



Pillar 3 Disclosures as at 31st December 2017

BACKGROUND

LaSalle Investment Management (LaSalle) is an unlimited liability company registered in England (registered number 2597050) and is authorised and regulated by the Financial Conduct Authority (FCA) Firm Reference Number 179466. Under the FCA's financial rules LaSalle reports its financial affairs on a non-consolidated basis.

The FCA's regulatory capital framework consists of three pillars:

Pillar 1 – defines the minimum level of capital that a regulated firm needs to maintain.

Pillar 2 – requires firms to assess whether additional capital is required over and above the minimum requirement.

Pillar 3 – requires firms to publish information regarding the firm's risk management arrangements, risk exposures, its capital position and make certain remuneration code related disclosures.

This document fulfils our disclosure obligations under Pillar 3.

RISK MANAGEMENT ARRANGEMENTS AND EXPOSURES

LaSalle is run by a UK Management Board (UKMB) made up of the Managing Director, Finance and Operations Director, HR Director, Research Director, Compliance Officer and the senior Fund Managers. The UKMB is responsible for strategic direction, risk management and the overall good governance of the firm.

We have an Enterprise Risk Management Committee which is responsible for identifying the risks we are subject to and ensuring that appropriate action is taken to mitigate against the risks. The output from this process is documented in the form of a Risk Register which is regularly reviewed by the Enterprise Risk Management Committee.

Through the Internal Capital Adequacy Assessment Process the UKMB has identified the following main risks to LaSalle's business:

- Business risk
- Operational risk
- Liquidity risk
- Pension obligation risk

Each risk has been assessed and a determination has been made as to whether or not LaSalle needs to allocate additional capital in respect of these risks. The ICAAP concluded that LaSalle was well capitalised and it was not necessary for any additional capital to be allocated in respect of these risks.

CAPITAL POSITION

LaSalle's capital resources consist of Tier 1 capital only being:

- Paid up share capital; and
- Retained earnings.

There are no other items or deductions.

Our total capital resources as at 31 December 2017 were £71M.

The adequacy of our capital resources is formally assessed in line with the FCA's Internal Capital Adequacy Assessment Process (ICAAP). During this process we identify the risks we face, calculate the capital requirement these risks give rise to and compare our capital resources with our capital requirements to ensure we are suitably capitalised. The output from this process is a written report which is prepared by the Compliance Officer, reviewed by the Enterprise Risk Management Committee and approved by LaSalle's UK Management Board.

Our capital requirements as at 31 December 2017 were:

Pillar 1: Fixed Overhead Requirement	£10,754,000	+
Pillar 2: Additional capital requirements	£0	
Total	£10,754,000	

In conclusion our capital resources significantly exceed our capital requirements and, as such, we are satisfied that we are sufficiently capitalised for the risks to which we are exposed.

REMUNERATION CODE DISCLOSURE

Remuneration Policy

As an FCA authorised limited licence BIPRU firm LaSalle is subject to FCA rules regarding remuneration. The relevant remuneration rules are set out in SYSC 19C of the FCA Handbook and are commonly referred to as The Remuneration Code (the Code).

LaSalle's Remuneration Policy promotes sound and effective risk management and discourages excessive risk taking as its compensation arrangements:

- are linked to the long-term investment performance of client portfolios; and
- contain a deferred element for senior positions;
- require all bonuses are signed off by Jones Lang LaSalle Inc., LaSalle's parent company (JLL); and
- all bonus of over US\$500,000 are subject to JLL's approval.

Proportionality

As a limited licence BIPRU firm, LaSalle can be categorised as a proportionality level 3 firm for the purposes of the Code. In accordance with FCA guidance and having had regard to the firm's size, internal organisation and the nature, the scope and the complexity of its activities, LaSalle has disapplied the following rules contained in the Code:

- retained shares or other instruments;
- deferral;
- performance adjustment;
- and ratios between fixed and variable components of total remuneration.

This disclosure is made in line with the requirement for proportionality level 3 firms to publish certain quantitative information on remuneration broken down by business area, senior management and members of staff that have a material impact on the risk profile of the firm.

Summary of the decision-making process used for the determining LaSalle's remuneration policy

- LaSalle's Remuneration Policy has been agreed by LaSalle's senior management in line with the FCA's guidance on proportionality. The European Head of HR and the European General Counsel undertake an annual review of the Policy to ensure it remains up to date and compliant and is operating effectively.
- Due to LaSalle's size, the nature and complexity of its activities, the firm is not required to appoint an independent remuneration committee. However, LaSalle's senior management team performs the remuneration committee function.

Summary of links between pay and performance

- Total remuneration is made up of base salary and a discretionary bonus.
- Bonuses form part of the annual budget and bonus pools are allocated subject to the over performance of JLL Inc. and the performance of LaSalle at global, regional and country level. JLL will consider whether some or the group's profits should be used to strengthen its capital base prior to allocating bonus pools.
- Bonuses are allocated to employees based on individual performance (taking into account financial and non-financial criteria).
- Employee performance is benchmarked against objectives set at the start of each year via an on-line annual performance system.
- Bonus payments are made in cash and also via various long-term incentive programmes.

Quantitative data

Aggregate remuneration for staff whose professional activities have a material impact on LaSalle's risk profile by business area:

Business area	Aggregate total remuneration year ending 31 Dec 2017¹
Front Office	£7,332,273
Support Functions	£2,089,446

Aggregate remuneration for staff whose professional activities have a material impact on LaSalle's risk profile by breakdown of Code Staff:

Code staff	Aggregate fixed remuneration year ending 31 Dec 2017	Aggregate variable remuneration year ending 31 Dec 2017	Number of Code Staff
Senior Management	£2,477,500	£4,582,446	12 ²
Others	£1,112,773	£1,249,000	7 ³
All Code Staff	£3,590,273	£5,831,446	19

¹ Includes non-annualised compensation of 4 part-time Code Staff.

² Includes non-annualised compensation of 1 part-time Code Staff.

³ Includes non-annualised compensation of 3 part-time Code Staff.



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