’s derivative and hedging activities and became effective for the Company in the first quarter of 2009. As a firm, we do not enter into derivative financial instruments for trading or speculative purposes. However, we do use derivative financial instruments in the form of forward foreign currency exchange contracts to manage selected foreign currency risks that arise in the normal course of business. These contracts are marked-to-market each period with changes in unrealized gains or losses recognized in earnings as a component of Operating, administrative and other expenses and offset by gains and losses in associated intercompany loans such that the net impact to earnings is not significant (see Fair Value Measurements above). At March 31, 2009, we had forward exchange contracts in effect with a gross notional value of $571.2 million and a net fair value gain of $0.2 million, recorded as a current asset of $6.1 million and a current liability of $5.9 million. We have considered the counterparty credit risk related to these forward foreign currency exchange contracts and do not deem any counterparty credit risk material at this time.

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(3) Revenue Recognition

We earn revenue from the following principal sources:

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

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

We recognize advisory and management fees related to property management services, valuation services, corporate property services, strategic consulting and money management as income in the period in which we perform the related services.

We recognize incentive fees based on the performance of underlying funds' investments and the contractual benchmarks, formulas and timing of the measurement period with clients.

We recognize project and development management and construction management fees by applying the "percentage of completion" method of accounting. We use the efforts expended method to determine the extent of progress towards completion for project and development management fees and costs incurred to total estimated costs for construction management fees.

Construction management fees, which are gross construction services revenues net of subcontract costs, were $3.1 million and $3.7 million for the three months ended March 31, 2009 and 2008, respectively. Gross construction services revenues totaled $42.7 million and $56.7 million for the three months ended March 31, 2009 and 2008, respectively. Subcontract costs totaled $39.6 million and $53.0 million for the three months ended March 31, 2009 and 2008, respectively.

We include costs in excess of billings on uncompleted construction contracts of $12.4 million and $9.8 million in "Trade receivables," and billings in excess of costs on uncompleted construction contracts of $2.4 million and $5.9 million in "Deferred income," respectively, in our March 31, 2009 and December 31, 2008 consolidated balance sheets.

In certain of our businesses, primarily those involving management services, our clients reimburse us for expenses incurred on their behalf. We base the treatment of reimbursable expenses for financial reporting purposes upon the fee structure of the underlying contracts. We follow the guidance of EITF 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," when accounting for reimbursable personnel and other costs. We report a contract that provides a fixed fee billing, fully inclusive of all personnel or other recoverable expenses incurred but not separately scheduled, on a gross basis. When accounting on a gross basis, our reported revenues include the full billing to our client and our reported expenses include all costs associated with the client.

We account for a contract on a net basis when the fee structure is comprised of at least two distinct elements, namely (i) a fixed management fee and (ii) a separate component that allows for scheduled reimbursable personnel costs or other expenses to be billed directly to the client. When accounting on a net basis, we include the fixed management fee in reported revenues and net the reimbursement against expenses. We base this accounting on the following factors, which define us as an agent rather than a principal:

- The property owner, with ultimate approval rights relating to the employment and compensation of on-site personnel, and bearing all of the economic costs of such personnel, is determined to be the primary obligor in the arrangement;

- Reimbursement to Jones Lang LaSalle is generally completed simultaneously with payment of payroll or soon thereafter;

- Because the property owner is contractually obligated to fund all operating costs of the property from existing cash flow or direct funding from its building operating account, Jones Lang LaSalle bears little or no credit risk; and

- Jones Lang LaSalle generally earns no margin in the reimbursement aspect of the arrangement, obtaining reimbursement only for actual costs incurred.

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Most of our service contracts use the latter structure and we account for them on a net basis. We have always presented the above reimbursable contract costs on a net basis in accordance with U.S. GAAP. These costs aggregated approximately $264.3 million and $282.0 million for the three months ended March 31, 2009 and 2008, respectively. This treatment has no impact on operating income, net income or cash flows.

(4) Business Segments

We manage and report our operations as four business segments:

The three geographic regions of Investor and Occupier Services ("IOS"):

(i) Americas,

(ii) Europe, Middle East and Africa ("EMEA"),

(iii) Asia Pacific; and

(iv) Investment Management, which offers investment management services on a global basis.

Each geographic region offers our full range of Investor Services, Capital Markets and Occupier Services. The IOS business consists primarily of tenant representation and agency leasing, capital markets and valuation services (collectively "transaction services") and property management, facilities management, project and development management, energy management and sustainability and construction management services (collectively "management services"). The Investment Management segment provides investment management services to institutional investors and high-net-worth individuals.

Operating income represents total revenue less direct and indirect allocable expenses. We allocate all expenses, other than interest and income taxes, as nearly all expenses incurred benefit one or more of the segments. Allocated expenses primarily consist of corporate global overhead. We allocate these corporate global overhead expenses to the business segments based on the relative operating income of each segment.

For segment reporting we show equity in earnings (losses) from real estate ventures within our revenue line, especially since it is an integral part of our Investment Management segment. Our measure of segment reporting results also excludes restructuring charges. The Chief Operating Decision Maker of Jones Lang LaSalle measures the segment results with "Equity in earnings (losses) from real estate ventures," and without restructuring charges. We define the Chief Operating Decision Maker collectively as our Global Executive Committee, which is comprised of our Global Chief Executive Officer, Global Chief Operating and Financial Officer, the Chief Executive Officers of each of our four reporting segments, and the Chairman of Asia Pacific and Jones Lang LaSalle Hotels.

Summarized unaudited financial information by business segment for the three months ended March 31, 2009 and 2008 is as follows ($ in thousands):

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		2009	2008
Investor and Occupier Services			
Americas			
Revenue:			
Transaction services	$	106,609	79,360
Management services		84,647	88,748
Equity losses		(1,445)	—
Other services		9,779	5,757
	$	199,590	173,865
Operating expenses:			
Compensation, operating and administrative expenses		188,158	166,569
Depreciation and amortization		15,916	7,048
Operating (loss) income	$	(4,484)	248
EMEA			
Revenue:			
Transaction services	$	73,730	132,414
Management services		45,276	48,177
Equity (losses) earnings		(379)	16
Other services		2,132	2,455
	$	120,759	183,062
Operating expenses:			
Compensation, operating and administrative expenses		136,943	184,060
Depreciation and amortization		5,142	6,021
Operating loss	$	(21,326)	(7,019)
Asia Pacific			
Revenue:			
Transaction services	$	37,690	58,883
Management services		66,741	57,073
Equity losses		(971)	(62)
Other services		1,371	1,504
	$	104,831	117,398
Operating expenses:			
Compensation, operating and administrative expenses		105,517	122,407
Depreciation and amortization		2,921	2,877
Operating loss	$	(3,607)	(7,886)
Investment Management			
Revenue:			
Transaction and other services	$	1,197	4,225
Advisory fees		60,073	72,130
Incentive fees		4,966	13,194
Equity losses		(29,228)	(2,167)
	$	37,008	87,382
Operating expenses:			
Compensation, operating and administrative expenses		49,560	66,703
Depreciation and amortization		541	500

Operating (loss) income	$	(13,093)	20,179
Segment Reconciling Items:			
Total segment revenue	$	462,188	561,707
Reclassification of equity losses		(32,023)	(2,213)
Total revenue	$	494,211	563,920
Total operating expenses before restructuring charges (credits)		504,698	556,185
Restructuring charges (credits)		17,042	(188)
Operating (loss) income	$	(27,529)	7,923

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(5) Business Combinations, Goodwill and Other Intangible Assets

2009 Business Combinations Activity
In the first three months of 2009, we paid $10.3 million to satisfy deferred business acquisition obligations, primarily related to the Americas' 2006 acquisition of Spaulding & Slye. We also made $1.6 million of earn-out payments related to three acquisitions that were completed in 2007 and 2008. No new acquisitions were completed in the first three months of 2009.

Earn-out payments
At March 31, 2009 we had the potential to make earn-out payments on 18 acquisitions that are subject to the achievement of certain performance conditions. The maximum amount of the potential earn-out payments of 17 of these acquisitions was $186.9 million at March 31, 2009. We expect these amounts will come due at various times over the next five years. The earn-out provisions of our acquisition of Indian real estate services company Trammell Crow Meghraj ("TCM") are based on formulas and independent valuations such that the future payments are not quantifiable at this time; this obligation is reflected on our consolidated balance sheet as a Minority shareholder redemption liability.

Goodwill and Other Intangible Assets
We have $1,483.2 million of unamortized intangibles and goodwill as of March 31, 2009 that are subject to the provisions of SFAS 142, "Goodwill and Other Intangible Assets." A significant portion of these unamortized intangibles and goodwill are denominated in currencies other than U.S. dollars, which means that a portion of the movements in the reported book value of these balances are attributable to movements in foreign currency exchange rates. The tables below set forth further details on the foreign exchange impact on intangible and goodwill balances. Of the $1,483.2 million of unamortized intangibles and goodwill, $1,434.7 million represents goodwill with indefinite useful lives, which is not amortized. We will amortize the remaining $48.5 million of identifiable intangibles over their remaining finite useful lives.

The following table sets forth, by reporting segment, the current year movements in goodwill with indefinite useful lives ($ in thousands):

	Investor and Occupier Services				
	Americas	EMEA	Asia Pacific	Investment Management	Consolidated
Gross Carrying Amount					
Balance as of January 1, 2009	$ 939,933	316,581	174,970	17,179	1,448,663
Additions (adjustments)	(1,121)	718	697	—	294
Impact of exchange rate movements	(9)	(13,237)	(653)	(336)	(14,235)
Balance as of March 31, 2009	$ 938,803	304,062	175,014	16,843	1,434,722

The following table sets forth, by reporting segment, the current year movements in the gross carrying amount and accumulated amortization of our intangibles with finite useful lives ($ in thousands):

	Investor and Occupier Services				
	Americas	EMEA	Asia Pacific	Investment Management	Consolidated

Gross Carrying Amount						
Balance as of January 1, 2009	$	80,592	14,645	10,891	127	106,255
Adjustments		(323)	(279)	—	—	(602)
Impact of exchange rate movements		—	(504)	(88)	(10)	(602)
Balance as of March 31, 2009	$	80,269	13,862	10,803	117	105,051
Accumulated Amortization						
Balance as of January 1, 2009	$	(33,979)	(9,396)	(3,487)	(74)	(46,936)
Amortization expense		(8,248)	(917)	(583)	(16)	(9,764)
Impact of exchange rate movements		—	280	(93)	7	194
Balance as of March 31, 2009		(42,227)	(10,033)	(4,163)	(83)	(56,506)
Net book value as of March 31, 2009	$	38,042	3,829	6,640	34	48,545

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Remaining estimated future amortization expense for our intangibles with finite useful lives ($ in millions):

2009		12.5
2010		10.3
2011		8.2
2012		6.0
2013		4.6
Thereafter		6.9
Total	$	48.5

(6) Investments in Real Estate Ventures

As of March 31, 2009, we had total investments and loans of $145.2 million in approximately 40 separate property or fund co-investments. Within this $145.2 million are loans of $2.8 million to real estate ventures which bear an 8.0% interest rate and are to be repaid by 2013.

We utilize two investment vehicles to facilitate the majority of our co-investment activity. LaSalle Investment Company I ("LIC I") is a series of four parallel limited partnerships which serve as our investment vehicle for substantially all co-investment commitments made through December 31, 2005. LIC I is fully committed to underlying real estate ventures. At March 31, 2009, our maximum potential unfunded commitment to LIC I was euro 17.3 million ($22.9 million). LaSalle Investment Company II ("LIC II"), formed in January 2006, is comprised of two parallel limited partnerships which serve as our investment vehicle for most new co-investments. At March 31, 2009, LIC II has unfunded capital commitments for future fundings of co-investments of $353.8 million, of which our 48.78% share is $172.6 million. The $172.6 million commitment is part of our maximum potential unfunded commitment to LIC II at March 31, 2009 of $398.7 million.

LIC I and LIC II invest in certain real estate ventures that own and operate commercial real estate. We have an effective 47.85% ownership interest in LIC I, and an effective 48.78% ownership interest in LIC II; primarily institutional investors hold the remaining 52.15% and 51.22% interests in LIC I and LIC II, respectively. We account for our investments in LIC I and LIC II under the equity method of accounting in the accompanying consolidated financial statements. Additionally, a non-executive Director of Jones Lang LaSalle is an investor in LIC I on equivalent terms to other investors.

LIC I's and LIC II's exposures to liabilities and losses of the ventures are limited to their existing capital contributions and remaining capital commitments. We expect that LIC I will draw down on our commitment over the next three to five years to satisfy its existing commitments to underlying funds, and we expect that LIC II will draw down on our commitment over the next four to eight years as it enters into new commitments. Our Board of Directors has endorsed the use of our co-investment capital in particular situations to control or bridge finance existing real estate assets or portfolios to seed future investments within LIC II. The purpose is to accelerate capital raising and growth in assets under management. Approvals for such activity are handled consistently with those of the Firm's co-investment capital. At March 31, 2009, no bridge financing arrangements were outstanding.

As of March 31, 2009, LIC I maintains a euro 10.0 million ($13.2 million) revolving credit facility (the "LIC I Facility"), and LIC II maintains a $50.0 million revolving credit facility (the "LIC II Facility"), principally for their working capital needs.

Each facility contains a credit rating trigger and a material adverse condition clause. If either of the credit rating trigger or the material adverse condition clauses becomes triggered, the facility to which that condition relates would be in default and outstanding borrowings would need to be repaid. Such a condition would require us to fund our pro-rata share of the then outstanding balance on the related facility, which is the limit of our liability. The maximum exposure to Jones Lang LaSalle, assuming that the LIC I Facility were fully drawn, would be euro 4.8 million ($6.3 million); assuming that the LIC II Facility were fully drawn, the maximum exposure to Jones Lang LaSalle would be $24.4 million. Each exposure is included within and cannot exceed our maximum potential unfunded commitments to LIC I of euro 17.3 million ($22.9 million) and to LIC II of $398.7 million. As of March 31, 2009, LIC I had $2.1 million of outstanding borrowings on the LIC I Facility, and LIC II had $34.6 million of outstanding borrowings on the LIC II Facility.

Exclusive of our LIC I and LIC II commitment structures, we have potential obligations related to unfunded commitments to other real estate ventures, the maximum of which is $8.6 million at March 31, 2009.

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Impairment

We apply the provisions of APB 18, SAB 59, and SFAS 144 when evaluating investments in real estate ventures for impairment, including impairment evaluations of the individual assets underlying our investments. We review our investments in real estate ventures on a quarterly basis for indications of whether the carrying value of the real estate assets underlying our investments in real estate ventures may not be recoverable or whether our investment in these co-investments is other than temporarily impaired. When events or changes in circumstances indicate that the carrying amount of a real estate asset underlying one of our investments in real estate ventures may be impaired, we review the recoverability of the carrying amount of the real estate asset in comparison to an estimate of the future undiscounted cash flows expected to be generated by the underlying asset. When the carrying amount of the real estate asset is in excess of the future undiscounted cash flows, we use a discounted cash flow approach to determine the fair value of the asset in computing the amount of the impairment. Additionally, we consider a number of factors, including our share of co-investment cash flows and the fair value of our co-investments in determining whether or not our investment is other than temporarily impaired.

Due to further declines in real estate markets, which we expect are having an adverse impact on rental income assumptions and forecasted exit capitalization rates, we determined that certain real estate investments had become impaired in the first quarter of 2009. The results of these impairment analyses were primarily responsible for the recognition of $28.9 million of non-cash charges in the first quarter of 2009, which are included in equity losses from real estate ventures, representing our equity share of these charges. It is reasonably possible that if real estate values continue to decline we may sustain additional impairment charges on our investments in real estate ventures in future periods. No impairment charges were recognized in the first three months of 2008.

(7) Stock-based Compensation

Restricted Stock Unit Awards

Along with cash base salaries and performance-based annual cash incentive awards, restricted stock unit awards represent a primary element of our compensation program for Company officers, managers and professionals.

Restricted stock unit activity for the three months ended March 31, 2009 is as follows:

	Shares (thousands)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value ($ in millions)
Unvested at January 1, 2009	1,992.6	$ 69.90		
Granted	1,537.4	29.45		
Vested	(91.3)	61.96		
Forfeited	(19.6)	66.15		
Unvested at March 31, 2009	3,419.1	$ 51.95	2.12 years	$ 79.5
Unvested shares expected to vest	3,323.8	$ 51.91	2.13 years	$ 77.3

The fair value of restricted stock units is determined based on the market price of the Company’s common stock on the grant date. As of March 31, 2009, there was $64.5 million of remaining unamortized deferred compensation related to unvested restricted stock units. We will recognize the remaining cost of unvested restricted stock units granted through March 31, 2009 over varying periods into 2014.

Shares vesting during the three months ended March 31, 2009 and 2008 had fair values of $5.7 million and $4.7 million, respectively.

Stock Option Awards

We have granted stock options at the market value of our common stock at the date of grant. Our options vested at such times and conditions as the Compensation Committee of our Board of Directors determined and set forth in the related award agreements; the most recent options, granted in 2003, vested over periods of up to five years. As a result of a change in compensation strategy, we do not currently use stock option grants as part of our employee compensation program.

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Stock option activity for the three months ended March 31, 2009 is as follows:

	Options (thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value ($ in millions)
Outstanding at January 1, 2009	118.0	$ 20.30		
Exercised	(5.3)	22.25		
Forfeited	(8.0)	29.20		
Outstanding at March 31, 2009	104.7	$ 19.53	1.74 years	$ 0.4
Exercisable at March 31, 2009	104.7	$ 19.53	1.74 years	$ 0.4

As of March 31, 2009, we have approximately 104,700 options outstanding, all of which have vested. Accordingly, we recognized no compensation expense related to unvested options for the first three months of 2009.

Approximately 5,300 options were exercised during the first quarter of 2009, having an intrinsic value of less than $0.01 million. For the same period in 2008, approximately 20,500 options were exercised, having an intrinsic value of $1.2 million. As a result of these exercises, we received cash of $0.1 million and $0.8 million for the three months ended March 31, 2009 and 2008, respectively.

Other Stock Compensation Programs

U.S. Employee Stock Purchase Plan - In 1998, we adopted an Employee Stock Purchase Plan ("ESPP") for eligible U.S.-based employees. Through March 31, 2009, we enhanced employee contributions for stock purchases through an additional contribution of a 5% discount on the purchase price as of the end of a program period; program periods were three months in length as of March 31, 2009. Employee contributions and our contributions vest immediately. Since its inception, 1,636,678 shares have been purchased under the program through March 31, 2009. In the first quarter of 2009, 96,046 shares having a grant date market value of $23.26 were purchased under the program. Effective April 1, 2009 the 5% discount has been discontinued, program periods are one month in length, and purchases are broker-assisted on the open market. We do not record any compensation expense with respect to this program.

SAYE - In November 2001, we adopted the Jones Lang LaSalle Savings Related Share Option (UK) Plan (“Save As You Earn” or “SAYE”) for eligible employees of our UK based operations. In November 2006, we extended the SAYE plan to employees in our Ireland operations. Under this plan, employees make an election to contribute to the plan in order that their savings might be used to purchase stock at a 15% discount provided by the Company. The options to purchase stock with such savings vest over a period of three or five years. In the first quarter of 2009, the Company issued approximately 326,000 options at an exercise price of $19.47 under the SAYE plan. The fair values of the options granted under this plan are being amortized over their respective vesting periods. At March 31, 2009, there were approximately 418,000 options outstanding under the SAYE plan.

(8) Retirement Plans

We maintain contributory defined benefit pension plans in the United Kingdom, Ireland and Holland to provide retirement benefits to eligible employees. It is our policy to fund the minimum annual contributions required by applicable regulations. We use a December 31 measurement date for our plans.

Net periodic pension cost consisted of the following for the three months ended March 31, 2009 and 2008 ($ in thousands):

		2009	2008
Employer service cost - benefits earned during the period	$	637	988
Interest cost on projected benefit obligation		2,064	3,032
Expected return on plan assets		(2,235)	(3,496)
Net amortization/deferrals		43	55
Recognized actual loss		(6)	42
Net periodic pension cost	$	503	621

In the three months ended March 31, 2009, we have made $0.9 million in payments to our defined benefit pension plans. We expect to contribute a total of $3.3 million to our defined benefit pension plans in 2009. We made $7.6 million of contributions to these plans in the twelve months ended December 31, 2008.

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(9) Comprehensive (Loss) Income

For the three months ended March 31, 2009 and 2008, comprehensive (loss) income was as follows ($ in thousands):

	2009	2008
Net (loss) income	$ (61,463)	3,391
Other comprehensive income:		
Foreign currency translation adjustments	(40,300)	46,835
Comprehensive (loss) income	(101,763)	50,226
Comprehensive income attributable to noncontrolling interest	12	552
Comprehensive (loss) income attributable to the Company	$ (101,775)	49,674

(10) Debt
As of March 31, 2009, we had the ability to borrow up to $865.0 million on an unsecured revolving credit facility and a term loan agreement (together the “Facilities”), with capacity to borrow up to an additional $40.9 million under local overdraft facilities. There are currently 17 banks participating in our Facilities, which have a maturity of June 2012. Pricing on the Facilities ranges from LIBOR plus 200 basis points to LIBOR plus 350 basis points. As of March 31, 2009, our pricing on the Facilities was LIBOR plus 300 basis points. The Facilities will continue to be utilized for working capital needs, investments, capital expenditures, and acquisitions. Interest and principal payments on outstanding borrowings against the facilities will fluctuate based on our level of borrowing.

As of March 31, 2009, we had $496.0 million outstanding on the Facilities ($306.0 million on our revolving credit facility and $190.0 million on our term loan facility). We also had short-term borrowings (including capital lease obligations and local overdraft facilities) of $38.6 million outstanding at March 31, 2009, with $30.3 million attributable to local overdraft facilities.

With respect to the Facilities, we must maintain a consolidated net worth of at least $894 million, a leverage ratio not exceeding 3.50 to 1 through September 30, 2009 and 3.25 to 1 thereafter, and a minimum cash interest coverage ratio of 2.0 to 1. Included in debt for the calculation of the leverage ratio is the present value of deferred business acquisition obligations and included in Adjusted EBITDA (as defined in the Facilities) are, among other things, an add-back for stock compensation expense, an add-back for the EBITDA of acquired companies, including Staubach, earned prior to acquisition, as well as add-backs for certain impairment and non-recurring charges. Rent expense is added back to both Adjusted EBITDA and cash paid interest for the calculation of the cash interest coverage ratio. In addition, we are restricted from, among other things, incurring certain levels of indebtedness to lenders outside of the Facilities and disposing of a significant portion of our assets. Lender approval or waiver is required for certain levels of co-investment, acquisitions, capital expenditures and dividend increases. We are in compliance with all covenants as of March 31, 2009. The deferred business acquisition obligation provisions of the Staubach Merger Agreement also contain certain conditions which are considerably less restrictive than those we have under our Facilities.

The Facilities bear variable rates of interest based on market rates. We are authorized to use interest rate swaps to convert a portion of the floating rate indebtedness to a fixed rate; however, none were used during 2008 or the first three months of 2009, and none were outstanding as of March 31, 2009.

The effective interest rate on our debt was 3.7% in the first quarter of 2009, compared with 4.1% in the first quarter of 2008.

(11) Restructuring

In the first three months of 2009, we recognized $17.0 million of restructuring charges, consisting of $15.8 million of employee termination costs and $1.2 million of integration-related costs incurred as a result of the Staubach acquisition for office moving costs, employee retention payments, training, re-branding and other transition-related costs.

At December 31, 2008 we had $9.4 million of employee termination costs accrued as part of 2008 restructuring charges. We paid employee termination costs of $11.0 million in the first three months of 2009, leaving $14.2 million of accrued employee termination costs in Accrued compensation on our consolidated balance sheet at March 31, 2009.

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(12) Commitments and Contingencies

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

(13) Income Taxes

The effective tax rate for the first quarter of 2009 was 15.0%, compared to an effective tax rate of 24.9% for all of 2008. Based on our forecasted results for the full year, we estimate that our effective tax rate will be 15.0% for all of 2009. The forecasted decrease in our effective tax rate is primarily due to lower forecasted earnings in high tax rate jurisdictions compared to last year.

(14) Subsequent Events

On April 28, 2009, the Company announced that its Board of Directors has declared a semi-annual cash dividend of $0.10 per share of its Common Stoc