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JLL - Jones Lang LaSalle Inc Investor Day

EVENT DATE/TIME: DECEMBER 13, 2017 / 1:00PM GMT

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PRESENTATION

Grace T. Chang *- Jones Lang LaSalle Incorporated - MD of Corporate Finance and IR*

Hi. Can we have everyone take a seat, please.

So good morning. It's great to see everyone here. For those of you that I've not met, my name is Grace Chang, I'm the Managing Director of Corporate Finance and Investor Relations at JLL. It's a real pleasure to welcome all of you to JLL's Inaugural Investor Day here in New York City and also to those joining on our audio webcast today.

We've got an exciting and full agenda planned for you this morning. You'll be hearing from our top leaders across the company, including a few special guest clients. For those of you that are in the room today, I hope you had a chance this morning to start exploring our technology innovation showcase outside in the Petite Salon. If not, I really encourage you to do so during the refreshment break as well as over lunch.

Now before we get started, I do have a bit of a housekeeping. Today's presentations will be webcast live and recorded. Presentations, webcast and transcripts will be made available on the Investor Relations section of our website at jll.com, including any reconciliations for non-GAAP financial measures that are referenced today.

Please also refer to our safe harbor statement on the screen and also on the webcast. I won't read it aloud, but I do encourage you to review and keep the safe harbor statement in mind throughout today's discussions.

Finally, as a reminder, if you could please switch your cell phones to silent mode, that would be great.

Now with our housekeeping out of the way, it is my great pleasure to welcome onto the stage your host for the day, our Chief Executive Officer, Christian Ulbrich.

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Good morning, everybody. It's great to see you here. It's our first Investor Day ever, so it's something new for us, and I hope we make it worthwhile for you. The aim of the day is that we make you a bit more familiar with the world of JLL and what is driving our company going forward.

I want to give you a bit of a direction of travel and introduce our Beyond strategy to all of you.

It's an exciting time for us, there's a wave of change coming into real estate, driven by tech and data and some really beneficial macro trends, which we will talk about later.

With me today, we have our global executive board, all of them. Christie Kelly, our CFO, will speak to you later. We have our 3 regional leaders. from the Americas, Greg O'Brien; from EMEA, Guy Grainger; and from Asia Pacific, Anthony Couse. And all 3 global business line leaders, Jeff Jacobson from LaSalle, and John Forrest from our Corporate Solutions business and Richard Bloxam, who's the latest addition to our global executive board who runs our Global Capital Markets business. Not onstage but with us in the room is our Chief HR Officer, Trish Maxson. I would welcome you to reach out to her, as she is a very important part of our leadership team.

You have on your desk the agenda for today. You can prepare yourself mentally that we will drive a lot of content to you. In between, there is a break, but that break is not designed for a coffee or recreation for you. That break is solely designed for you to look at our tech space outside.

Grace suggested that I let you know a little bit about my thinking before we really get into the agenda. And I thought it's easier if I share with you the personal reflections I had when coming into the CEO role, which I offered to my colleagues worldwide on a video last year.

(video presentation)

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Obviously, I had a life before becoming CEO of JLL. I started my career as a banker, a long time ago. And then I moved later on to become CEO of a real estate group in Germany before I finally ended up with JLL back in 2005. So I have more than 12 years with the company. I guess it's fair to say that I know JLL pretty well now, all the different areas of our business.

I mentioned in the video that my predecessor, Colin Dyer, who has led this company into a massive growth journey, where we are today now with 82,000 people across 300 offices in 80 countries. And this was growth which was driven by organic growth, but also tons of M&A. And when you do all this M&A, you are always a bit worried about the culture of an organization and you hope that ideally, in that M&A, you take the best of those companies and add it to your culture and form an even better culture. I can tell you, despite all that growth, the JLL culture is very unique. We have maintained a strong entrepreneurial spirit. We have outstanding local leaders who are constantly coming up with great ideas and who are full of enthusiasm.

If we move on and look at -- into the future, we are blessed with 3 really strong macro trends, which are all beneficial to us. And then there's another even bigger trend, which is a bit more challenging but also offers a lot of opportunity.

We look at the first macro trend. If you think about 10 years back, real estate as an asset class was predominantly seen as part of the alternative assets. Today, in most markets, real estate is a uniquely defined asset class. And the asset allocation to that asset class is rising constantly. It's an ongoing trend over the last couple of years obviously favored by the low-interest rate environment, but we believe it will go beyond just low interest rates, we will see rising allocations and that will have implications on our business. My colleague Richard Bloxam will talk much more about it.

And the same big macro trend is around the growth in corporate outsourcing. This will be picked up by my colleague, John Forrest, later on. But that is a very sustainable trend. We are just at the early stages of corporate outsourcing and, obviously, that is very beneficial for us.

The other one I like to mention, you have heard that a million times, is the urbanization which is taking place. And people sometimes thought urbanization as a trend which we only see in emerging countries, in China, in India, in those places. No, urbanization is something which is happening everywhere in the world, also in the mature countries. The trend is about 2% a year, and then you think, 2% a year is not that much. Well, if I give you the example of Berlin, certainly Germany is a pretty mature country. In 2009 January, we had 50 markets professionals working in our office in Berlin. Berlin is favored at the moment, a lot of young people want to move to Berlin, massive office development, retail developments. Today, 8 years later, we have 387 markets professionals working in Berlin. That is on the back of urbanization and what it does to real estate.

The fourth one is also called The Fourth Industrial Revolution. It's about this massive trend towards using data, using technology, which is completely changing our world. And it has -- it is impacting every industry, impacting our industry. I mean, just earlier this week, some of you will have noticed that Unibail-Rodamco has made an offer to take over Westfield. Two major shopping center REITs, you can say, are merging together; and they are doing it on the back of the changes which technology have done to their business. Online sales are changing the environment of retailers. They have a strong impact of shopping centers, so their response is to do that merger to gain scale, to gain more data, to take efficiencies. So each industry will have to find its own solution to those trends.

The benefit we have that I would say is almost a surprise, there hasn't come up any technology which is currently disrupting our industry from a kind of massive point of view. There is no Google, no Facebook, no Amazon which is focusing on real estate. But we are seeing thousands of different start-ups all across the world who are entering into our space, and it forces us to embrace technology, it forces us to rearrange our focus a little bit to see how we can deal in that environment successfully. What I can tell you, we are absolutely determined to lead that trend, to be the leader in technology and real estate -- in the real estate space.

We have over and above these 4 macro trends some industry trends which have been ongoing for a long time. The one to highlight here is wage inflation, which all professional services companies are facing. We have been able to match that wage inflation pretty nicely because we were also seeing a lot of industry consolidation; and we were clearly a beneficiary of that industry consolidation over the last couple of years.

Over and above that, there has been a new trend developing, it started pretty much after the great financial crisis when all companies were trying to look at what they can do better. And that is the big piece around procurement. Procurement within our corporate clients is driving pricing for our corporate accounts business down and extending payment terms. And it's something which obviously we, as a big provider, can deal better with than other companies. But it has its impact on the overall fee we are able to generate.

So that overall context of the macro trends and The Fourth Industrial Revolution and also what's happening within our industry around inflation and the trends on fee compression gave us the context to rethink a little bit our strategy going forward. We started that at the beginning of 2016. And when we started that discussion, we were saying, okay, what are kind of the key elements which should be kind of set in stone when we discuss and debate the amendment of our strategy? And we said, what we want to do, we want to maintain the double-digit fee margin which we have shown in the past. We want to continue to have double-digit EBITDA margins going forward. We said we want a minimum ROIC of 10%. And we also want to focus very much on cash generation. And finally, as you have seen, we had in the past a massive top line growth. We believe that is something we want to continue to do. We still have a lot of room to grow organically and also add M&A in the future so that, that really ambitious top line growth is something we want to maintain going forward.

So all of that led into our Beyond strategy, which we defined and started to introduce over the course of 2017. And the Beyond strategy is driven by kind of 6 headlines which are highly correlating to each other. And obviously, I have to start with clients. Clients come first always in our organization. And what we want to achieve is to really enhance our global relationship management with our clients. We have the ambition to become true strategic advisers to them, to become partners with them. I have personally a very strong belief that the most successful companies in each industry will want to partner with most successful companies in other industries. And partnership means that both sides take advantage of that relationship. And we have constant proof of that. The moment when clients allow us to be their partners, we are able to make them more successful and drive more value for them than when they just see us as a service provider which they have to squeeze on cost.

We are investing heavily in the most modern CRM technology. And in order to take full advantage of all of that technology, we are also rethinking our structures. The outcome will be that we will sell going forward more products in more geographies to less clients. So you can say, we will be much more focused on those clients who offer us the best future.

The next piece, which is very important in our strategy, is branding. Branding as a professional service firm is frankly something which can be a great protection to changes in the industry. It is something which helps you to get decent pricing. And we are working very hard on that brand. And you will have seen in some of the videos earlier in 2017 or at the beginning of 2017, we started our Achieve Ambitions campaign, where we are focusing very much on the human side of our business and we have taken great strides on that going forward.

The brand will help us not only to reach more senior decision-makers outside the real estate industry, because within the real estate industry, we are probably the best-known and the mostly respected brand. But we want to move outside of the real estate industry. We want the CEOs and CFOs, the senior decision makers around the world to know about JLL and to understand what JLL can deliver to them.

It will also help us get the best talent into our organizations. We need to approach the students at universities in the world who haven't considered entering the real estate world before. But those are the type of people we need to really create a diverse talent pool in our organization.

Digital. I mean, obviously, that is as you have seen in the video, as you can see with our tech space, we are really focused on that overall topic, becoming the leading technology company and provider in the real estate space. We -- in the long term, we are trying to digitize pretty much every service we are offering. And in order to do so, we, first of all, have to accelerate in building the best data pool because data provides us with the ability to give outstanding client advice. And if you think about the amount of data we are collecting -- and it's not kind of some data, it's live data -- while we sit here, there will be lots of activities from all these 82,000 colleagues around the world which provides live data in our world of real estate, and we are taking that data and provide superior client advice on that.

And we are developing our own client-facing tools. And we have some examples outside in our tech space, RED and online markets. But we are also not shy in buying in those technology and then grow and accelerate those things, like Corrigo and BRG.

We are entering into new ventures and initiatives. Some of you may have read that we started a company called JLL Spark in July this year. And I always like to say that because they were described in the press that we have now 2 Silicon Valley veterans running that company, JLL Spark; they are 10 years younger than I am, so I always enjoy saying that they are veterans, I don't know what that means to me. But it is something which is super exciting for us. They are focusing on developing in the space of PropTech, new client-facing tools which will really demonstrate our leadership in that area.

We are also using technology to continue to maintain to be a full service provider. Because some of our services are clearly under massive fee pressures and threat, but they are important to our customers. And a good example is that we were able to be a first user of the Leverton software, which we are using in our lease administration business, a very laborious business where you need to have lots of language skills and highly qualified people to bring all these different leases into your systems in an accurate way. With the Leverton technology, we are able to do that even better and even cheaper so that we can maintain that service going forward.

The next bucket is people. We want to be the employer of choice for the most talented people from all backgrounds around the world. And we will have an ongoing strong emphasis on training and development because what isn't good enough anymore is that you take your college and university education in your early '20s and then you move on until you retire. We all, including me, everybody in this room, we constantly have to enhance our training and get up to speed with the newest trends in the world. And we, as an employer of choice, want to encourage our people, help them to continue on that journey so that we also keep a good diversity in the age profile of our workforce around the globe. We want to be truly an environment where people flourish and achieve their personal ambitions, so that they find that satisfaction in their work life.

And that brings me to values, which is incredibly important for us. If you have listened to the video before, we have been named, for the tenth consecutive year now, one of the Most Ethical Companies in the world. I can't tell you how important that is for me, personally, because I would like to work in an environment where people have strong characters and good values, but it also has a very strong business sense to it. In the world we are living in, the individual has a massive influence on the perception of our clients on our services. So we need people with really, really strong characters and a good set of values. And so I believe that outstanding professional delivery and personal humbleness goes extremely well together, and that is the type of message we like to bring across.

So values and Building a Better Tomorrow, our sustainability program, are something where we have an incredible focus on.

You will have already figured out, if you have these 3 strong macro trends which favor our business sector going forward, and if you do all these 5 headlines focusing on clients, building the most prominent and professional brand in the real estate world, delivering that with the best technology and early-mover advantage of applying best client-facing technology, you do that with the best people with strong values and good characters, you will inevitably grow. You will grow, and that is our ambition. As I said, we want to continue to grow, we want to continue to drive profits.

So with that aim, to continue to be a high-growth company going forward, we have thought about what kind of -- we hate to give guidance, but we don't want to leave you completely in the dark where we are heading until 2025. So what -- our personal ambition is, as a leadership team, we want to move to about $12 billion of fee revenues by 2025. We currently told you that we are working in a corridor between 10% and 12% of adjusted EBITDA to our fee revenue. We want to move that closer to 2025 to 12% to 14%. We want to create cash from operations somewhere north of $1 billion by 2025. And we would like to raise our ROIC, which we are currently matching at around 10%, to around 12% going forward.

On our journey to 2025, we will have to continue what I would call the painstaking path of implementing new ERP systems, new CRM tools and working on digitizing our services, which we started in 2016.

We are entering now into a phase which for us are the most important 3 years in our Beyond plan. The economic outlook is very positive. We are, as people tend to say, at the end of an extended growth cycle because none of us know where the end is. Going forward in 2018, it looks pretty comfortable. We will have another good year in the real estate world. Volumes may be dropping a little, but overall it's fine, and we will expect to hold our 10% to 12% EBITDA margin target going forward. And we will continue in 2018 our strong top line growth, despite that heavy investment we are doing around the ERP systems and all the other technology. My colleagues will offer you later on deep insights into some of the specific plans we are having.

If I can sum up at the end of my little introductory speech, this company has a legacy of more than 250 years. 250 years. If you think about what happened in those 250 years, all these challenges our predecessors had to overcome, one thing has always been true: we have been able to adapt and grow through many cycles as JLL. We have been able to ride all that transformational change and always stay a market leader. We have been building a fantastic platform and a great business for today's generation, but also for the future generations of our clients, of our employees and our shareholders. The macro trends, and especially tech and data, make this a historic inflection point for JLL as it is probably a historic inflection point for any other industry. We, as a leadership team of JLL, we have a clear plan. We know exactly what we want to do. We know exactly what we want to achieve. We are highly motivated, and I am personally extremely confident and excited by the prospects we have as an organization.

I will be back later for your questions. But now I would like to pass you to my colleague, Ben. Ben Breslau runs our Americas Research team. He's brilliant. I always enjoy listening to him. He gives us all the insight. Please enjoy, Ben Breslau.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Thank you, Christian. Thanks, and welcome from me to everyone. It's great to see you all here. I have the simple task, I would say, of giving you a whirlwind tour of global real estate markets in the next 15 minutes. So I'm not sure if we put seatbelts on your chairs today, but if we did, I would tell you to buckle up. I'm going to stay fairly macro to try to cover everything, but I'll give you a few examples along the way of where we see trends coming to life and particularly in the U.S., which is sort of my particular area of expertise. Hopefully, this will give you some good context for the rest of the day.

So there are many indicators that you can look at in terms of the performance of the real estate markets, and we get asked the question quite often where are we in the cycle, so I'll hit that one right up-front.

The thing we look at more than anything else is just overall growth, because our clients and our business tend to trend very closely with overall growth. And the good news is after a lull in 2016 -- which was caused by a variety of factors, including oil prices and the political uncertainty and, to some extent, probably the beginning of the Fed's tightening cycle -- we have seen a reacceleration of global economic growth in 2017. And in fact, we believe due to a variety of factors: still relatively accommodative monetary policy, very high consumer confidence and business confidence and also tax reform in the U.S., we believe that the growth will continue to accelerate into 2018. Still probably lower than we've seen at the peak of previous cycles, and that's why this cycle to some extent has felt probably somewhat frustrating in terms of why haven't we hit that sort of crescendo. For us, we actually think that's a good thing. We believe in the characterization of this as somewhat of a Goldilocks expansion, not too hot and not too cold, it's been just right for real estate. And we think we'll get a continued tailwind globally going into 2018 and potentially into 2019.

If you peel back that a little bit further and think about the areas of our business where we have business concentration and also where the real estate markets are most concentrated, you see a synchronization of growth around the world that we really haven't seen in this cycle since the beginning of the recovery from the Great Recession. There has been fits and starts in different economies around the world, and we finally see a bit of simultaneous global growth.

What I'm showing you here is, first of all, the fact that the forecast at the beginning of this year, in most cases, have been upgraded as 2017 progressed; the economy got stronger and a bit more synchronized. You see from the original 2017 forecast in January to the most recent forecast last month, steady or increasing numbers. And then as we roll ahead to our forecast for 2018 for GDP growth, we see surprisingly robust numbers given the late stage of where we are in the cycle.

The one that is set to decline a little bit, which I'll mention briefly, is China, where senior policymakers have indicated a focus on reducing financial risk in the system and deleveraging. We think that's a good thing overall and still quite healthy growth there in China.

The 2 that we think are going to accelerate the most, India, where there's fairly supportive macro policy and also will benefit from global growth; and also in the U.S., where we have 17-year high consumer confidence, a rotation into business investment, which has come late in the cycle and also, as I mentioned before, a potential boost from tax reform.

So very good sort of underpinning global economic growth for the real estate markets leading into 2018.

One of the defining features of this cycle, however, has been political and economic uncertainty and policy uncertainty, so much so that you see economists, maybe some with too much time on their hands, creating new indices to track this stuff. This one in particular tracks the number of times that the words policy and uncertainty occur together in the news, which is kind of a fascinating thing to track. What you see is these episodes of spikes around big events that have happened in the cycle, but also a period of relative calm right now where, globally and here in the U.S., despite all the headlines which can drive you crazy, I think maybe we've become numb to them a little bit, but there's a period of relative calm as compared to previous times in the cycle in terms of uncertainty. And when uncertainty spikes in our business and across businesses, decision-making tends to freeze up a little bit. And so this abating of overall feeling of uncertainty is certainly a good thing for our business. Consumers and businesses are feeling fairly confident.

Investors have also been feeling pretty good, and that's because of this really simultaneous ride up in valuations across asset classes. That's a bit unprecedented, actually, as compared to most times where you have some up and some down that sort of counter balance each other here. This is actually data from analysis done by our LaSalle research and strategy team showing the standard deviation of long-term valuation trends of stocks, bonds and REITs as a proxy for real estate, and you see this kind of bull market in everything. Clearly, this has created a lot of momentum in the markets, both for real estate, where there's -- where valuations have run up; and also for corporates, where they've been able to raise money and have seen their stock prices rise, also creates some investor frustration at valuations and the likelihood of probably lower returns in the period going forward as compared to the previous period.

I've talked to you a little bit about the cyclical factors that define -- we track that define the market and really help us monitor and manage where we're going. But Christian also mentioned, and you'll hear I think reiterated through the day today, really important secular structural trends that really don't have anything to do with the economic cycles. We'll all go through the economic cycles together. We think we're very well positioned to go through those when they happen. But we are increasingly positioning our research and our businesses and helping to position our clients to ride these secular trends that underpin real estate performance. So the flow of capital and allocations into real estate, both with traditional and new strategies, the urbanization trend and our focus on big cities and the challenges that they have attracting talent and attracting businesses, certainly, this emergence of kind of partnering and outsourcing and everything as a service mantra that we're helping coach our clients through and deliver on.

And then one of the areas that I've been particularly involved in is around technology and digital, you'll hear that as a constant theme as we go this morning. Not only tracking what some of the emerging disruptors and innovators are across business, across the general landscape and helping apply them to real estate. And in fact, JLL just last year, became the founding partner of a new Real Estate Innovation Lab at MIT, which has been a really exciting way for us to put our head in a different space and really think about what some of these disruptors are doing from a different perspective. But also thinking about the changing expectations in the marketplace based on technology a little closer to home in real estate. So we see increasingly technology as something that's ubiquitous no matter what industry you're in, and that applies to all the tenants in our buildings. We see it as a standard. Increasingly, anything that can be either connected or automated will be, that's our feeling. So we're trying to get ahead of that curve and helping our clients do that. And the consumption pattern of asset-light, on-demand, flexible and mobile, which has come really through the millennial digital phase of everything on your iPhone is really flowing through the B2B space and the business environment and the real estate environment increasingly as well. And despite all the apps that we have and all of our clients have and our buildings have, the human experience in real estate and in the built environment is as critical as ever. It's part of why our tie as an organization back to HR and a lot of our clients' ties for real estate back to HR and the human experience is critical as well.

So from macro trends, I want to take you in a little bit to the real estate market trends. We have analysts all around the world tracking and analyzing the nuances of the real estate markets, to advise our clients, and I'll give you a very high level sketch of what we see out there.

So generally, although some of the performance is mixed, if you look at the primary 5 food groups from a property type perspective, you see fairly steady performance with probably the underperformer currently being in retail. We are showing it as stable, but it's truly more polarized, I would say, with a big segment of the retail markets around the world being impacted by e-commerce in a negative way. But others where consumer confidence is strong, high-end retail and prime centers doing very well. And the flip side of that coin is industrial, which is really riding the tailwind -- a secular tailwind of e-commerce, and we've seen an explosion of demand for industrial real estate and logistics real estate all around the world, not only from occupiers and retailers and logistics providers, but also from the investment community, where we've seen 30% year-over-year increase in investment volumes for industrial space.

The other thing I'd mention on this slide is that each of these segments are going through their own evolution and innovation. And increasingly, they are becoming more interrelated than ever before. So our ability to span from a research perspective and from a service perspective all of the food groups and even beyond to alternatives that didn't use to be on this map, but think about data centers or health care or education or government, is critical. Office buildings are now becoming a blend of office buildings and hotel and multifamily because they're dealing with that human experience and the concierge-type feeling that you get in a hotel.

If we -- just to give you an example of a little bit of a deeper view, I'll focus in on office for just a few minutes here. This is our global property clock, many of you have probably seen the property clock. It's our way of tracking the real estate markets or different segments around the cycle as they go through the real estate cycle. And generally speaking, the right side of the clock tends to be tenant favorable conditions, where you either have rising vacancy rates or economic decline or oversupply. The left side tends to be landlord favorable conditions where you have rising demand, dropping vacancy rates and increasing rents and investment activity.

And so the interesting thing that you'll see here, I think, is that despite the -- where we are in the cycle and the momentum that I described before, the real estate markets themselves are pretty widely spread around the cycle. The fact that we're active in many of these markets gives us a nice diversity of our business base, so when one's up and another is down.

The other thing you'll see, I think, is that big markets that we do a lot of business in are mostly clustered in the top left quadrant, we call it, the rent growth slowing quadrant, because that tends to be where -- which is good for our business quite a bit of activity happens in the marketplace and rent growth begins to peak and then fade a little bit as new deliveries come onboard. We see really robust rent growth in places like Stockholm and Sydney and Toronto. And increasingly Singapore, we expect to come up the curve next year.

Interestingly also, although London you'll see on the bottom right side of the clock, after Brexit, there was a bit of a lull in London, but London has been the biggest beneficiary of inbound capital and also the biggest overall investment market. So while it's bottoming out from a rental perspective in its little mini cycle, very active from an investment perspective.

If you think about the landscape for -- that's the sort of current snapshot. If you look forward to next year and just a snapshot of our projections, we think capital values and rents will continue to rise but at a slower pace. Rents were up about 4% year-over-year in 2017 and capital values were up about 5%. So continued appreciation in both, but a bit of a slower pace. We do see vacancy rising a little bit in the office market around the world, mostly due to new supply coming onto the market, which is actually a good thing, because vacancy is incredibly low and space is becoming hard to find, so that will alleviate a bit of that pressure. And we do expect to see stable leasing conditions. In fact on that front, I'll give you a little bit of a snapshot of our leasing projection.

As I mentioned in the economic section, the economy had a bit of a lull in 2016. We correlate nicely to that. So the leasing conditions had a little bit of a lull in 2016, too, due to some of that uncertainty. We've seen an acceleration this year and we expect to see steady above-trend growth for this cycle in leasing going into next year as well. I would say there's probably a bit of upside to this leasing forecast given the economic backdrop and the general confidence in corporate communities around the world. The rate-limiting factor here could be the lack of labor to hire to fill those spaces and also the lack of supply in some markets, which is beginning to limit growth a bit.

I won't go into too much detail on this one, but to give you a sense of how deep we can go when we analyze the marketplace and particularly the demand side of the market, I'm showing you here a snapshot just of the most recent period, the third quarter of 2017 of U.S. leasing activity taken from actual leases that we collect that are not widely available in the marketplace that gives you a sense of which industry segments are growing, stable or shrinking.

The 2 takeaways here, I think, are that one is that the predominance of industries are either stable or growing at this point in terms of their real estate footprint. Most of the rightsizing has flowed through the market, and as we said, we've seen growth across industries. And also the heavy knowledge, innovation, technology-based industries have tended to rise a bit to the top.

If we look at the -- from the leasing markets, if we take a quick look at the investment markets, we see -- we've seen stable investment activity globally in 2017 based on 2016. And '15 and '16 were very robust years in this cycle, so that's stable at a very high level of investment. We do expect a bit of a drop going into next year, led primarily by the U.S. where there's a lack of product on the market and also investors are increasingly looking at other strategies. But I will warn you as far as looking at that metric of that negative that this is only the investment slice of the pie, not the full capital markets activity slice of the pie. And so when we look at capital markets activity overall, we see while single asset sales are down, actually investment activity, in general, is increasing through equity infusions, recapitalizations and also financing and refinancing. And in addition, cross-border capital, which is a particular expertise for us and something that my colleague, Richard Bloxam, will touch on in a little bit, is also up 11% year-over-year. So the market is very active even though investment -- single asset investment transactions are down.

With that property market overview, I will end on a couple of upside and also potential downside risk factors that we're keeping an eye on. On the upside, I think the possibility, given the already good general macro landscape of fiscal stimulus in the form of tax reform here in the U.S. could give a boost for 2018. The synchronization of growth can be a self-sustaining and self-reinforcing loop that we watch for as sort of economists. And also the fact that in real estate markets, balance sheets are in much better shape than they have been in previous cycles.

On the downside, the Fed is expected to tighten today and then potentially 3 more times next year, so you're starting to get a rise in interest rates along with inflation. Geopolitical and policy is very hard to predict, but it's always a little bit of a risk factor. And then the fact that asset pricing and valuations are a little bit high, we don't think in bubble territory, but a little bit high means that there could be some jitters in the financial markets and that can ripple through as well.

So on balance, very positive economic backdrop. That was your whirlwind tour of global real estate markets. And I now would like to pass the mic over to my colleague, Jeff Jacobson, CEO of LaSalle.

Jeff A. Jacobson - *Jones Lang LaSalle Incorporated - CEO of Lasalle Investment Management - Jones Lang Lasalle's Investment Management Business Segment*

Thank you, Ben. And research and strategy is a really important part of LaSalle Investment Management and really the history of the entire firm and is a real differentiator in how we approach our clients, how we deliver investment performance. So as just to illustrate that, within LaSalle Investment Management, of our 730 professionals that we have, 30 of them are in our own dedicated research and strategy team working on markets, portfolio strategy, working with clients, thinking about risk management, asset liability, modeling where real estate fits and so forth. And then we work very closely with Ben's team as well as his peers in other parts of the world. The JLL research team is now up to 500 people globally, so that mass of data and market knowledge that's available can be employed across a variety of different activities for our clients, not least of which is the Investment Management business.

So I'm very pleased to be able to have some time to describe our business, LaSalle Investment Management. We are the real estate investment management arm of JLL. And when I say those words, it means a couple of different things. Number one, we are in the investment management space, that's where we compete. And in that respect, we are no different than you all out here who are in the investment management space, you happen to focus on equities. We happen to focus on real estate. And investors give us money generally not because they like pretty pictures, not because they like walking through lobbies, they invest with us because of the asset characteristics and how that fits in their portfolio. We'll talk a little bit more. Christian highlighted the dynamics that are favoring real estate as increasing part of both institutional and individuals portfolios.

Secondly, all we do is real estate. So we are 100% focused on real estate globally in all its various forms from the listed sector, where we have a fairly substantial REIT and their equivalents around the world team, all the way to development activity in joint ventures across the world and everything in between. So we are pure real estate.

Just a bit of a background on myself. I have been with the firm for 27 years, the last 10 years as CEO of the business. Prior to that, I ran our European business. During the last 15 years, I've lived in Chicago, London and Singapore. And I think that illustrates my own personal journey, illustrates really what is going on in real estate, particularly in the real estate investment world, how LaSalle Investment Management fits into it and how JLL fits into it.

The capital flows, the investment activity is becoming more and more global. It truly is a global asset class. It operates very much in a local context, but it is a global asset class and that trend is not ending. It's, in fact, growing, and a trend we think has a long way to go.

A few facts and figures on LaSalle Investment Management by assets under management, AUM. We are roughly $59 billion in AUM. We have 730 employees, as I mentioned, around the globe. And importantly, we're in 17 different countries, 24 different offices. So we have a footprint on the ground with clients in investing that's incredibly diverse. And that really is a differentiating factor for our business because many firms may invest in real estate, but they don't have the on-the-ground presence. And oftentimes then they have to joint venture or be more of what's called an asset allocator as opposed to the ability to really do something with real estate or work closely with local partners. But to have your hands on what's going on in the market and to really be able to both oversee and work closely with your partners to add value.

And it gets back to this idea that real estate, and one of the things I've always liked about real estate investing is that you have this unique combination of a global asset class and increasingly global, but where the sort of metal hits the road here is that it is very local where it operates. It operates country by country. It operates city by city. It actually operates block by block. So to be a successful investor, we believe you have to have capabilities both locally but understand the global capital markets.

And ultimately, the measure is in the relationships and trust and investment performance. Again, we are an investment manager. In the long run, what our clients care about is that we deliver superior, consistent investment performance. If we do that, we have a growing business. If we fail to do that, we ultimately will not have a successful business.

Fortunately, we've had a successful business. We've had it for a long period of time. As Christian said, the broader firm has been around for 250 years. We've been investment manager for over 40 years. So in the U.S., when the ERISA laws changed in 1978, we were one of the first institutional investment managers. In the U.K., we are investing on behalf of pension funds since the 1960s. Some of those groups are still clients of ours today.

We have over 400 investors coming from 30 different countries. And if you look at this pie chart, the majority of our investors are pension funds, both public and corporate pension funds, traditional institutional investors. We also have a substantial set of relationships with some of the largest sovereign wealth funds in the world, that is a major and growing source of capital.

And then if you look at the sort of dark gray area is this covers the whole gamut of individual investors, from the mass affluent who are investing in our securities products and our nonlisted REIT product in the U.S. all the way up to high net worth and ultra-high net worth family offices. And this is a growing component of our business because it's a growing component of global savings, and global savers and individuals want and need access to real estate.

In terms of our AUM by region, we are split fairly evenly between North America and Europe. Asia is a growing part of our AUM. Given the growth in savings, given the growth in capital amongst some of the large sovereign wealth funds and pension funds in the Asia-Pacific region, we see that as a major area of growth for us going forward.

Another way to cut our business and to think about our business is by the types of strategies and the regions we do that. So taking that $59 billion of AUM, roughly $11 billion to $12 billion is in the listed sector. That's that top gray bar on the left.

The balance is what we call private real estate. So it's the nonlisted part of that. And you can think of that conceptually in 2 broad buckets: one, our commingled funds, so funds where a group of investors give us capital to invest usually on a discretionary basis, where we make the investment decisions to buy, to sell, to invest more capital and so forth. And those can be both closed-end funds; those have a finite life; a defined strategy; you raise the money; you invest the money; you sell the assets; and you return the capital and open-end funds, which are more perpetual life funds, closer to a mutual fund when you think about the stock market equivalent.

And then we also have separate accounts. And those tend to be more customized strategy for the very largest investors who do not necessarily want to go into a closed-end fund or an open-end fund with a bunch of other investors but are significant enough that they can have their own customized strategy and still get the diversification and efficiency that they're looking for in their real estate portfolio. Our typical separate account would be USD 500 million or above, with many of them $1 billion or above. So it's working with the largest, most sophisticated investors in the world and implementing the strategy that's either a country-specific, regional or we're even seeing now among the very largest investors, global strategies on a separate account basis.

Another way to look at our AUM in the private side is by region, where is the money invested? So Europe would be the largest. A lot of that relates to that U.K. business that started in 1960s that is still very substantial. We also have a meaningful business on the continent, primarily in France and Germany, the 2 largest businesses -- or the 2 largest real estate markets and economies and investor markets in Europe and a growing set of activities in the Asia-Pacific region.

Cut in a different way on the right is by risk strategy. And within the real estate world, there is this nomenclature that everyone tends to use with core being defined as low risk, low leverage, diversified, often benchmarked against an index. You can think about it sort of as an allocation. Think about almost like your beta-type exposure that you would have on the equity side. There is not an index you can buy in real estate, so there is no way you have to buy and own assets directly or indirectly. But it is getting that asset allocation. It's long-term investors looking for the benefits of diversification benefits, the income benefits, the lack of correlation with other asset classes.

And then you go to the other end, at the top is opportunistic, that's private equity style, absolute return investing, typically looking for 15% to 20% annual IRRs. The firm will coinvest in that. We get carried interest, so it's doing much more of an alpha-driven strategy. And in between are sort of variations on that.

So the bulk of our business is in that core, core plus area, but the value-add and the opportunistic is a meaningful part of our business. We want to continue to have that as a meaningful part of our business. That's the part of our business that's generated substantial incentive fees, particularly over the last 3 years.

Christian mentioned, I'll put a few more facts and figures behind it, there is strong tailwinds growing the amount of capital that's going into the real estate sector.

Number one is just the amount of capital being saved and invested globally is growing. The chart in the upper left is all asset classes. And this just reflects institutional. It does not reflect individual. And that pool of capital, particularly in Asia, is growing even faster, at a faster rate than institutional capital.

Secondly, as Christian mentioned, the allocation, the percentage of money of an investor's portfolio is going up in real estate. And it's going up at a pretty rapid rate, when you think about the size of these pools of capital. So it was under 9% in 2013. It's now over 10%. Many institutional investors are targeting 15% as they look for returns and as they look at their liability targets they are trying to hit.

Fixed income -- a lot of it is coming out of fixed income sector. Fixed income at 2% or 3% does not hit an investor's liability or pension actuarial assumptions when they're 7% or 8%. And real estate is income-oriented. It's diversified. It works very well when you do your asset-liability capital asset pricing model type of allocation. So that's going up. We don't see anything that will change that.

So if you think about our business and the dynamics behind it, we have sort of a dual-track approach, and it's getting these 2 tracks in balance in our business is really -- it's the sweet spot of where we want to be. So we want to have a very strong base of this core, core plus and our securities business, long-term investors, annuity business, very sticky, will go through cycles. And that business, typically we are paid based on assets under management, sometimes with acquisition fee or disposition fee. But it's generally based on every year, we open our doors on January 1, and we know 90% of our revenue from those type of activities that's in our budget is there. It's locked in under long-term contracts or long-term relationships. And building that annuity and building scale within that annuity business is really important.

The other part are these more value-add, opportunistic, where we can take advantage of market opportunities that we see with the broader firm, whether it's cyclical opportunities or structural secular changes and capitalize upon that with our investors and raise fund. A couple examples, one of which is public, we just completed raising a mezzanine transitional debt fund in Europe, taking advantage of some of the dislocation in the banking sector in Europe. We just closed at a little over GBP 800 million which will be over $1 billion. We're in the middle of raising our fifth Asia Opportunity Fund. We've announced on the interim closing over $700 million of equity raise, the final close is scheduled to occur at the end of January. We -- our hope is that we will be over $1 billion. So that will be examples of those type of strategies.

And when we can implement those strategies and generate the returns, we both can make a reasonable margin from the annual fees, but then we can generate very substantial performance fees. So those 2 fit very well together.

If you look at our AUM trajectory, what it's been since 2010 and our expectations for 2025, over the last 6, 7 years, we've grown -- this is on the private side, outside of securities, from 36 to 45. And that's been -- there's a lot of things going on underneath that. So during that period, we've raised over $30 billion of equity. We've invested over $60 billion of acquisitions. So that's a lot of -- we've been one of the most prolific fundraisers and one of the most prolific firms acquiring assets in the market. Well why -- and prices have generally gone up.

So why didn't the AUM go up as much? Two factors, one is more technical relating to translating back into dollars. We do have a meaningful sterling and euro exposure and the FX rates just between those 2 different [time] reduces that. But the other thing is that we've had a lot of churn in our portfolio, a lot of closed-end funds and also with this very strong market, we've been active sellers, taking advantage to generate returns for our clients. So we bought over $65 billion over that period. We sold almost $59 billion. And that $59 billion, the good news, it's translating to very substantial equity earnings for our firm and our shareholders, very substantial incentive fees, very happy clients who are now wanting to reinvest with us. But it's been a lot of churning. We think we're through that churn period.

And as we continue to focus our growth along these 2 tracks, with a particular focus on our long-term open-end funds, which have been growing substantially over the last few years, that tends to be sticky business. There is not the sort of constant reinvestment. And then matching that with our strong performance track record and the closed-end funds that's the sort of the yin and the yang of our business.

So yes, we're going to grow our core, core plus funds that's scalable, that's annuity. We'll go leverage the performance in those areas where we are very strong. We're going to continue to benefit from our global reputation footprint and the increasing globalization of real estate, real estate investing. And when all those come together, that's where we see growth both in our annuity margin as well as in incentive fees.

I'd like to talk briefly -- Christie and Grace asked if I talk briefly about incentive fees. I know it's something for analysts that are challenging to forecast, they're challenging for us to forecast.

And I'll just sort of walk you through conceptually what's going on. And we've had a very good run, as you know, over the last 3 years. But the basic life cycle in a closed-end fund or joint venture where that generates incentive fees is first thing we do is we have to raise capital. And raising capital for a large closed-end fund is typically a 1- to 2-year process. You have your premarketing, you have your lead investors, you go out on your roadshow, you bring in other investors, some people want to wait till the end, so forth. So you raise the capital, then you have a period of 3 to 4 years to invest. You're investing the capital, you are trying to balance the opportunities you see, how you see the market, how quickly you want to deploy capital, do you want to wait and hold some dry powder back on the expectation that there will be a better buying environment. Then you asset manage -- you execute your business plans, you do things to the asset, lease it, reposition it. You're also operating in a capital market and economic environment. You create value and then you sell it.

And when you sell and liquidate the funds, that's typically what generates the incentive fees. So if you look at that stacked bar chart, the typical in every fund and every joint venture, there's 1,000 variations on the theme. But the basic concept is the investors get their capital back. They get a preferred return on that capital, typically 8% to 10% per annum would be the pref. And then the investors share with the general partner being us, a share of that profits above the preferred return, and it's typically 20%, plus or minus. And sometimes we share it pro rata, sometimes we get a higher share initially, but it's basically 20% of the profits.

So when we do that, I think over the last 3 years, we generated $325 million of incentive fees, that is very attractive. First, it's very attractive for our clients, because we only did it, if we generated really good returns for them. It's very attractive for our shareholders because that's high-margin profits and that doesn't include the profits on the equity we coinvested with our clients and we generate substantial gains on that. And it's obviously very attractive for the employees who work on these funds who get a share of that carried interest. That allows us to attract and retain top-tier investment professionals.

So hard to predict what has to happen. Well, you have to be able to raise the money, invest it well and be in an environment where you're generating those kind of profits. That does not exist in every part of the cycle. But we've seen over the last through 2006, on average, we've generated $60 million, $65 million a year in incentive fees, with certain peak periods and certain low periods. So we believe it's a very good part of our business. We would not want our business to be dominated by that given the nature of the volatility. So it's the combination of growing that annuity business and then adding the other types of business.

So hopefully that gives you a quick overview of LaSalle Investment Management. It's a business that we feel very good about and strong. And we've had a good expanding margins and very good return on coinvestment and incentive fees over the last 5 years.

With that, I'm going to queue up a video first and then John Forrest, our colleague, who leads our Corporate Solutions business, will come up and talk about that business. Thank you.

(video presentation)

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Good morning. So I'm the last section between the break. So I'm John Forrest, and as Jeff mentioned, I'm the CEO of our Corporate Solutions business. It's great to be here with you today.

As you saw in the video, there are big changes and wonderful opportunities in this space and in our business. I've got about 15 minutes here first up to walk you through some prepared content. And then we'll have a panel for about half an hour with two of our very important clients, and one of my colleagues, that will help bring the prepared content to life and help you better understand how we support our clients and how our services to them are changing.

For the panel, we'll have the global heads of real estate and workplace from P&G and IBM with us, which we are very excited about.

So before we get to that though, let's get into the prepared material. Corporate Solutions is really our occupier-focused corporate real estate business. The business really offers 3 things to our clients: strategy, services and technology. And we work with clients across their portfolios geographically and across the entire real estate life cycle, cradle to grave. We do this for corporates and public institutions from a local to global level.

And just for the sake of clarity, the Corporate Solutions business doesn't work with investors in real estate, only for folks whose core business is not real estate. So think finance institutions, technology companies, health care systems, government, universities and the like. It's really easiest to think of this as an accounts business, where clients partner and outsource to us.

And if we step back for a minute, let's take a look at how the clients think about their real estate. At the end of the day, they are looking for us to help them drive value from their corporate real estate portfolios. They all have a similar real estate cost profile. You can see it on the left. You can really simply illustrate it as a pie chart with 3 components. At the top portfolio, think of that as the rent, if you like, for the footprint occupied in the simplest sense; the capital side, the cost of building out and fitting in space; and then lastly, the operations side, the ongoing cost of running space.

Now for pretty much everyone, that 3 cost components, the pie chart, adds up to a top 5 expense item in the company or the institution. It actually can be as high as top 3 or 4. Usually after people and technology, they are the 2 biggies. And it's usually around 3% to 5% of revenue. It can actually be a little higher depending on the industry. Now at the end of the day, the real estate cost is there to enable and support the #1 spend item, which is the people, the talent. So really at the core of this business, we're about helping drive enterprise-level performance. Now this has evolved a lot over the last 10 years or so. Traditionally, there was a real focus on this after the global financial crisis, particularly. Enterprises really focused and anchored on the cost element here, and it was largely about driving cost out. Well, today, there's still a big cost focus. It's actually much, much more about delivering value to the enterprise, we'll talk about more of that. As you saw in the video, the shifts are creating a new world of work, and with that, the focus of real estate executives is changing a lot. They're increasingly looking to drive the strategic value in their enterprises and they're looking for portfolio level outcomes. Things like winning the war for talent by delivering better workplace experiences for their people. Our research indicates that improving human experience enables companies and institutions to drive performance. And we have been doing a lot of great research on that around the world, and you'll see more of that come out in 2018. They're looking to meet the ongoing pressure of improving financial performance by getting more done with less all the time. They're looking to use an increasing amount of data driven by advancement of connected devices and things like IoT to make better business decisions about their real estate portfolios and the individual properties around the world. And they're using real estate in the workplace to support business transformation at the end of the day. Just stop and think how the offices you work in and visit every day are changing. Well, we make that happen all around the world. Success in this new world of work requires an integrated, strategic approach and we partner with clients across their portfolios to turn all this change and disruption into opportunity. So with clients at the center, we've grown our offering to address their needs across the entire real estate life cycle I mentioned earlier. The Corporate Solutions business covers everything from strategy to capital planning, fit out and construction to facilities management and experience services to lease administration and transactions, all underpinned and enabled by data, by technology and business intelligence capabilities that build on that. And the digital element is really critical, because it transforms how our clients use, manage and drive value from their portfolios and all of this is deployed through our global platform. We're able to deliver a complete offering, end to end, getting it to serve our clients' needs local to global, something single service or single geography service providers can't do. So local knowledge and expertise is really the foundations or bedrock of the business. Scalability is really critical. Clients most often want JLL to provide very consistent services across geographies. So our ability to deliver global best practices is one of the biggest differentiators we have against local providers. And this global scale and local relevance also helps us drive organic growth within the client base. Many clients come to JLL with a one-service or one-country need, often actually coming through our markets businesses around the world and the local markets businesses, and over time, we grow many of those relationships up into global, multiservice, multiyear relationships. So with all that in mind, what we've done is organized the business to meet these client needs in the most efficient and effective way possible. So in the simplest sense, here is the Corporate Solutions business model. To really simplify the business, we've grouped all the services you saw on that last slide around the outside of the circle into 4 global service lines. We've organized that around how our clients think of their space. You can see each of the main service lines match against the client's area of spend. So at the top of the portfolio or the rental footprint side, the integrated portfolio services team provides the services there. The project and development services team is on the capital side. Integrated facilities management team on the operations side and then Technology Solutions wraps around all of those areas and aligns processes, tools and technology, and of course, at the center of all that is data. So at its core, we can really think about Corporate Solutions as a people, process and technology business. And at JLL, we've always been known for our people, top talent. And over time, we've increased our focus significantly on strengthening the process and the technology dimensions. And particularly our technology strategy has driven further differentiation from many of our competitors. Digital is now the table stake in any client conversation around the world, and as such, we have been working to transform the business. We've built out a unique, comprehensive offering that covers all the clients' technology needs in the space from best-in-class data management to IoT and smart buildings to consulting and implementation of third-party technology systems and our own proprietary and analytics BI platform, RED. And we deliver it all through a key account management approach for our 500 or so accounts. Our account managers have real sector knowledge -- industry sector knowledge, awareness of the client's business strategy and a deeper understanding of client's organizational drivers and their regulatory environments, which is really critical. And these areas of expertise are central to meeting client expectations. So as we've evolved the business, acquisitions have been a key element of the transformation strategy. Over the last couple of years, we've made a number of acquisitions that have either addressed service gaps or added new capabilities that our clients need and value. And which also importantly help us target high growth market segments. So let's just touch on a couple of those.

I'll firstly go to BRG, which we acquired in 2016, here in the U.S. BRG was a leading provider of workplace technology consulting and technology implementation services. From this acquisition, we created our Technology Solutions service line, which I mentioned a few minutes ago. The ex-CEO and now Global President of Technology Solutions, Traci Doane, is here with us today and she'll join us up on the stage for the panel. So BRG is a great example of us adding new capabilities. ATG was another acquisition in 2016 that added new capabilities. ATG is a leading technology-driven consulting firm here in the U.S. that provides hospitals and health systems with automated compliance and regulatory solutions. This acquisition made JLL the only real estate firm to offer a fully integrated technology platform designed specifically for health care regulatory compliance. And this really deepened our foothold in the health care sector that has a lot of pressure for change and growth runway.

I want to touch on Integral. Integral was a very important acquisition that I'd say was more in the category of addressing gaps in our platform. It was also the largest of the acquisitions I've got up here. Just to level set, Integral is a leading provider of mobile engineering and maintenance services in the U.K. Acquiring Integral was a milestone for our corporate business in Europe. As it dramatically grew our ability to self-perform for clients in the U.K. and Ireland, particularly, and gave us significantly greater depth in the European platform of business, and this is really important as more and more European corporates are looking to partner and outsource with firms like JLL. There's been a real shift in that since the global financial crisis and it continues. And they're looking to partner and outsource with clients like JLL, not just in Europe, but in all of our regions and globally. We feel really good about the team at Integral and their platform. Just in the second half of this year, to illustrate that, we won 2 major global outsourcing deals, one in the tech sector, one in the health care sector. Deals that we likely would have not have won if we had not had the Integral platform in EMEA. And I'd say it's fair to say this has been a complex acquisition to integrate and a big part of that is that they're in the middle of a transformational technology project themselves to digitize their entire business end to end. I also want to mention 2 others briefly, MSCI and Corrigo. MSCI is a global benchmarking business, which enables us to show corporates how their portfolios compare and benchmark to their peers across the world. This is a really critical piece of capability that's really valued by C-suites. I also want to talk about Corrigo, which is a SaaS business here in the U.S., in the facilities management space. It's a leading technology in the space and we've already expanded it in the 2 years since we came together into Asia Pacific and Europe. We're very excited about this business. So across all these acquisitions, we're very focused on leveraging the capabilities around the world, driving cross-selling and showing the right returns for the capital that the firms invested. Let's turn and take a snapshot look at the business. So in Corporate Solutions, we have about 35,000 of the firm's talent, serving about 500 client accounts globally, across the firm's platform in 80 countries. It's really an annuity-based business and the average length of client contracts is about 5 years and that average length is actually tracking longer. We manage a total of about 1.5 billion square feet of facilities around the world and we're involved in the order of $35 billion of capital works annually. That's everything from capital planning to ground up construction. We've included a representative sampling of clients, and you can see they are from industries across banking and financial services, technology, life sciences, education, media, energy, utilities, health care, consumer goods and government. Everybody needs real estate, right? So you can see it's a large and dynamic business and many of these clients, more than half of them actually, have portfolios, which extend across our regions of the Americas, Asia Pacific and Europe. So as we look beyond, where do we go from here? As Christian said earlier, we've got a robust vision and a robust plan to get us there. Looking to 2025, we're looking to grow revenue by 2x or more than 2x and expanding margin by 200 basis points or so. And we're focused on doing this through a strategic plan that continues our focus on people, process and technology with an emphasis on 5 key strategic priorities. The first one, continuing our focus on operating efficiency and productivity, and again, that's got a heavy technology and automation element to it. Secondly, to continue to lead the digital transformation of corporate real estate, leveraging new technologies from the industry around the world around us, but also with a disciplined internal focus on scalable innovation and product development. Thirdly, enhancing our platform in Europe and driving more share there as European corporates look to change their corporate real estate models and partnering and leveraging firms like us. Fourth strategic priority is around penetrating growth industries, such as life sciences, health care, education and government, and along with that, entering new asset classes beyond what is our current core in office space. And finally the fifth one, driving growth through world-class product management, which is actually pretty new to the real estate industry and world-class sales and marketing. So just before we turn to our panel discussion, I want to close with an overarching view for you. The headline or the headline is that the unprecedented change that we're seeing around us gives some really good runway to the Corporate Solutions business. Changes in how people live and work have created a new world, shifting the focus from just the management of physical buildings, much more to what happens inside those buildings and the people and the workplaces that shape employee engagement and employee productivity and ultimately driving business performance and business transformation. And we see that here with a quote from Erwin Chong, who is the Head of Corporate Real Estate at the Development Bank of Singapore. DBS is an example of an organization that's on the front foot of this new world of work and they're using real estate to help drive the cultural revolution of that bank. And just to emphasize the point, DBS is a regional bank in Asia. These changes are afoot not just in Fortune 100 companies here in the U.S. or with the Tech Titans out in Silicon Valley. The opportunity is truly a global one. So we have, at the heart, a real opportunity to help our clients drive superior business performance, which translates to exciting rewarding times for the business. So that's enough from me. Now let's really bring that story to life and hear from our clients and their perspectives. So it's time to invite our 3 panelists up on the stage and I'll introduce them as they come up. Firstly, Frank Cuevas. Frank is the VP, Real Estate Strategy & Operations at IBM. Jim Pazzaglia from P&G. Jim is the Director of global business services, facilities, real estate, IT and employee delivery. And then our own Traci Doane, who is the President of Technology Solutions globally. Please join me in welcoming the panelists.

QUESTIONS AND ANSWERS

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

So firstly, thank you for joining us for our client panel. I thought what we do to get the room warmed up is perhaps I introduced you with some long titles, perhaps you could give us a sense for your backgrounds before you came into your current roles and maybe we'll just work across starting with you, Frank.

Frank L. Cuevas

Sure. So I've been at IBM for 2 years and managing a portfolio of 80 million square feet, run rate of approximately $2 billion a year just on portfolio. And so it's a sizeable portfolio, but I wasn't always at IBM. So 2 years is relatively new when most of my staff there has been there 30 to 40 years. However, I've grown up in the real estate industry. So I've more than 20 years' experience, having been at Citibank in the IB Group in addition to Deloitte, where I was before IBM. I spent 8 years there managing their portfolio. And in AIG before Citigroup, where I managed a number of different departments for AIG across the world. So it's been a tremendous experience for me. I'm glad to be here. Thank you very much for allowing me to share some of my views.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Thank you. Jim?

James Pazzaglia

I'm glad to be here as well. My name is Jim Pazzaglia. I work for The Procter & Gamble Company, a little over 27 years with Procter & Gamble in our global shared services business. Different than Frank, I've only been in this space for about 3 years. My background is IT, technology and analytics. So we heard a lot today. We heard from Ben and we heard from others about the pervasive nature of IT and its play in this environment. So I'm bringing with me a lot of the skills and experience I have in IT and analytics as it relates to facilities and real estate. And we've had an outsourcing deal along -- outsourcing deal with JLL. We're close to 15-year partners with JLL. So we did a major outsourcing deal about 15 years ago across IT and facilities.

Traci Doane - *Business Products Group, Inc. - CEO and President*

Yes. As John mentioned, I am currently the President of Technology Solutions. It's a position that I assumed when my previous company BRG was acquired by JLL in 2016. I was at BRG for 21 years and the first 10, I held a variety of different roles across operations, sales, I ran a bunch of different business units and the last 10, I was the President and CEO of the firm. I've been living and breathing real estate technology since the early 90s, where I worked for a company called ServiceMaster. That was a large FM outsourcing company, first as an architect and then in the technology sector. So I'm excited to be here today to talk about 2 things that are critical to the growth of Corporate Solutions, which are clients and technology.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Thanks, Traci. So in my remarks, I made the observation that in the period after the global financial crisis, nearly 10 years ago, there was a real centricity around cost in corporate real estate and really organizations anchored around driving cost out and on productivity. But in more recent years, it's become much more of a value conversation around supporting business transformation, the employees and talent in the space and in the workplaces around the world. So what I'd like to do is start off by having each of the panelists talk about how that value conversation is really evolving in their organizations beyond just the cost centricity. So perhaps, Jim, we can start with you.

James Pazzaglia

Yes. Cost, obviously, is important and we don't get away ever having a cost discussion when we talk about the portfolio in real estate. But we sort of complemented or inverted that story a little bit because what we were typically doing in the past is we were creating all things equal or creating our spaces or acquiring our assets thinking that all the work potentially is done the same way. That's not true. I think we've had a relentless focus on understanding how work needs to get done and what do people need to get their work done and how the asset, real estate and facility plays a role in that. So for us, the conundrum is balancing that experience and we talked about the future of work and that human experience. The investments we need to make there versus the physical assets and then what is the right value for those business units to be able to be as productive and innovative. The portfolio I manage is a mix of R&D, it's a mix of our HQs. It's then our plant environments, our manufacturing environments. It is a very different skill set and a very different portfolio in assets needed in order to manage that. I'm probably going to say this in every question I get and how the role of IT and the technology disruption plays in the way we do our work. We've been using data and analytics in the space quite heavily to help our business units understand how we can do work differently and how data and analytics support that. So we're trying to take the anecdotes out by using real data and relevant data, real-time data in order to help us tell that story. But for us, we see real estate and facilities playing a much more pervasive role in engaging with our employees. We want our employees to be proud of where they work, we want them to take pride in the company and the physical asset plays a role in that. So while, yes, cost is there, it comes up in every discussion, tend not to start there. We start with the experience and what it's going to take to do that and then the role of what it's going to take to make it happen.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Frank, do you want to give us an IBM point of view on that?

Frank L. Cuevas

Sure. So at IBM, it's really no different than Jim. There's been a tremendous focus for years and years and years on cost and that is now shifting. The priority is shifting somewhat to the value play because, traditionally, it's all been about metrics associated with cost per square foot, cost per person. Now it's much more related to what is the cost as a percent of revenue, how is this impacting the business of IBM. Not so much in terms of cost per space, but in the ability for allowing our employees to be much more productive. And so that value starts to create a very significant difference even in the portfolio and the way we manage it as well. So across the board, when we think about what used to be the metrics associated with managing space, today it's much more metrics associated with what's the value that we bring to the people and that is about experience, that is about workplace experience that drives engagement, that drives productivity and you mentioned it earlier and as well, the value that technology brings to that as well. We'll talk a little bit more about that. So at IBM, it is still always going to have a focus on cost and being cost competitive in everything we purchase and everything we drive, but there is a much different play here and that's about what's the value that we get for that cost. And the same is true in even the allocation of space. It used to be that we would be very dense, but now it's about what's the value to our employees. It's not just about being dense and lowering costs. It's about that value and partners like yourselves help bring that expertise to us that help us drive what's happening in the market.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Could you give me a sense, perhaps both Jim and Frank, how consistent is this shift globally? Like is this a U.S. phenomena? Or -- my sense is it's much more a consistent shift around the world and you both have global roles.

Frank L. Cuevas

So it absolutely is global for us. And whether impacting the employee and the employee workplace experience isn't just a U.S.-centric or isn't just an EMEA-centric phenomenon. This is happening around the world. And so for us, that drive has to be consistent around the world and that's why having partnerships that are in fact globalized partnerships, where we can, such as with JLL, we have a tremendous amount of activity that you do for us in India and have done for us for many years and in other places around the world as well. Having that ability to be global is a tremendous asset to us because as we start to drive the focus on value, that value has to have consistency across the globe.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Thanks. And, Jim, is that the same at P&G?

James Pazzaglia

Very similar, I think sometimes though it -- if I look at our portfolio of what we own versus what we lease, sometimes we can get to some of those results or we can get to some of those new workplace strategies quicker depending upon the type of space that we are in. But I'd say, generally, we always thought this was a millennial phenomenon, "hey, they'd be willing to work in a different work environment or they'd be willing to share or desk share." I would say that's happened probably more in Asia for us, but in more of the developed markets. We're seeing more of helping the C-suite as well as helping the regional leadership, understand the outcome versus the takeaway. And a lot of times the story gets taken, we may be doing your space differently, we may be shrinking it, we may be moving you somewhere. If you're focused on the outcome of what the expectation is, we tend to get there, but yes, I think it's -- it has its pockets in regions, but yes, for me it's pervasive. And then our challenge is how do I get it everywhere quickly. So I need to be on platforms that are common. I need to have capabilities that are common. We have a population of folks like every company, that is, expats. We have an experience in one part of the world that may be transitioned somewhere else, and we want that experience to be similar for our employees. So when we're with a common global provider or partner, we're able to do that consistently. We all talk the same language, I mean, between JLL and P&G, the language is the same.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

And that's playing out inside JLL. In our own office footprint, we've recently completely refreshed our own headquarters in Chicago, but also in Mumbai we've done completely new facilities there, which is perhaps even more advanced and if any of you are out in that part of the world, in India, in Mumbai, you can pop into the offices there and have a look, it's really a transformational environment that the organization has put in place. Let's translate that then to how the portfolio is changing, so if you can put some practical context for the room on what this portfolio shifts really looks like for you going forward compared to what the traditional corporate real estate portfolio model look like. Jim?

James Pazzaglia

Yes, sure. Again, I'll start right before Traci gets to talk about IT. But to me, the differentiator in here about our portfolio and workplace is going to be how we can get to an integrated platform across that cycle, John, that you talked about. I don't think any more my job is talking one aspect of managing the facility or the site or the real estate. I get involved in all aspects of it, because our employees no longer differentiate what was real estate, what was facilities, what was within HR enabling with an employee or a business unit. So we find ourselves focusing on how we integrate that seamlessly, which I think is then a differentiator for JLL, how you're able to make that come to life and I know we're continuing on that journey. But we're trying to keep the portfolio as needed, but maximize it for its level of productivity. So whether it is building innovation centers in spots where we felt they were different assets that we had on the portfolio and bringing them together. So in our environment, we have folks who work upstream in innovation all the way to our go-to-market, we're putting them in common spaces, right? So when you understand what that work is, so I'd say our portfolio is remaining somewhat consistent or constant, it's how we're using the spaces differently that is changing.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Much more intensively, right?

James Pazzaglia

It's intensive, it is very deliberate and it's not one-size-fits-all. And I think what may work for, I mean, I work out of this market here and typically our sales environment. They prefer a denser footprint in the portfolio, call it unintended collisions. How many unintended collisions can I cause where one idea may be shared with someone where they may not have had that opportunity in the past. So I'd say, it's more intentional. But it's built and it's procured for the needs of the business. And then we're able to scale that. What may work in North America, we can bring those ideas and partner with JLL to Asia and bring those best practices across the globe.

Frank L. Cuevas

If I can just add, I think that in terms of portfolio, there is no question that it has changed a tremendous amount. I think in the next number of years, it's going to change dramatically even more. To some extent, I think that densification that's happened, it has been driven by a lot of a cost player, at least that's where it initiated. I think the generational aspects of it certainly played into it as well. The millennium wanting to be more collaborative and closer together, but I also think that the shift has gone a bit too far. And what we're going to start to see in a portfolio is more of a rightsizing. So densification will be here and will remain, no question. But I think there's going to be a lot more need for ancillary spaces to drive the aspects of densification that are required as well. So I think in our portfolio, we're going to be seeing a very different need in our footprint as it relates to that, which I think will be an interesting change as well.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

So let's translate those shifts in the portfolio and cost of value sort of to what you need from partners like JLL. So maybe 2 parts of this. What's the type of services? And then how they change going forward? And then, how do you want to work with firms like us? Who would like to take the lead there?

Frank L. Cuevas

So I think for us, more specifically, we have about 1,000 real estate professionals within my group itself. And in reality, the technology is changing so dramatically that it's moving at a faster pace than we can keep up with, with our own teams. And so what we're looking for in a partnership is everything that scales from the execution of services, delivery of services, the consultation aspect of services and as well as the actual delivery of the components that we traditionally are -- isn't part of our core business. So when we look to our partners, we're going to be looking for every aspect that we can partnership and outsource to our partners and focus more on a strategy because for us, that's where we really need to focus on aligning with the business, understanding where as a company the business is heading and that's tremendously transforming. So it allows us to focus on that while we take our non-core assets and give that to our partners.

James Pazzaglia

I think for me, John, the -- we're in a little bit of a different situation than IBM. I am more outsourced. I don't have a team as large as Frank does and probably 1/10 of that team. So we're more reliant upon JLL to come forward with us and to us with what's the latest, the greatest, the seamless integration of technology. But for me, the talent has changed and the talent needs to change and continue to change, because the acumen anymore is not just corporate real estate and facilities management. It is that whole cycle that you talk about. So another part of the team that I do manage is we call it employee IT delivery. I also manage the technology and the capabilities and the tools of the deployment [that are used] at our sites. So when we talk about mobility, when we talk about PCs, when we talk about communications capabilities, that all falls within now our vertical or services to our P&G employees. So when we partner with partners, the strategic partners like JLL, it's -- are we also mapped with the talent that could talk that as well? Or look at other opportunities that we could fold into that experience when we work with our sites and we work with our employees? So I think this area is, again, not only a technology disruptor, but a talent disruptor of the type of skills and capabilities that are needed in order to deliver this for the way we package it and put it together as a company. The integration across too, John, right? I mean, there is no discussion, I don't have where it's with our strategic partners outside of JLL, which would be other IT providers. They all sit in the same room and talk because at the end of the day, it's about the experience and what we're trying to deliver.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Yes, this is really illustrative of the big shifts. And I've been with the firm a long time now. These days, the conversation is much more of [one] with real estate group, workplace groups from the clients, HR, the technology leadership, often business transformation leadership and that corporate infrastructure leadership cohort comes together in a much more pervasive and cohesive way than it did historically in order to deliver for the organizations and their employees and Traci, that's probably a good segue way to bring you into the conversation because you had some big decisions to make back in 2016, you had 500 people you were leading, anchored here in the U.S., but operating in some countries around the world. You had people, but operating globally. So just picking up on the shifts and the evolution that Jim and Frank have talked about. Could you give the room some insight as to what drove your decision to join the firm.

Traci Doane - *Business Products Group, Inc. - CEO and President*

Sure, yes. So, absolutely, it was integral to our decision and some of the things that Jim and Frank have talked about from global coverage, global coverage is critical to drive the value in our corporate occupier clients, like IBM, P&G and many others. And at BRG, we had, as John said, grown our technology platform to the industry best-in-class optionality for our clients with some of the industry's best talent. We'd grown our business into some locations in Europe and Asia, but we really needed a platform that we could scale more rapidly. And JLL gave us that way so that we could scale rapidly by leveraging their -- the network of locations across the globe to more expand into locations that we have not yet touched for our clients. Secondly, Jim talked a little bit about technology and analytics being critical to shape the portfolio of the future. At BRG, as I mentioned, we had strong technology platforms, but we really felt if it could be combined with something like JLL's RED analytic and insights, we could offer true differentiation to our clients to bring those insights to life. I think JLL and BRG shared a common philosophy that both technology can be both an enablement to the service delivery and it's also something that our clients are seeking as an independent service and that's what really launched the thought around technology solutions as the fourth core service line for the Corporate Solutions business. And third, I think the increasing demand for technology offered as an integrated part of that service delivery. At BRG, we did offer some workplace services around occupancy planning, [move, add, change] but we did not do FM or construction project management services, capital markets leasing and so as the emergence of technology has entered into the marketplace, becoming ubiquitous with the businesses, it was very important for us to find a platform that was strong across all of the life cycle of corporate real estate in order to bring the value of technology and analytics to life, whether it's automation, user experience, that frictionless interaction that Ben talked about that the occupants and tenants are all looking for, it's the client-first mission really that drove us to join JLL and a very strong cultural alignment between the 2 firms.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Just to give you a sense in a practical way, how the shifts have happened and how quickly. [We had a talk] with one of our big global clients here in New York yesterday. And the entire hour was focused around technology and how they're digitizing and how we're running the portfolio globally. That might have been 5 minutes on the agenda, 5 or 6 years ago. So the richness that some of these acquisitions have brought to our capabilities like BRG and Corrigo and MSCI, which I mentioned earlier, has really been transformational. Traci, maybe a follow-on question for you. Given the breadth and depth of JLL, how have you found the ability to access clients both in the Americas and around the world? Has it opened up additional opportunities for the team that you brought over?

Traci Doane - *Business Products Group, Inc. - CEO and President*

Yes, it absolutely has, John. We have had access to higher levels in the organization through all the relationships that JLL has across, not only the Americas, but globally within our clients. And the conversations are just at a different level, partly because of JLL's breadth and partly because of where the industry is headed with data, technology, insights and driving into that human experience.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

So we've talked a lot about technology and Christian outlined earlier at the beginning around our aspirations about being the digital leader in the space, but our chief human resources officer, Trish Maxson, is also in the room and I'd be remiss if I didn't tie this back to talent, because talent has always been the core strength of JLL through our history. So perhaps what I'd like each of the panelists to talk about and I'll start with you, Frank, is while everything is digitizing and becoming digital, there's massive shifts underway, ultimately, we can only pull it off if we've got the right talent. So perhaps you can give us your view and what you see within IBM of that sort of balancing between technology and talent?

Frank L. Cuevas

There is no question that the greatest resource, I think, any company has, inclusive of ours, is always going to be your talent and now that there is such a predominant growth of technology within that, there is a real complementation of how technology actually helps to make the lives of the talent easier to do their jobs. And so that's one of the things we're focused on very much at IBM, because it's such a disruption, and I think in this industry, we're going to continue to see that disruption. But the way our technology is going to make the lives of our people easier is in terms of actually creating a differentiated workplace experience and that workplace experience is what's going to allow us then to hire that talent that is the best and the brightest and make a difference in the productivity and in our competition. So for us, there is a unique ability for us to continue to drive technology with the convergence of that talent to be able to hire the best and the brightest, and I think you're going to see that as we move forward in the future even more so.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

And I think that balance is all around the world. We all travel a lot. You see it actually fairly consistently. Jim, what's your view from the P&G side?

James Pazzaglia

I think when we talk about the merge of both of these, I always want to shift the time that we have of our folks that work in this area from looking backwards or using data to look backwards. Or we call it walk our floors. If our people are out walking our floors, are they using the technology and the information data to be anticipatory of what may happen or anticipate something may occur and take a measure or -- versus the past or sometimes today, it's trying to catch up. So I'm using data because it told me something was wrong or I'm using data because it told me I'm on this quadrant of Ben, I'm looking at are you growth or you're starting to decline. The data is only as good as far as we can get ahead of something is going in the direction we don't want it to go in. And so I think having it, but integrating it in a way that I could use it to predict or anticipate is one thing. And second thing is having the core skill sets and capabilities to think that way or think differently or not be afraid of the technology or not be afraid of the systems. Or realize that more people may have access to the same data and that's okay, because you may get a better idea. So we do see a very strong merge with -- majority of my group is IT professionals, IT engineering, some HR and F&A. We see that merging together as actually being the power versus in the past verticals and where they used to sit.

Frank L. Cuevas

And if I might, I think the expectations of our talent is increasingly going to be dependable or dependent on technology because when workers come to our office today, it isn't just showing up and walking in the office sitting down. It's about making sure that they have the right conference room. So can they go on their technology and make sure that they book the right conference rooms. It's about all the connectedness that you're going to see in the future that buildings are going to have with systems to be able to -- the Internet of Things technology, the ability for people to come in and not just talk to the people right around them in their area, but talk to them all around the world. So I think that expectation of our workers is increasingly reliant on technology to do their job.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Absolutely, Traci?

Traci Doane - *Business Products Group, Inc. - CEO and President*

Yes, I think it is a delicate balance between technology and the people. JLL has always been known for its people and to be honest, it's part of what drove BRG to join up with JLL. As technology becomes more ubiquitous that Ben has talked about, the skills are definitely shifting. And Jim and I have had a lot of conversations about this to where the talent of the future will look like more analytic. Communication skills are going to be important, looking at the way we can draw insights from the data in a more rapid way. It's changing the way we approach our talent strategy, and whether that's pairing the talent, with people who can draw that insight out of the information with the best-in-class data applications, but also sourcing the best talent from across industries and taking a look at how we can -- and roll those into our new talent development programs.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Thanks, Traci. I mentioned at the beginning that Corporate Solutions really provides 3 things: strategy, services and technology to our clients. Then you come back up into the strategy side to sort of boil it down, how the enterprises typically think is, what's the strategy for my business, what's the talent and the people I need to execute and deliver on those strategy and the outcomes I'm looking for. Then what's the technology and the tools they're going to use, or have available to them. And then what's the real estate and the workplaces that they need to enable all that. So that's the sort of the cascade that we typically work through business strategy, talent, technology and then the real estate and the workplace. We're coming up on the end of the panel, but we are here in Manhattan, one of the largest and most dynamic property markets in the world, we've talked exclusively about the demand side of the industry, the companies that occupy the space. Perhaps it'd be remiss of me if I didn't ask my panelists their perspective on how they see the supply side of the industry, reacting to all these shifts and changes. So just a little bit of color on, do you see the owners and the investors of commercial real estate adapting and shifting to these changes. Where are they on the curve relative to the corporates do you think? Who would like to take that one?

Frank L. Cuevas

So, I'll certainly talk about it a bit. I think that this disruption is going to be across all the markets and on the supply side, landlords are going to have to change the way they do things today. I think this disruption is going to cause a real focus on technology and how landlords can better prepare not just their footprints for more density, the different type of worker, the different way of working, but also for that technology component so that it makes it easier for people in their buildings to achieve what they need to achieve. So everything from having a concierge that can -- virtual concierge potentially that can easily manage whatever they need or even the ability to have quicker access to services that they might need. So I think landlords are going to have to rethink and it's going to change their platform to some extent how they manage the building and also how they deliver those new buildings.

James Pazzaglia

It's probably slower, John, than what we talk, right? I mean, folks in the industry hear about it, we talk about it, understand it and then we go back to we're in some of the exact same infrastructure that we were before and the conversation is always that it's going to cost so much to change or we're in buildings that are thick brick walls and how are we going to get WiFi to work in between these structures, right? So I think it's slower to catch up, but then there's the disruptors, there's the WeWorks of the world and there's others who can very quickly get the space procured for you and it doesn't take you 9 months to fit out or build out. You can all of a sudden turn around and say I have some desk space for you to be able to share, and that's where, I think, in one of the earlier questions you asked is I think is the differentiator with JLL is because you understand the seamless integration and the power of all that, and how could you help disrupt the industry along with us to get us there quicker. So I think people talk it, I'm not sure we're seeing that from the suppliers to get us into that realm.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

As fast as you'd like it, right?

James Pazzaglia

As fast as we'd like, we just push on you guys faster to get us there.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

We have some influence in those (inaudible). Traci, is there anything you'd like to add?

Traci Doane - *Business Products Group, Inc. - CEO and President*

I'll just make one comment that I think that some of the challenges of our investor clients are very similar to the occupier, whether it's energy optimization, use of the space, access to the amenities and at JLL, we're looking at ways that we can apply IoT, AI, cognitive learning into those environments whether it's an occupier or an investor.

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Thanks, Traci. Well, the clock down here is flashing red at me. It's been a terrific conversation. So thank you, Frank, Jim and Traci, to helping bring the discussion and the content to life. So please join me in thanking our panelists.

We now have a 30-minute break session scheduled. So if folks could be back in the room at quarter to the hour, and I'd like to invite everyone out to refreshments and our technology showcase at the back of the room. Thank you.

(Break)

(video presentation)

PRESENTATION

Richard Bloxam - *Jones Lang LaSalle Incorporated - Global Head of Capital Markets*

Hello, everybody, I know John only wanted you to experience the technology, but I really hope you had a cup of coffee as well.

The most connected strategic and creative investment advisor to our clients in real estate in the world, that's the promise we want to live to in our Capital Markets business. That's our ambition. And we're in a pretty good shape already. In 2016, on average, we were transacting over $0.5 billion worth of real estate every single working day on behalf of our clients. So we're in good shape.

So why are we optimistic about the growth opportunity for JLL in Capital Markets going forward? Well, Christian -- in fact, almost everyone that's been on the stage so far has mentioned this megatrend. So let me just join the club, the megatrend of increasing savings rates. So this is being driven largely by the rising middle class in Asia Pacific. And as they save more, the pension systems get larger, the pension systems get more sophisticated. As they get more sophisticated, they are developing real estate strategies. And we don't see that stopping. We see that as a Beyond cycle phenomenon.

On the other side, we've got the Western world's pension systems, many of which are underfunded. And they need to meet their future liabilities. So they need income-yielding strategies. Again, we don't see that changing in the near future. So the prospects for capital flowing to real estate look promising.

The fourth -- the third -- the fourth one up here actually the -- is the internationalization of capital. It is truly global. And anything that involves international nature of capital and real estate plays very well into JLL's strengths. With our global footprint, we're relevant to that capital, wherever it's sourced from and wherever it's trying to drive to. We're in the places where they want to invest. So cross-border capital flows, I'm going to do a little bit of an explanation of the chart first, in case it's not clear. Red is domestic direct investment transactions. Black is intraregional. So intraregional is where Canadian investors are investing in the U.S. or China and Japan, France and Germany. And then interregional is where you have Chinese capital investing in U.K., Germany -- German capital investing in Canada.

And this has been a particularly strong trend since the global financial crisis, and in fact, prior to the global financial crisis. And it seems that no matter what great economic or political upheaval, the genie is out of the bottle. The capital is international, and it's going to continue to play an important role in the real estate markets. Now the growth of the combination of intraregional and interregional capital is what we're calling cross-border, and that has been growing [about] 21% compound annual growth rate in this period.

As opposed to domestic capital, just active in its own domestic market, at about 15%. And in Ben's presentation earlier today, he said that on the 2017 numbers already where volumes are going to be broadly similar to 2016, be -- is further growth in the proportion of activity of international capital.

Now we've been doing this for a long time. We've been involved in cross-border capital since cross-border capital first started emerging in real estate. So we're really well placed, both from our historic track record and our market leadership to take advantage of this continuing trend.

Another important part of this graph, which you can't see is behind the numbers, is how diverse the nature of the capital is becoming. So in previous cycles, you may have seen 1 or 2 specific capital sources that were dominating flow into one or another country. Whereas now when one couple source withdraws, whether it's for political reasons or economic reasons, the destination country isn't being left with a market that's in decline. A good example would be the restrictions on China outbound, capital came into place in 2016, 2017, whilst a major and an influential capital source, it didn't fundamentally undermine the markets anywhere. And the advantage that JLL has, of course, is that we are also domestic in China. And when that capital didn't go outside, it started investing inside and how it did that. So in 2016, for the first time in history, the investment volumes in China were greater than in Japan, and we're in a position to take advantage of those trends.

Now the capital, of course, has choices about how it accesses real estate. And one of the tried and tested routes is going to investment managers, and Jeff alluded to that earlier. Now the top 14 investment managers are all growing in their AUM. And capital raising at the moment is suggesting that, that trend is set to continue. And I'm highlighting just the top 5 here, just because it's easier to get the numbers. So $378 billion to $630 billion, that's over 66% increase in AUM. And that's net, so these people, these folks are also busy selling.

Now as groups get bigger, much like John's business in the Corporate Solutions side, they're also looking to hone the number of service providers that they're working with. And as they get bigger, they tend to have regional or global aspirations in their investment strategy. And again, JLL is one of the very few service providers that matches the requirements of that capital with where it wants to deploy and how it wants to deploy.

So again, I think that we have an extraordinary opportunity to take advantage of the movement of capital primarily to larger investment managers, natural clients of ours. So one of our key pillars of growth in Capital Markets is to form deeper, richer and more strategic relationships with the fastest growing investment management clients.

So here how Capital Markets fits into the broader Beyond strategy. You're getting pretty familiar with our hexagon now. I'm just going to talk through 4 key points here.

So clients I've already covered and I'll focus on strategic relationships with high-growth clients. Growth, I'll come on to a little bit more detail here, but essentially, we see an opportunity to both increase our market share in our more traditional and well-established Capital Markets revenue streams, investment sales, acquisitions, JVs; but also broadening further our range of financial services, M&A, interest rate hedging advice, treasury, global funds advisory. And we can do that by leveraging what is really special about JLL is that we are leveraging the information and intelligence that's embedded in our regional and national businesses about how occupiers are thinking, how leasing markets are behaving and the granular knowledge on the real estate investment markets.

Digital, again, I'll come more on to this. But to summarize, we want to harness technology to optimize client solutions and improve the clients' experience with JLL and improve the productivity and efficiency of us delivering our services.

And finally, people. You can't do any of this change without having the right people in place. And we have a long tradition of retaining and keeping our best talent. But this strategy also requires new talent. You can't do funds advisory if you don't have people with fund-raising, equity-raising experience. You can't do M&A without hiring people with investment banking experience. So we are committed to achieving a more diverse base of talent to enable us to provide optionality with our -- for our clients when they're considering any economic change in their interest in real estate.

So a bit more on growth. This slide, I think, encapsulates everything that we're trying to do around growth strategy. On the right-hand side, lots of diagrams of buildings, so JLL knows a lot about property. So we talked about the 4 major food groups earlier. Particularly, you've got the U.S. perception. You've got the multifamily sector. You've got retail, offices and logistics warehousing. But the range, the universe of investable real estate is also expanding quickly, and this is in part due to John's description earlier about the maturing nature of life sciences, of healthcare. And as these occupiers get bigger and they merge, it creates investable asset classes with stronger operating companies behind them.

So our universe of investable real estate is increasing, and the willingness for investors to take exposure to that broader range of asset classes is increasing. And you can only do that when you really understand the sector. And because of our occupier intelligence and activity on the ground, we know our stuff. We really understand these sectors. And that's an exciting growth opportunity for us.

But on the other side is capital. Now I described one route that capital has been going into real estate, and that has been a very strong growth in the AUM and capital raising for our investment management clients. But the capital is increasingly flexible. Those allocation targets are not easy to meet. It's not easy to deploy capital into real estate in a direct-only strategy or only through investment managers. So we are witnessing the capital finding lots of different routes into real estate, whether that's buying operating platforms, whether it's taking a structured finance product, direct investment JVs, club deals. And JLL's opportunity is to make sure that we are able to provide the range of services and options to that capital as it moves into real estate. And of course, we can do that everywhere, everywhere that is relevant to that client base.

Digital, in Capital Markets, we're going to do 3 things. Firstly, we are implementing a foundational technology platform, Capforce. And Capforce is both an integrated CRM, function tool, plus driving efficiencies in our workflow, leaving our colleagues more time to spend being creative with their clients and delivering better quality solutions.

Secondly, cognitive technology around AI, we're already implementing test pilots around our business. But the ability for us to generate from our own data leads that suggest that an action or that we should be following a particular pursuit is something that we're really excited about, and we will be rolling that out in the course of the Beyond program. And the last is enhancing the digital experience that our clients have with us, both live on transactions, but more widely in the wider connectivity with JLL across the entire life cycle of investors' relationship with property.

Now a little bit about our business today. So we have revenue that's been growing dramatically since 2010. And the most rapidly growing part of our business has been the Americas. And now we're at a -- just under a shade under $1 billion for 2016, and 43% of our revenue is coming from Americas, pretty balanced with EMEA at 41% and Asia Pacific at 17%.

And the Asia Pacific bit is pretty exciting really, because as Jeff mentioned in his statements, the investable universe in Asia Pacific is increasing, so there's construction, there's development, there's urbanization. And as these markets get larger, there's obviously more opportunity for investors and therefore for us to be advising them. So you only need to think about the scale of market growth potential in some of these markets to understand the potential for JLL. So think China, think India. And when you're already a market leader in those markets in Capital Markets and in our wider investor services, the opportunity for us, we think, is compelling.

But it's also a diversified revenue stream. So in black, we have our investment sales and acquisitions revenue at 2016, which also includes our JV structuring activity. And in red, we've got our debt business and other financial services, again, broadly defining that as investment banking and treasury advisory, et cetera. Now in a way, by showing this, I'm kind of misleading, because the point is that it's an integrated service. You can't separate debt from equity. You can't separate direct transactions from [NC] level transactions. They all require foundational understanding of real estate and they require teams that are agile and complementary working together to provide the optimized solutions to clients.

But to illustrate where we think we're heading for 2025 is that the proportion of our revenues that we derive from our broader financial services advice is going to be nearer 40% and 60% in investment sales and acquisitions. So we think we have a really exciting opportunity that will go -- we can't control as and when economic cycles might begin and end, but we do have a strategy, we think, is going to be a Beyond cycle phenomenon. And we're going to build on that.

Now you've heard in the last few presentations from both -- from our 3 sort of business leaders with myself and Jeff Jacobson from LaSalle and John when he was talking about the Corporate Solutions. But none of this is possible without it being rooted in our ability to deliver in our regional and national platforms. So that's key to our ability to provide all of these services to our clients as they operate across region and globally.

So without further ado, I'm going to invite the 3 regional CEOs with Ben Breslau, by popular demand, coming back on the stage to facilitate discussion. Thank you very much for listening, and over to you, Ben.

QUESTIONS AND ANSWERS

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Thank you, Richard, and welcome, gentlemen. I've got with me, as Richard said, Greg O'Brien, CEO of the Americas; Guy Grainger, CEO of EMEA; and Anthony Couse, CEO of our Asia Pacific region. And I would like to have them to start -- we're going to give you some context for the regional operating businesses and how they integrate, as Richard said. I'd like to ask you guys to start maybe to do brief introductions of yourselves so that the audience can get a little bit of your background. And while I know how collaborative you are from seeing you work together, I'm going to try to get the competitive juices flowing just a little bit here and ask you to add a comment on why your region is the most fun to lead at JLL. So Greg, you want to lead us off?

Gregory P. O'Brien - *Jones Lang LaSalle Incorporated - CEO of Americas Business Segment and Member of Global Executive Board of Americas*

Thanks, Ben, and welcome again, everyone. I'm Greg O'Brien. I'm the CEO of the Americas, 25 years with the company. I came into the company through The Staubach Company where I was CEO. 30 years in the industry. So been around a little while all here in the Americas.

Why is the Americas most fun? It's obvious, we have very deep and rich cities where we have density, and those become real innovation hubs for us. Both as a company, they're fun places to be. And with that innovation, you get a great dynamic. We're at the edge of where occupiers are. We're at the edge of where investors are. And it makes it a whole lot of fun. We have a great senior leadership team across our business that collaborates really well. We talk a lot about teamwork ethics and excellence as our core values, and it really shows through. So great dynamics and a great team make for a lot of fun.

Guy J. Grainger - *Jones Lang LaSalle Incorporated - CEO of Europe, Middle East and Africa Business Segment*

Thanks, Greg. I'm Guy. I head up the EMEA region. I joined this business in 2008 by way of an acquisition. And my background is in retail, over 20 years of experience advising retailers on their location strategy. So it's great to be here in New York during Christmas shopping season. And I previously held the role of U.K. CEO.

Why is Europe the most fun? I'm going to lean on our cities as well in terms of the deep heritage of art, education and music, which really runs through our cities. And you don't have to travel far distances to get really different cultural experiences that not only makes it fun and entertaining, but I think also the people in our business find it very fun and entertaining when I try and speak the many languages in Europe and I do try, not least Christian, when he hears me speak German.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

We'll do the rest of the Q&A in different languages maybe as we go. Anthony?

Anthony Couse - *Jones Lang LaSalle Incorporated - CEO of Asia Pacific*

Anthony Couse. I am CEO of the Asia Pacific region. I've been in the real estate industry now for 30 years, 28 of them of which being with JLL. I started my career at JLL in the London office, moved to Hong Kong where I spent 13 years in Hong Kong; moved to China, spent 10 years in China running our Capital Markets business and our Shanghai and East China business. And then on taking on the CEO role 18 months ago, I moved to Singapore.

So why is Asia Pacific more fun than the other 2 regions? Well, there's 37,000 people in our business in the region. And 65% of them are millennials, so that's a lot of fun.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Must keep you very busy. Let's take a quick loop back maybe on the strategy focus for the 3 regions. And you heard a lot about our Beyond strategy and how that filters through our global businesses and clearly down into the regional operating businesses as well. Greg, do you want to just take a quick snapshot of sort of particular focus areas for regional strategy.

Gregory P. O'Brien - *Jones Lang LaSalle Incorporated - CEO of Americas Business Segment and Member of Global Executive Board of Americas*

Yes. Brand and values being foundational. I'll hit the other 4 elements. And what I like about the Beyond construct is business-to-business, you can go in and really have a discussion around those core elements, the hexagon as we're now going to call it, thank you, Richard, of what we're doing.

From a client's perspective, you heard from John and from Richard about our large investor and large occupier clients. Well, they cascade through to regional midsize down to smaller and even larger local clients. So our client focus is across that investor and occupier spectrum. From a people perspective, it's really about attracting the best talent and retaining them over time and also growing them and training them. And we're spending a lot of our efforts -- you're all hearing a consistent story around the transformations going on for our clients. They're going on for us as well. So we're on a journey there. We're also very focused on diversity and inclusion, in changing the room that we have. We feel like we're ahead in the industry, but there's a lot more for us to do. When we get more perspectives in the room, we can provide better solutions for clients.

On the digital side, we're looking at every one of our businesses, and in the short term, maybe creating scaffolding around it that's digital and then transforming it foundationally where all of that rich data -- clients have often said to us if JLL only knew everything JLL knows. And we're moving towards that as we deliver for our clients.

And then growth, candidly, I think there -- I see a lot of white space out there. It's still an extremely fragmented industry, and there are great opportunities across sectors, geographies to gain share. And then, as I think Richard and John both talked about, great opportunities with individual clients to gain share in the things we do for them and increase our impact. So same construct and applied really across the Americas.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

And Guy and Anthony, I know a lot of this will flow right through, but anything else to accentuate from your region?

Guy J. Grainger - *Jones Lang LaSalle Incorporated - CEO of Europe, Middle East and Africa Business Segment*

Yes, I think we're really aligned. I think in Europe, we're a very mature business. But historically, we relied very heavily on the investor transactional side of the business. Over the last few years, we've been trying to rebalance our business to get a better balance between investors and occupiers in terms of the type of work we do, but also rebalance the geographies. Our major markets of U.K., France and Germany have historically been dominated by the U.K. And Germany is on a real growth path, as is France. And we see that equalizing a bit more over the years to come. So an absolutely relentless focus on margin and growth going forward. The rebalancing is going through the process and now looking forward to real growth of that margin.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Anthony?

Anthony Couse - *Jones Lang LaSalle Incorporated - CEO of Asia Pacific*

Yes. I mean, obviously, similar themes. I'll start with the people. Obviously, the demographics are very different in Asia Pacific with a much younger workforce. So we're very focused, similar to Guy, on ensuring our top leadership is tracking performance of margin. The diversity agenda is very important culturally in Asia Pacific. And we're looking at our clients. It's a very diverse region, very broad region. We have got lot of intelligence and data. We're trying to collect that in a single place to make us much strongly regionally connected, more client-centric.

I think a lot has been said already today about digital. But I think the point of digital in Asia Pacific is an insatiable appetite for everything tech. So it's very important from a client and a people perspective to be driven by this. But also we have got a very keen eye on the ROI in our tech investments to kind of guide our priorities. And the last bit on growth, like all of us, laser focus on growth, improving margin. My region is a little bit different. 65% of the region is annuity-based, obviously slightly lower margin. We're working to improve that. But to really drive the margin improvement, we have to fix the transaction business, continue to invest in good people and to take market share with a big focus, as Richard said, on the Capital Markets business where we see huge opportunity to drive margin.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Anthony, I want to stay with you and maybe talk a little bit about some of the macro secular trends that were mentioned in earlier presentations, which can underpin not only the industry's performance, but JLL's performance out to 2025. We talked about urbanization, global capital, outsourcing, partnering and also technology quite a bit. Urbanization is such a big phenomenon in Asia Pacific. Do you want to lead off with that one?

Anthony Couse - *Jones Lang LaSalle Incorporated - CEO of Asia Pacific*

Yes, I mean, we've touched -- I think everybody pretty much touched on urbanization. It's very important. It's affecting our businesses. It's affecting our clients' businesses. But it's behaving differently in different parts of the world. You already heard a little bit about U.S. and Europe. I mean, the drivers in the U.S. and Europe for urbanization are much more driven by millennials, people in the tech sector, the creative sector, who aspire to kind of live, work and play in those urban areas. So that's driving growth of real estate.

Closer to home for me, China and India, obviously, specifically really driven by the emerging middle class, hundreds of millions of people aspiring to move into these urban areas. And you take China and India, specifically China, one of the lowest urbanized population in the world of 56%, by 2020 moving to 60%, so 55 million people moving to cities. And when you look at India, 10 million people a year between now and 2030 moving into cities, so 130 million people. These are staggering numbers of migration of people, which can only continue to fuel the real estate markets.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Greg, you had mentioned in some of our discussions some of how urbanization is playing out in the U.S.

Gregory P. O'Brien - *Jones Lang LaSalle Incorporated - CEO of Americas Business Segment and Member of Global Executive Board of Americas*

Well, clearly, there is a densification that's going on, but the question is why, right? And the why for the corporations and other entities in United States and I think around the world is to get to the talent. You look at GE, which for a long time was the place that you went to as an employee. It was a destination spot for you in the suburbs, had its big campus. Well, they moved to the Seaport in Boston. Why did they do that? To get not only the millennial talent and the young talent, but to get to the digital and other talent that wants to be in the cities.

In the last 3, 4 years alone, we have had 60 companies move from either suburban Chicago or outside of that area and move into Chicago, just as an example. And why did those 60 get there? Almost for all of them, #1 was to be able to access a broader talent base. We have a 2% unemployment rate for college-educated workforce here in the United States. And if you can build whatever you want to build anywhere, but if you can't get to that talent, you can't drive your business strategy.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

So maybe staying with you, Greg, on the corporate mentality and thinking about John's presentation around our outsourcing, our Corporate Solutions business, bring that down to the regional level across the world. And where do you see opportunities in outsourcing as one of those megatrends?

Gregory P. O'Brien - *Jones Lang LaSalle Incorporated - CEO of Americas Business Segment and Member of Global Executive Board of Americas*

Yes. Outsourcing, clearly a trend. And you heard it at its more mature side from John, 500 big target clients and lots of others. But the other thing that our Corporate Solutions business and outsourcing does for us as a region and it plays across the other regions with my partners is it provides tools that we can scale down. Our middle markets portfolio clients are some of our fastest growing. And those clients grow up to be clients that want to work across the life cycle with us over time with John Forrest and his team.

So what -- at a local and regional level, we're building relationships with thousands of companies who often start with one service in one city and then they will move to same service across cities, maybe integrating some services. So it's really a spectrum across outsourcing, and it's going across sectors. And John mentioned some of this, it's not just corporates. We think of the Fortune 500, Fortune 2000 if you want. It's far broader than that across education and retail, across the public business. So there's lots of opportunities to build from that single thing that we do for someone and have that be the seed to plant for us to add more value over time, go across those services, and then importantly, go across geographies.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Guy, you mentioned outsourcing, being balancing into the corporate space in Europe. How are you seeing that play out?

Guy J. Grainger - *Jones Lang LaSalle Incorporated - CEO of Europe, Middle East and Africa Business Segment*

Well, I think we identified probably 5 years ago that it was a real opportunity in Europe and have taken a lot of care and consideration about, firstly, building the platform in Europe, which is why we identified Integral as a key acquisition. And also attracting new leadership in -- and sales, so that we could drive growth into our European business. And we're coming from a smaller base, but we feel we can really leverage that local platform and learn a lot from our Americas business in terms of what they've done. But because we're coming from a smaller base, we want to really penetrate those major markets, U.K., France and Germany, perhaps a few others. But also go right up that value chain in terms of what Traci was talking about around workplace solutions, smart buildings. I mean, honestly, I come from a retail background, and 10 years ago, when we started to see the influence of online retailing, I could see some businesses ignoring it and not many of them are around now and others really getting behind it. But they needed a lot of advice to get through that. And what I'm seeing with workplace is exactly the same, but I think it's going quicker right now, because there is so much demand for attracting the right people, that the workplaces need to really emulate what a modern brand stands for, and that plays to our strength. So we want to go up that value chain in EMEA, and now that we've established a platform, there is a really good opportunity. And I think we're also underestimating them. Our investor clients come to us, because we get this amazing insight from occupiers. You heard from IBM and Procter & Gamble earlier, and there are so many others out there that give us really valuable information on where their businesses are going and how they're going to engage with the real estate world, and that is gold dust for investors.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

So maybe stay with you, Guy, on -- you mentioned technology and insights from corporates. How is -- technology has been a theme throughout the day so far and clearly in the break, our guests had a chance to see some of our technology. How are you bringing technology to life in region? And how do you see that impacting the business?

Guy J. Grainger - *Jones Lang LaSalle Incorporated - CEO of Europe, Middle East and Africa Business Segment*

Well, I think when we came together as a leadership group, over the last 18 months, as a relatively new group, we identified quite quickly that we needed to get really aligned on this, because you can do bits and pieces all over the place, but actually, to create a true innovative business, you need to be able to turn the ideas into tools or into technology solutions and then scale it. And that is absolutely critical to our success as a global business. So we spent our time getting teams globally aligned on that. Working in 2 areas really and deciding, are we going to build it ourselves? That's what we've done in the past, but it's not always the right route. Do we buy, do we partner, and how do we integrate? And so there are 2 areas that we've been working as teams together. One on the productivity of our business in terms of the sort of workflows, in terms of automating our systems getting more efficient. The other is in terms of innovation. Those ideas. How do we turn those ideas into reality? And we're doing a lot of partnership with PropTech companies, with accelerators. In EMEA, we partnered with Seedcamp recently on a PropTech venture. It gives us access to all the best people out there that can take our ideas and run with them. And I know that's something we're doing all around the world.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

And Greg and Anthony, I don't know if you have anything to add. We've talked about technology being ubiquitous, and I know how much time each of you are spending in region too, examples to add that might help flesh that out a little bit.

Anthony Couse - *Jones Lang LaSalle Incorporated - CEO of Asia Pacific*

Yes, I think the knowledge piece of our business is critical, and Asia Pacific is slightly different, in that there's -- in many markets there's limited transparency. So the ability to collate all our data in a single point and create an ecosystem for both our staff and our clients to get that intelligence in the marketplace is really important to be able to do that in a mobile environment. Again, China, India, everything is done on a mobile device as opposed to a laptop. And I think other parts of it is, taking that online, because, again, in Asia, everything has to be online, and I think you've seen it outside, the importance of the online marketplace, the search engines. And in the region Asia Pacific, we've rolled out 11 key markets with our online capability. And it's been fantastic. I mean, you take China, for example, we've really only been at this for 9 months, we're getting 65,000 hits a month, roughly 40% to 50% of those are qualified leads. So this is another area for us to start driving decent revenue.

Gregory P. O'Brien - *Jones Lang LaSalle Incorporated - CEO of Americas Business Segment and Member of Global Executive Board of Americas*

And one last comment, if I can, Ben. So we talked a lot about -- you've seen a little bit of our technology, particularly around our occupiers, and the comment was made that our investors are behind, and they are. There is no doubt about it. I spend a lot of time, as I think our senior executive team all does, with our clients, big and small, to really understand their needs, so that we make sure we have our ear to the ground. We have client advisory boards. What's amazing is, after whatever the task is at hand for a meeting with the client or for a meeting over a portfolio or a particular situation, the first thing they want to talk about, the CEO, the CFO, whoever I have a chance to meet with, tell me where you are on your broad journey, tell me what my peers are doing and how can you help me? And it's one of the things that we've really done as a company, investing heavily in IT, in the data infrastructures that we need and then in the learning side, through research, through our MIT partnership that you mentioned, Ben, and other things, and really giving us the tools to start to help them decipher. It usually starts with a single-point solution. How do I fit, any one of them that comes to them into my ecosystem? How should I think about it? And quickly evolves into, can you bring it together for me through the life cycle? So that's the journey both sides are on, and my prediction is they'll come together in some ways, so that the supply and the demand start to bring it together. But right now, we're in early stages, particularly for the investors, and it's a dialogue they desperately want to have.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

The technology is something that you've heard from us is exciting, although somewhat unpredictable. Something else that's exciting and unpredictable, maybe not quite in this positive way as -- which is notably missing from our big 4 trends is politics. These guys are probably hoping, I was not going to ask about politics, but it's in my contract. So I want to just ask a quick question to maybe, Guy, start with you, since you are the recipient of the wonderful gift of Brexit. How does something like that impact the region? How do you operate a business through it? What have you seen in terms of impact?

Guy J. Grainger - *Jones Lang LaSalle Incorporated - CEO of Europe, Middle East and Africa Business Segment*

Yes. Well, I had an interesting first 60 days in my new role as EMEA CEO, because I came in, in June last year. So in the first month, I had the Brexit referendum, and in the second month, I had a coup in Turkey, which...

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Welcome to the job.

Guy J. Grainger - *Jones Lang LaSalle Incorporated - CEO of Europe, Middle East and Africa Business Segment*

Wasn't in my 100-day plan, if I'm honest. But what has been really interesting to see how Brexit has turned out. I'm not going to predict what's going to happen, but what I will predict is, how the -- how it affects real estate, which is our world. And how it affects business decisions. Obviously, we had the aftershock and the aftershock was a freeze in time, when people sort of stopped making decisions for a while and it affected us in 2016.

What's been interesting is to see the bounce back in 2017. I mean, this is a generational decision, so it goes deep. And what we've seen from the investor perspective is you've got a whole range of investors out there. So some investors were turned off by the long-term prospect of the sovereign wealth. Well, okay, we don't quite know where that sits. But then you've got other more opportunistic investors that saw a shift in currency in particular, but also London has continued to be a great global capital. And particularly Hong Kong money started flooding into the U.K. And we've actually seen investment volumes, as we said earlier, go up significantly, probably 40% up in London compared to 2016. And out of all of that, nearly 1/3 of it has been Hong Kong money coming in. So you see different behaviors from different sets of investors. Then on the occupier side in terms of businesses, well, of course, all the noise in the press is around financial services, a lot of it is, because the regulations may change around passporting. And certainly, financial services are in a state of flux. But when you are in a state of flux, you come for advice. And a great example recently, we've have been advising an investment bank, "Okay. We think we want to downsize in London. We don't quite know what we want to do." We engage on an occupancy planning exercise in terms of where the strategic locations that fit with the people and skills that you need. Then engaged with our transactional teams, and it's resulted in activity happening in Frankfurt, activity happening in Dublin, and we've been on the end of this. So out of a situation where a business is undecided, we help them make informed decisions. So it's been interesting to see actually how where we've gone from a state of indecisiveness to a state of, okay, I need a contingency plan. Or in case of technology companies, what you find is, let's just plow on, actually. It's all about people and where we're going to find them, and the U.K. and London has got very educated and skilled people. So without exception, Google, Apple, Facebook and Amazon, since the referendum, have all committed to more space in London, which is pretty interesting, but it doesn't get written about a lot.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Yes. Within challenges lie opportunities, right? Anthony, you've got both intra and interregional headlines, we'll call them. You think about North Korea and other leadership changes in the region. How do you navigate that as it impacted the business? What have you seen lately?

Anthony Couse - *Jones Lang LaSalle Incorporated - CEO of Asia Pacific*

I thought you might ask about Korea. Yes, and the region, Asia Pacific, on the whole historically has been very volatile in the political sense. I was in Korea about 5 weeks ago in our Seoul office, and I went to see a number of key domestic real estate developers and investors. And I asked them a question, "What's your sense?" In many ways, to them, what's happening is business as usual. This has been going on for many years. And I sort of suggested that isn't it the more noise in the system at their level now? Interestingly, they said to me that we are more focused on increasing allocations to real estate, but also starting to hedge by going offshore. And there's a lot of Korean capital that we're trying to capture offshore globally.

I would say the other big area will be China. Xi Jinping got his second 5-year term, which was not a surprise, which has driven huge stability through China, and also, as you saw Ben's numbers earlier on, a big uptick in the GDP in China, which I think was a surprise. Xi Jinping is very focused on a couple of areas in real estate. But specifically, he's been mentioning kind of stopping the outflow of capital from China. The net effect of that, of course, is more onshore Chinese money, institutional money investing in real estate. And we've seen over the years 2015 real estate investment volumes of $22 billion in China; 2016, $30 billion; 2017, probably 6% to 10% up. So on the whole, that's been good for the country. I think the second part of Xi Jinping's push is really about the belt and road initiative, which I'm sure you've all heard of. I mean, this is really a clear indication that China's got a bigger role to play globally, and really getting involved in reorientation of global politics, but at the same time, a big focus for

China on the Asia region developing infrastructure, which can only be good for the entire region and also for China. So I think Xi Jinping's appointment has been very good for the real estate markets in the region.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Greg, I know, feels left out because he works and lives in Washington, D.C. area, and told me that there's nothing political to talk about of any interest in D.C. So -- but maybe -- I know this group probably gets a lot of the U.S. sort of related headlines in politics, which has been exciting as well. Any surprise that the economy and the markets have sort of chugged through it from our perspective? Or...

Gregory P. O'Brien - *Jones Lang LaSalle Incorporated - CEO of Americas Business Segment and Member of Global Executive Board of Americas*

You said it in some of your graphs, actually, in your dialogue around that before. There has been a tweetathon, lots of things going on. It seems like there's new things in the news all the time. But look at the underlying economic fundamentals and what they've done to real estate. So 2017's been a really good year in the U.S. around that, and it's been probably one of the most volatile years as far as number of headlines that came out of Washington. So the bottom line is our business is -- our industry is doing well. Our business is doing well, even at a time when there's a lot of noise coming out of D.C.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Okay. A very political answer. Well done, all of you. So Greg, I want to stay with you and think about, we talked about the global businesses earlier. We're talking about some of the regional and local businesses. One of the secret sauce, I think, keys for JLL's success, is connecting the 2, playing in between and how important they are for each other. So how do you do that as the operating businesses? How do you make sure we're making those connections and exploiting all those opportunities?

Gregory P. O'Brien - *Jones Lang LaSalle Incorporated - CEO of Americas Business Segment and Member of Global Executive Board of Americas*

It all starts from the client's perspective. Like everything does that we do, our big corporate clients, probably in our occupier business, probably about 30% of our velocity is the global corporates, certainly, in John's Corporate Solutions business. And those clients want -- they want one JLL, one consistency, how do you deliver for me. Yet they know that it's different in the different markets that Guy and Anthony, and even we have here in the Americas from Canada going down through South America. It's different how you have to do real estate. So they want us to provide a consistency around analytics and things, but then translate. The pull gets much bigger as you go city-by-city, where there'll be local customs and things people need, what industries you're in. What services do they really need? What industries are there that we can apply it to? And what can we do? So those clients vary wildly from, I need you to do one thing for me once every 5 years maybe a lease or something, to I want to start integrating my solutions. So it gets to the comments I made before, we're going from local, where we're helping them solve. And we have to be deep in the geographies to be able to make any of these strategies work. John Forrest's corporate clients expect us to be able to deliver right down to the geography. Our investor clients want us to help them deploy capital, do the bigger strategies that Richard was talking about, but you still have to know how to go through the life cycle for those investors down on the ground. So it varies wildly what we're doing and where we're doing it, but the clients all want a -- they want a single JLL taking them to the next spot or consistently delivering for them across all of our geographies.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

So in addition to the sort of global to local, we also are just connecting our people all around and, Guy, maybe come to you on one of the challenges in operating a business like ours can be the consistency with sort of the JLL way across the platform and the culture. How do you feel like that resonates with us? And how do we maintain that going forward?

Guy J. Grainger - *Jones Lang LaSalle Incorporated - CEO of Europe, Middle East and Africa Business Segment*

Well, it's one of the things that attracted me to this business in the first place. As I said, I haven't worked at JLL all my career. In fact, I've spent most of my career working at smaller companies. And the business that was -- I was part of that was acquired by JLL, there were less 100 people in the company. So -- but what attracted me actually was the fact that we've got a big global platform, but it still feels a personal place. And the reason for that is the culture that's been generated, the consistency, which Christian talked about in his video. When you go into offices, you really feel it. And that DNA is purposely driven by a few sort of key things, I think. One is the respect in the workplace that people have for each other. Two is the client-centric approach. So it's the sort of, like Greg was saying, look at it through the eyes of the client first. But then thirdly, it is one of high performance. We are a high-performance business, and we want to be surrounded by high-performance people, which are measured in that way, but also with that level of behavior and respect that comes with sort of team works being part of that. So I think clients have recognized that. We're also long-termers, which is why forming strategic partnerships for us is important. We're putting targets up here to 2025. We're committed for the long term, building a resilient business, and part of that is the culture. And when people see that from the outside, they see the human aspects to our business. The way that we speak and the way that we approach business, that's attractive for people hopefully as well. Because obviously, we've said, really, people is the big challenge to attract the right people to our business going forward.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

So Anthony, to get to 2025 and continue to attract those people, we've got to fight to retain them and to train them. And so the war for talent I know in Asia, as you've mentioned, is particularly acute. How do we mitigate those risks and turn that into an opportunity?

Anthony Couse - *Jones Lang LaSalle Incorporated - CEO of Asia Pacific*

I mean, I think that the war for talent is as fierce as ever. Even in Europe and the U.S., it's extremely tough for us. It's definitely compounded in China and India. But we've -- I think all of us, collectively, have got a big focus on making JLL a great place to work and very focused on attracting and retaining talent. And there's some ways that we're trying to improve it. But if I take India and China as an example, the average age of our India business is 30, and the average age of China is 31. So that sort of generation of people have got a lot of distractions in the marketplace of why they should stay at JLL. So we're working specifically on our space. John mentioned our Mumbai office. We've recently completed our Shanghai business -- Shanghai office, changing to more collaborative, agile workplaces. In fact, the way you see co-working is the way these offices now look for us. It's had a massive impact on the talent in the firm, people wanting to stay at JLL and the way they collaborate. So it's an incredibly quick turnaround.

On top of that, I think for all of the regions, we're extremely focused on our training, on our career development, on creating mobility, better diversity plans to ensure that we do have this reputation of a great place to work. And I think the final piece is we're consistently looking at our comp plans. It's extremely important that our comp plans align with our Beyond strategy, the behaviors of our people, but at the same time, are competitive in the marketplace.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

So I want to try to wrap up here with a couple of questions. One of them, people always like to hear sort of best bets on panels. And there's lots of growth opportunities across the regions. I'm curious to hear from each of you maybe 1 or 2 places, market -- a geographic market or a business line where you think, for the business, looking out in the near term or longer-term, where you see particular growth opportunity. Greg, you want to start?

Gregory P. O'Brien - *Jones Lang LaSalle Incorporated - CEO of Americas Business Segment and Member of Global Executive Board of Americas*

Starting with lines, we always have a couple of businesses that are early stage. Some things we've gotten into recently that just have lots of running room. A couple for us, we've bought a company called Oak Grove a few years ago, got us into the multifamily business at some scale, and that's had fantastic growth for us. We think multifamily as an asset class is a great one. We can work across the whole spectrum that Richard talked about from sales to debt elements and so forth. So we think multifamily has a real upside across our many geographies in the Americas. Valuations is a business we launched really last year. The U.S., interestingly, was one business that didn't have a full valuations platform. We had it in Canada and Mexico, not in the U.S. And so there was a real push globally for us to fill that hole. We have scaled in with some smaller M&A, and we're really starting to scale that quickly. And that can play across all elements of our business. So those are foundational. One of our fastest growth areas the last couple of years, and that will continue, is Canada. We really didn't have a deep markets business up there even 4 or 5 years ago. We have a great leadership [of real estate]. I look across our business space by city, in some cases really across areas. We're still a very fragmented industry. And while there's been a lot of consolidation already, the ability to consolidate clients on a more sophisticated platform, as clients have to take the technology journey and other things, I think is really great. So broadly gaining share in markets, and then with individual big clients, and then working on some of these new streams will provide us a lot of opportunity for growth.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Great. Guy, what do you see?

Guy J. Grainger - *Jones Lang LaSalle Incorporated - CEO of Europe, Middle East and Africa Business Segment*

Well, we talked about it a little bit, and Greg just mention multifamily. But for me, actually, one of the big things around the urbanization trend is the provision of living in our cities is going through a massive change at the moment. And in Europe, it's a huge area of growth for us. We've invested in our U.K. residential business, and we've invested heavily in our German residential business. This is a life cycle business. This isn't selling -- just selling apartments. This is land, development, consultancy, valuation, investment into institutional funds, but also some apartment sales using our international platform. And it's an incredibly robust business model. We've got room to grow our market share significantly. And I must admit that in terms of broadening our capital markets as well is a real opportunity for us in Europe. So we're going to be focused on that. I think from a geographical perspective, really focus our investment on the big markets. And continental Europe has had a good year in 2017, got a little more political stability than we had previously, good outlook in terms of GDP. And Germany and France, for me, are in a very good place. I've never heard the Germans so optimistic. It's not in their character, and that is because they're very well placed, very secure. The cities are good, attractive for people, and it's got good growth prospects.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Anthony?

Anthony Couse - *Jones Lang LaSalle Incorporated - CEO of Asia Pacific*

I mean, I've probably said part of it, but I think the Capital Markets presents a massive opportunity, specifically getting into other areas of debt services and also alternatives. Our clients in Asia Pacific are constantly chasing yield and looking for different asset classes for the whole data center, age care, healthcare. Student accommodation is totally new to the region, so that's an area that we're focused on improving our services and driving revenue. I think the other areas that we're very focused on is around single asset class of logistics. Asia Pacific represents more than 50% of total e-commerce, but yet its infrastructure and supply chain is limited. So we've seen a huge weight of capital actually coming into the logistics center. So we're very focused on that. And I would say the final area that we're focused on is the outsourcing world. This is really important in China, India and Japan. These countries have huge global organizations as domestic companies, and yet they are still not of a mindset culturally to outsource. But we're seeing quite quickly how these organizations are starting to see the outsource world, which presents a massive opportunity for JLL in Asia Pacific.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

I want to end -- thanks for all those answers. I want to end on a little bit of a lighter note here. The audience has had a chance to get to know the 3 of you and your regional businesses a little bit. I want to give them somewhere to go in your region. If you had to pick a city in 2018 travel plans to say, go see that city. It's a must see, where would you pick? Anyone who wants to start.

Gregory P. O'Brien - *Jones Lang LaSalle Incorporated - CEO of Americas Business Segment and Member of Global Executive Board of Americas*

Yes. I spend a lot of time in the big cities. There are a lot of great cities in the U.S., but I would probably say Austin, Texas. If you haven't been there, go there on a Saturday when the longhorns are playing, and spend your time walking around eating from the food trucks. And their theme is Keep Austin Weird, and it's an interesting, interesting place.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Okay.

Guy J. Grainger - *Jones Lang LaSalle Incorporated - CEO of Europe, Middle East and Africa Business Segment*

Yes, may not be dissimilar from a European perspective in terms of music scene, but if you're into art, culture, even if you are into the government, this city's got everything for me, it's Berlin.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

Berlin.

Guy J. Grainger - *Jones Lang LaSalle Incorporated - CEO of Europe, Middle East and Africa Business Segment*

Yes, just not an international airport yet, but they're working on it.

Anthony Couse - *Jones Lang LaSalle Incorporated - CEO of Asia Pacific*

Okay. For me I would pick Tokyo, an incredibly dynamic, vibrant city. And it's on a roll in its run up to the 2020 Olympics. So Tokyo will be my bet.

Ben Breslau - *Jones Lang LaSalle Incorporated - MD of Americas Research*

So in addition to introducing you to our regional CEOs and sharing their plans, we've started your vacation schedule for 2018. Please join me in thanking Greg, Guy and Anthony for the great session.

I would now like to ask our global CFO, Christie Kelly, to the stage.

PRESENTATION

Christie B. Kelly - *Jones Lang LaSalle Incorporated - CFO and EVP*

Well, what a morning it's been. How's everybody doing? You're going to have to do better than that. How's everybody doing? Come on, it's the first time we've had our leadership team from JLL here visiting New York, and it's the first time we've had the opportunity to share with you where we're going with our Beyond strategy, where we're going with our people, where we're going with our clients and where we're going to drive shareholder value. Before I get into my remarks, I really want to take the opportunity to thank Ben, Greg, Guy and Anthony for taking us on a tour around the world and really sharing with us the benefits, the opportunities and the beyond that we have in front of us as it relates to JLL.

I also really want to thank the opportunity to all of you for joining us here in New York and via the webcast. I see so many familiar faces and some new faces, folks that have traveled from Asia, from Europe, from Atlanta with the snowstorm and from many parts to come and visit us. We've got our equity folks as well as our debt folks here and our bankers, and thanks so very much for joining us. Throughout the morning, you've heard a lot about our Beyond strategy, our plans and priorities for growing JLL on behalf of our shareholders, on behalf of our people and behalf of our clients. I'm going to use our time now to recap our Beyond strategy, to talk about our 2025 targets, to focus on our capital allocation strategy. As well, I want to touch on our platform transformation, where we're focused on driving continued shareholder value. We've also talked today around the world from our Corporate Solutions business, from our LaSalle business, from our Capital Markets business as well as the thoughts shared by our regional leaders about our growth, our historical growth. We're going to build on that strong foundation of growth as we go beyond on our Beyond strategy. So where are we headed to drive sustainable profitable growth? We've talked a lot and shared a lot about our 6 pillars, starting with our clients. We've talked about growth. We've talked about the importance of brands. We've talked about digital. We've talked about our people. And most importantly, we've talked about our values, our values that differentiate us at JLL. We've also talked about our 4 key priorities in terms of where we're going to underpin our Beyond strategy. First, we've talked about accelerating organic growth. Second, we've talked about expanding our margins by transforming our operating platform, to continually improve productivity, especially in the face of fee pressure. We've talked about increasing cash generation and maintaining our financial strength and our commitment to our investment grade balance sheet. And we've also talked about our focus on a disciplined capital allocation strategy. So where will this take us to 2025? From a target perspective, we're focused on delivering 2x our revenue to $12 billion. Second, we're focused on delivering from 10% to 12% margin performance to 12% to 14% margin performance. Thirdly, we're focused on driving cash from operations to over $1 billion or approximately 10% of our fee revenue consistently. And then finally, we're focused on delivering 12% return on average capital. So let's talk about how we're going to accelerate profitable growth. First of all, from the perspective of Corporate Solutions we heard from John Forrest and we heard from our panel, we're focused on being a strategic partner. Frank was mentioning that when he was leaving the set this morning. He was talking about the fact of how important it was to move from a cost equation to a value equation. And he thanked us for being that strategic partner in this rapidly evolving and expanding marketplace that John talked to us about. It's a significant opportunity for us. John also talked about how we're continuing to improve our client centricity, our focus on delivering value to our clients more effectively, more quickly. We're focused on moving up the value chain to be the top partner with major blue-chip corporates, like we heard from P&G and IBM and HSBC. Thanks for being here today.

We're focused on driving up that value chain to deliver strong, profitable growth through best-in-class business relationships. We're differentiating our Corporate Solutions business, with technology. And hopefully, if you haven't already, you'll be out to take a look at our tech showcase. We shared at our tech showcase RED, we talked about valuation IQ and we also talked about Corrigo. We're investing in technology to deliver the best differentiated solutions to our clients. Why? Because we can, because we're a leader in this regard and because our clients demand it of us. The result, where we're going from a Corporate Solutions business perspective you heard John talk about, we're doubling our business by 2025. What does that equate to? That equates to a 10% cumulative average growth rate over the period. As well, as we drive that scale -- you heard John talk about the importance of margins, as we drive that scale, better productivity and take advantage of this expanding market and embrace technology, as you've seen, we're focused on delivering 100 to 200 basis points in expanded margins in our Corporate Solutions business.

Let's turn to Capital Markets. We heard from Richard about the opportunities over and beyond institutional sales, which is what we traditionally talk about in regards to Capital Markets. We talked about our ambitions, our capabilities, our focus on expanding our talent, our capability to deliver across the capital stack, so that we are there at every point in contact, every opportunity to deliver that advice for our client as it relates to the Capital Markets business. Not only does this growth involve diversifying our capabilities across the capital stack, but you also heard from Richard that we're digitizing. We're investing in the front-end of our business in order to be able to deliver better, quicker, client-centric solutions with our CRM tool, better advice, better opportunity in terms of delivering those insights to our clients. And finally, we're leveraging our best-in-class market intelligence. You heard Jeff talk about the research. You heard Ben talk about delivery in terms of what we're seeing on the horizon. We talked about our 500 strong research folks around the globe. We're going to leverage that research and those insights in order to be able to deliver insights to our clients. The result, doubling our Capital Markets business by 2025 as well as driving productivity in terms of enhancing our revenue and our margin per producer as a result of those technological advancements.

So let's talk about our local markets business. We have a leading position in our local markets business. When we look at our local markets business, we not only have the best people, but we are in a premier position to drive market share. We're investing in technology as well in our local markets business, online market, for example. And we're going to use the strength of our JLL brand to retain and attract top talent, this top talent who sets us apart in the market and enables us to be a better competitor and really sets us apart, a competitive differentiator. Our people are our assets. The result, when we look forward, our local markets business is focused on delivering a 7% plus annual cumulative average growth rate through 2025. Again, grow share, drive productivity and further develop our top talent. LaSalle Investment Management, when we take a look at Jeff's business, the watchwords here are fewer, bigger, simpler, just an example of driving top-tier performance and what that means in terms of the ability to grow for our future. That key to performance, that top-tier, top-quartile performance is enabling us to leverage LaSalle's platform. And as we look forward to 2025, we're focused on doubling our assets under management and doubling our revenues, again, fewer, bigger, simpler productivity driving annuity-based revenue stream as well as delivering incentive fees. From this foundation, the solid historical foundation of growth that we talked about, as we go forward through 2025, we're focused on delivering 9% average fee annual -- fee revenue growth annually. The 2 priorities that support and magnify this growth are, first of all, to maintain a disciplined approach to capital allocation and, second of all, to transform our JLL operating platform. So let's talk about our balanced and disciplined capital allocation strategy. First of all, our approach includes investing with defined hurdles, investing in a disciplined manner with defined hurdles. And to that point, we're focused on investing at a 12% average return on invested capital. What are our investment priorities as we look forward? First of all, let's focus on technology investment. No surprise to anybody in the room. It's a key priority of ours as we move forward. We've heard about technology, we've heard about digitization and we've heard about how important these aspects are as competitive differentiators to JLL. And to this point, as you can see, based on what we shared in the tech showcase and all of the other things that Christian talked about earlier that we intend to be a leader in technology and the real estate services industry. And these technological advances that we're embracing and that we're creating and that we're investing in enable us to drive continued profitable growth. This technology investment is both a necessity and a significant opportunity because we believe that companies who lag in technology will be left out of the game.

So third, let's talk about M&A. I've heard during the break a couple of folks asked about M&A. What's up with M&A? Where does that come into the overall strategy? Let's talk about M&A because we do continue to evaluate M&A. It's part of our DNA. You've heard about Corrigo. You've talked to Rick. You've heard about BRG. You've had a chance to hear from Traci. It's part of our DNA and part of the opportunity that we see going forward. Currently, we've been focused on integrating the transactions that we've done and driving the results as a result of those transactions. As we look going forward, if there are compelling opportunities to expand our services, if there are opportunities that are in alignment with our strategic plans that you've heard from our leadership team today, if those opportunities make financial sense and are in alignment with our capital allocation strategy and, most importantly, if those M&A opportunities are in alignment with our culture, we'll execute. And lastly, let's talk about co-investments. We'll remain focused on supporting our LaSalle Investment Management and their investors with capital allocated to co-investment. So there are 2 outcomes from this disciplined capital allocation approach. First, improving cash flow generation. We're very focused on improving cash flow generation, from $500 million today to over $1 billion in 2025. And second, maintaining our investment grade balance sheet. And as we look forward, we're committed to managing our business at net debt to EBITDA of 2x or less. And overall, we're focused on driving and delivering long-term returns for our people, our clients and our shareholders. So I just want to focus for a moment on optimizing cash. Over the past couple of years, we heard a lot of questions about what's going on with JLL? What's going on with cash? Well, that didn't fall on deaf ears. We got down to business and started focusing on some of the fundamentals. And so let me share with you where we've been. As of the third quarter, on a trailing 12-months basis, we've delivered $650 million of cash flow. That's up from $215 million at the end of the year of 2016. And again, from a 2025 perspective, we're focused on consistently delivering cash flow at approximately 10% of fee revenues. What are the essentials in delivering this cash flow? First of all, we're focused on delivering quality earnings growth. You've heard about that from all of our leadership team around the world. And we're doing that with our leadership together with all of the people at JLL who are focused on delivering value-added services to our clients. Second, we're focused on efficient operating expense structure. It's one of the outputs of the technology investments that we've been making, together with scale and together with 2025, as we focus on driving those scale economies, and I'll talk a little bit about that in a moment. And finally, we're very focused on driving working capital. Some of this isn't really fancy. It's just blocking and tackling. It's getting in and it's talking with our teams about receivables, what's due. It's having visibility to our payables. It's actually having the tools and techniques to be able to focus on what is our net working capital. And to that point, we've partnered with our data team. You've met some of them today in the room. Our data team has been helping us mine opportunities, give us visibility together with our treasury team. We've also partnered with our supply chain leadership team to really work on the payables piece, to work with our vendors, to really discuss where we have unreasonable payment terms or where unreasonable payment terms are being suggested. So with the new tools, with a team approach, some of it just getting down, and really focusing on blocking and tackling, we are committed to driving improved working capital.

Next, I'd like to talk a little bit about our platform. We've changed a lot over the past 10 years, the past 7 years, even the past couple of years. And to that point, we have a significant opportunity to really transform and simplify our platform and create a much better place for our people to work, deliver more value-added services for our clients and deliver shareholder value. And in a minute, I'll put this into context via video. Just one note, this video was made for our people. It's an internal video. And it talks about finance, it talks about human resources, and it talks about leveraging our JLL business services around the globe. But before I start this video, I just want to share with everybody that it not only applies to finance, human resources and our business services operations, but it also applies to marketing. It applies to Ben's space in terms of research. It applies to supply chain leadership, and it also applies to our business operations around the world. Please show the video.

(video presentation)

As you can see we are really focused platform transformation and simplification and again this video talked about finance, human resources and JLL Business services. But We are embracing transformation and simplification across our operations. And why because of rapid growth, we are taking advantage of our rapid growth and significant technological advances that really enable us to invest in things such as robotics, its real and we are leveraging it and making JLL a better place for our people to work.

So let's talk about Finance and Human Resources, right now travel around the world and seeing the way people work. Trish and I have really focused on productivity because we see people key punching information from place to place, because we see opportunities for to have better people management systems. So we are going through the brutally tough task of upgrading our ERP systems and implementing a new HR system and leveraging technology and simplification of processes around the world and consistency. Something as fancy as a common chart of accounts. Things that we haven't had in our high growth business that we are now taking advantage of. As a result as we grow and as we simplify and take advantage of common processes we see the opportunity to deliver a $60 million P&L impact to our bottom line through 2025 and that is really enabling us to break the relationship between growth and increasing people costs as we scale our operations.

So let's take a look at JLL Business Services. Our second area of platform transformation which is significant for us at JLL, is really developing a connected multi-faceted, multi-lingual, over 20, global services platform that is enabling us to deliver to for our people and our clients. We are streamlining processes we are taking advantage of things as fancy as lean six sigma, we are sharing these opportunities with our people as we focus on advise, optimize and deliver. As we take a look at things how we do things around the world and focus on opportunities to improve that and improve utilization and drive productivity. To this point, we are delivering through 6 major global service centers around the globe. And again those 6 global major services centers, we are automating, investing again in things like robotics and artificial intelligence that you heard Christian mention. And we are bringing back office services to a more productive level. The result a $40 million impact to our P&L.

And then finally the third thing I would like to talk about, supply chain leadership, We manage over $30 billion of spend on behalf of our clients and JLL. By developing leading tools that you saw Bill in the tech showcase, JLL marketplace. Delivering a differentiated service. We not only think that supply chain leadership is a smart thing to do as we balance risk and compliance and all the complexities of the world, but we also think it's exceedingly beneficial in terms of boosting our win rates as well as creating new avenues for revenue as we monetize our supply chain platform, with things like JLL marketplace. The result here is over a $25 million P&L impact. As we move forward, we also believe this will grow as we grow. So the result of these 3 initiatives is to deliver 100 basis points to our bottom line, which contribute to the 12% to 14% expanded EBITDA margins that we're focused on delivering in 2025. So as we look forward to 2025, you can tell we've got an experienced and capable, committed and enthusiastic leadership team that's here with you today. We have unbelievable talent around the world to deliver for our clients and our shareholders. We're focused together on delivering beyond, again, beyond for our clients, beyond for our people and beyond for our shareholders. So I really want to thank you for being here today. And next, I'd like to turn it back over to Christian.

QUESTIONS AND ANSWERS

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

So now we're turning it over to you. It's time for questions. It was, as I said, our first investor conference. And now with your questions, you can give us a bit of feedback what we need to cover more, and then what you like to hear a bit more thoroughly in. And all my colleagues will be available. And that's the beauty of being the CEO. I can kind of call the shots to them when the questions are getting too difficult. Please.

Christie B. Kelly - *Jones Lang LaSalle Incorporated - CFO and EVP*

Just one point for everybody to know, we're on webcast. So wait until you get the mic to ask your questions. Speak into the mic.

David Emerson Ridley-Lane - *BofA Merrill Lynch, Research Division - VP*

Sure. David Ridley-Lane from BofA. Within that 2025 goal, how much would you -- how are you thinking about like acquisitions within the context of your 2025 goal? And maybe that's easier to think about what percentage of the cash flow from ops, the free cash flow you'd be using and dedicating to M&A?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Well, frankly, that is not the way we would approach it because we have been analyzing M&A on a constant basis also the last 12 months, although we didn't do anything this year. And we are very strategic around that to either fill in gaps, which we still see in some areas, which we highlighted today, or in moving into adjacency. And so we are firm to deliver that 9% CAGR of fee revenue growth, and that can be comprised by probably the majority coming from organic growth. But it will be added by M&A whenever we see a strategic opportunity coming to us. So it's not that we are starting the year and say, well, this year, we spend $200 million on M&A because, as you have seen in 2017, we didn't spend $0.01 on M&A. But we may do more in 2019 or 2020 depending on how the market is doing or price levels are coming in and how the overall consolidation of our industry is moving forward. Please.

Christie B. Kelly - *Jones Lang LaSalle Incorporated - CFO and EVP*

Jade.

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Mic is coming.

Jade Joseph Rahmani - *Keefe, Bruyette, & Woods, Inc., Research Division - Director*

On the capital markets target, I think the growth in share of the debt side implies very strong CAGR north of close to 15%. Where is that growth going to come from?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

I'll pass that question to Richard, who is deeply in that topic. You want to stand up, Richard?

Richard Bloxam - *Jones Lang LaSalle Incorporated - Global Head of Capital Markets*

Yes. So we see the largest part of our debt advisory business is sitting in the Americas, where there's an established tradition of using debt advisors in brokerage. We have a very large multifamily practice, where we're rapidly increasing our market share, particularly in the GSE and agency lending -- writing. But really, the rest of the world is still very -- in its very formative stages in how it uses debt advisory. So both in EMEA and Asia Pac, there's a culture of self-perform for most investor clients. But as the breadth and range of potential lenders increases, which is happening rapidly, you could see in the slides around the number of debt funds that have been created and LaSalle creating as well. When you get a much larger potential range of lenders, there is that much more room for advice to be provided. So we see a medium- to longer-term trajectory of us being able to provide debt advice there. So that's essentially where we see the growth.

Christie B. Kelly - *Jones Lang LaSalle Incorporated - CFO and EVP*

Anthony.

Anthony Paolone - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Tony Paolone, JPMorgan. Christian, one of the things you said at the outset was that the commercial real estate really hasn't seen any real one disruption thus far. Where do you think that happens first, like what part of the business? And how long until we see that?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Well, usually, these disruptions are coming into the consumer part of businesses. So it could happen very much in our world in our apartment sales business. We don't see that so far. And if it were to happen, I could say, at the moment, it's a very fast growing business. But from the overall scale of our business, it's fairly small. If we move away from the distinction between consumer and B2B, the whole transactional side of it is obviously at a certain risk that it will be impacted by some type of disruption, you see a tendency in the U.S., but we have them everywhere around the world where people are trying to do online transactions. And it tends to start on very small scale, and then it moves up the curve. And that will happen over the next couple of years. I mean, frankly, I'm personally quite surprised that it has taken so long to move more into the digital space in our industry sector. When you look into banking, I mean I started to do online banking 20 years ago, I haven't been in the banking branch for 20 years. And so we are blessed that it is taking so long, which gives us time as an industry to adapt. But it doesn't deliver any kind of certainty for the future that this isn't happening quicker.

Unidentified Analyst

I wanted to touch on a little bit about the branding efforts and how that ties into the digital and technology efforts that you have. And maybe if you can just sort of provide maybe a couple of examples of where you see the upside of the brand maybe infiltrating higher into the C-suite opportunities?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Sure. I mean, first of all, the world moving into digital makes the world also, to a degree, more impersonal. And you have to -- as a business partner, you have to kind of rely very much in the company you're talking to and the partner you're talking to, that, that company is delivering the promise, the brand promise you would expect from that company, because the service in itself will be delivered much more through technical tools. And therefore, I think in that world of moving into that digital space, it's becoming even more important that you have that brand promise behind you. And we see that across-the-board. And I will take a very recent example here in the U.S., where a brand promise is creating a massive kind of inspiration for people. I take as an example Tesla. I mean, Tesla has created a massive brand promise that they are revolutionizing the world on how we are using cars. Not only that they build electric vehicles, they are also talking about autonomous driving. And they are overselling that in a brilliant way. I'm coming from Germany. What Tesla is producing at the moment is what the VW Group is producing in a week, what Tesla is producing in a year. And so still that brand promise has captured a lot of people. I don't want to use examples from our industry because they are all clients to us, but we have similar developments in our industry. And so it's very important that you -- from our perspective, with our 250-year legacy that we've built that brand promise, but we are able to deliver on that brand promise. That will drive the necessary comfort for our clients.

Greg Michael McGinniss - *UBS Investment Bank, Research Division - Associate Analyst*

Christian, Greg McGinniss, UBS. Just a quick question on the margin expansion. I'm curious if you'd see that as a 25 bps a year linear expansion? Or are there a few items to get in order over the next few years before we start to see that accelerate?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Yes. It will not be a straight line of 25 basis points a year because we are currently, as we said, we are replacing all of our ERP systems. And that's a pretty painful undertaking. We are implementing a lot of new client-facing technology. So for the next couple of years, you will see us working within the 10 to 12 until we then gradually move up. It's quite hard to predict as when it exactly comes because it has also a quite important impact from that client-facing technology. As we mentioned earlier, we have set up JLL Spark in the Silicon Valley. They are working very hard on new products, which will come to market. And that can spike quite nicely. Whether that will be the case in 2022 or in 2024, I know don't yet. Hopefully, it will be in 2022, but that would have an impact on our margin profile. I mean, all of that investment, what we're currently doing, we do that with an intention to drive margins. We are not doing it for the sake of just doing it. Are you guys hungry? Here's another question.

Anthony Paolone - *JP Morgan Chase & Co, Research Division - Senior Analyst*

I can keep going. So maybe a question for John Forrest. You talked about 200 basis points of margin expansion in that business. I think the perception has been that that's a tough business to really move the needle on. So I'm curious, one, how do you like specifically attack that to get that out of the Corporate Solutions business? And then, two, any color on like 200 going from X to Y, like what you're going from and to?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

John?

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Thanks. So I think second part of the question, that's not part of the disclosure today. The first part of the question that I think is a really good one around how do we sort of achieve 200 basis points? There's kind of 3 key things I'd draw you to. The first, Christie talked in her presentation there at the end about JLL business services, JBS. She talked about the ERP implementations because we're an enterprise-wide platform, if you'd like, in terms of serving our clients in all of our countries across many of our service lines. Improving the efficiency of how JLL operates as an enterprise is a really big lift for the Corporate Solutions business. So I think we get a natural tailwind, if you like, from JLL's enterprise-wide efficiency programs, things that the business unit can't do on its own because we depend on the enterprise for them. Enterprise HR systems that are consistent, enterprise finance systems that are consistent, so that would be the first thing I would draw your attention to. Second one is the business is transitioning from one that's not balanced globally across all the regions in terms of its proper contribution to one that, by 2025, will be a lot more balanced. So as part of that transition, we're really having to build out the platform in some parts of the world. And particularly, I mentioned EMEA earlier and Integral acquisition. So as we look forward to 2025, we'll get a tailwind from the scale we develop from building EMEA and with European corporates over time. And then the third driver I'd bring you to is the big shifts we talked about on the stage with the client panel. That gets us to more integrated holistic solutions that deliver outcomes for clients, and that naturally for delivering outcomes for clients that help them execute on their business strategy and business transformations, that shift to value focus in those clients helps us get to more value-based pricing, yes? So I think there's a whole lot of things I could talk about. But that'll be kind of 3 significant things I would bring you to. And that last one, the whole digitization journey is really key for that because the historical DNA of the business model has been heavily headcount-linked. The digitization enables us to really tackle that, as does the whole JBS business services model. Thanks.

Keith Mills - *Trillium Asset Management LLC - Partner and Director of Research*

Yes, Keith Mills from Trillium Asset Management. I had a few questions. I guess, I'll start with Christie. Can you just provide -- can you provide some of the details associated with the other 100 basis point improvement in margins that you're expecting other than the 100 that you reviewed?

Christie B. Kelly - *Jones Lang LaSalle Incorporated - CFO and EVP*

Sure. So in aggregate, Keith, 200, we believe, will come from our Corporate Solutions business and 100 from platform transformation.

Keith Mills - *Trillium Asset Management LLC - Partner and Director of Research*

Christian, on the third quarter earnings call, you talked about within capital markets, investment sales, the need to build or expand upon your, I think, equity and M&A transaction business. Can you talk about your vision for that specifically? And how you plan to get there between now and 2025?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Well, I guess, that is what Rich was highlighting on, what is in the bucket of the -- what is currently 24%, which is moving up to 40%, it's not only the debt side, it's also the equity and M&A side. I mean, you want to continue, or I mean, we have hired major teams around the globe and he has been on our global executive board only for 12 months, and the progress we have made is absolutely stellar. You want to add a little bit on that?

Richard Bloxam - *Jones Lang LaSalle Incorporated - Global Head of Capital Markets*

Maybe couple of comments. I think, the -- as I alluded to, capital is finding its way into real estate any which way it can and we have great knowledge of real estates and we just need to be applying that into the ranges of way the capital can be deployed. So for us, M&A, simply Mid-cap was a huge opportunity for JLL to be marrying its knowledge of Occupier intelligence, leasing markets, with the ability to also trade operating entities and that's particularly applicable and where we have a lot of experience is in your more alternative real estate asset classes, which are operation-intensive, so particularly around health care. So we see a great opportunity there. And then beyond that, it's other financial services, particularly around the structured financed products, we're seeing a lot of the bond players coming directly into annuity-style investments within real estate. So it's the broader -- the broadening routes of real estate that we want to take advantage of, and we've been hiring people pretty aggressively in the last 18, 24 months to meet that opportunity.

Keith Mills - *Trillium Asset Management LLC - Partner and Director of Research*

And then, just -- I'm sorry, one final question for you, Christian. Do you anticipate that there will be changes from an incentive compensation perspective for you and for other members of management that will be more aligned with what your priorities are out to 2025, whether it be organic growth, operating cash flow, return on invested capital, et cetera? And will that long-term portion of your incentive comp shift from being time-based to performance-based?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Yes, we are currently working on the new compensation program for the global executive board, which we'll be taking into play from 2018 onwards. But more importantly, and Anthony was mentioning it actually on the discussion panel is, we want to align the broader leadership in the same way as the global executive board is being aligned on that strategy and that compensation. I think, this is one thing, which I'm still struggling with our industry is that, historically, coming from banking, now banking also had its experiences with compensation, but we have to move to a much more long-term view with regards to compensation. There is so much what we are doing today, which we will benefit from in 4 to 5 years, which costs money today, and so we have to align that compensation to the needs of the business and move away from short-term. Yes?

Unidentified Participant

Two quick ones. One is LaSalle incentive fee trends. What would you expect in 2018? Will it move with the modest decline in capital markets investment sales volumes that you expect? And secondly, I think in your introductory remarks, you mentioned, fee compression or some pressure on fees. Wondering, if you can comment on transaction fees, whether there's been -- if this is a recent phenomenon or it's just a general industry trend?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

On LaSalle, the incentive fees for 2018, we are not giving precise guidance on that today. I think, Jeff said very clearly, that the overall environment is pretty positive for incentive fees at the moment. I think that should give you a bit of a direction for 2018. With regards to fee compression, I think that is a longer-term trend that fees are being compressed. What you see in a market environment, which we had over the last kind of 5 to 6 years on the capital markets front, is that people are trying to bring down the base fee and incentivize you on the target price in the way you are overachieving on the target price, so you are getting pretty healthy incentive fees. When the market is turning or when there is no further yield compression, the industry has to work hard to bring base fees up again, because there will be less opportunity to work on incentive fees. On the leasing side, it depends a little bit where we are on the market cycle. Ben was describing very nicely the right side and the left side of the property clock, and so fees around that obviously, depending when you have a cycle where, which is incredibly landlord-friendly, and it's not, all across the world, always incredibly landlord-friendly. But take the example, Guy was talking about his favorite city is Berlin, a lot of people think that Berlin should be the favorite city. There is no space in Berlin left. People can't construct quickly enough. So it's very hard to get a fee from the landlord for leasing the space. And so they bring you very much down. But on the other hand, you're focusing then even more so on the tenant side because they need that space and then that brings fees up again. So it's a bit of a kind of -- it's not a straightforward line. But if you kind of look over 10-year horizon, we see pretty strong fee compression over that 10-year horizon, which we have seen in the past. I think there's enough reason to believe that, generally, that trend is continuing, so that is one of the reasons why we are so incredibly focused on bringing technology in, so that we can counter some of these impacts going forward. And I gave you that example in our lease administration business. I have to say, if we hadn't been able to bring in that Leverton software to work in our lease administration business, we probably would have to stop that business in 5 years from now, because it's just on a sliding scale downwards with regards to fees. But now, technology helps us to maintain that business. No more questions? Oh, many more questions.

Unidentified Participant

Yes, I was just hoping maybe from a client perspective that Jeff, John and Richard, could share from a sustainability perspective, how your focus from a sustainability's perspective with clients is helping JLL maintain or win new client business because of its leadership and its focus there?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Yes, I think, John could talk probably for an hour on that topic. Can you do that in 2 minutes?

John Forrest - *Jones Lang LaSalle Incorporated - Member of Global Executive Board*

Sure. I think the firm's enterprise program is building a better tomorrow. And that is really critical to all of our stakeholders, shareholders, staff and clients. The client perspective is it has to be embedded in what we do. So we have to be a sustainable and green enterprise across the board. And that's kind of a price to entry these days. Yes? Specifically, as a service area capability to, we have some real specialist talent capabilities to help clients with sustainability and energy programs, in the facilities management space, for example, the cost categories we've typically managed would be hard technical engineering services, soft services as we would describe them in the industry, but often in our client organization, sitting right adjacent to that is a lot of energy spend, utility spend, where we can have a really big impact on the demand side, the consumption in our client enterprises. And so some of our most significant relationships, for example, big parts of the programs we drive for those clients relates to energy consumption and driving that down as part of our overall outcomes. And just for the rest of the life cycle, in the construction and project space and the transaction space, and driving green and sustainable imperatives for our clients, because they all have enterprise-level goals, is very much part of what we're expected to deliver for them and what we train our teams around the world. I think, last count, we had over 1,500 LEED professionals for the enterprise, for example. Is there anything you want to add from the investor side, Richard or Jeff?

Jeff A. Jacobson - *Jones Lang LaSalle Incorporated - CEO of Lasalle Investment Management - Jones Lang Lasalle's Investment Management Business Segment*

I mean, certainly, on the investor side, particularly with institutional investors having world-class ESG capabilities and embedded into your investment approach is -- it has been important for a while. It's only becoming more important. We've been a leader in that area. We were an early signatory to the UN Principles for Responsible Investment, I think, that was 2008, 2009. We are very active within the global real estate industry. There's an organization, the -- called GRESB, the Global Real Estate Sustainability Board. Many institutional investors, it started first with Europe, want annual reports on your funds, on a variety of different metrics, again, we've been a leader in that. We have a global -- have sustainability within LaSalle Investment Management and regional sustainability boards, and then we can leverage the broader network and resources of JLL. So it's important, and I was in Asia 10 days ago in a [finance] pitch with a very large Asian institutional investor and ESG was a significant part of what they were looking for. And we compete very well in that area.

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Question?

Unidentified Participant

Just wanted to see if you could share some metrics to help prove out the ability that you have to cross-sell, as you said, in your prepared remarks selling more to clients? So what percentage of your leasing business comes from property management clients? And maybe also, what percentage of your multifamily sales on the equity side result in debt origination running as well, so on those 2 points, and others if that's relevant?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Okay. Greg, do you -- can give any details on that? I certainly wouldn't know the percentage, but maybe Greg does.

Gregory P. O'Brien - *Jones Lang LaSalle Incorporated - CEO of Americas Business Segment and Member of Global Executive Board of Americas*

Sure. Thanks for the question. In leasing and management, it's interesting, we just had our client advisory board for some of our largest institutional clients, and we were looking at some statistics. So think of the 10 largest institutional clients, and it's interesting how often they want to decouple leasing and management. So their perspective is, I have a portfolio with you, we're leasing in a number of facilities, we're doubling up in some. And then in others, we are the property manager. But there is a couple of providers in these scaled portfolios and we're one and we're gaining share across those. It's up to us. And again, coming back to the advent of technology in some of the tech-enabled businesses we're going to be able to create, as we can create a reason why tying them together creates greater value, passed just ease of communication and other things, we're going to see more of that come together and I would predict that, that percentage will go up across the industry with those players and others. Now more local players, they are more relationship-oriented, so we tend to pair up a little more. On the multifamily question, which I think is a good one. We have a growing sales profile and then with Oak Grove coming on and then our ability across the United States to be able to provide a wide range of debt solutions now directly, we've gone from, let's say, 20% type of matchup of debt to where we are tracking towards a number that's double that. And we think there's an opportunity. So it won't be 100%. But we think there's an opportunity, is you're providing broader advice to be able to pair those up at times. Again, some clients prefer to split it, which is understandable in some cases depending on relationships. Who else is in the equity stack that can maybe provide some of those services? But the broader trends are for those things to come together and there's maybe a little inertia in the market for it not to happen immediately, that's probably one of the upside areas as you're considering things.

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

I think we had 1 more question. Yes?

Anthony Paolone - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Maybe just 2 parts. One for Christie. Over the next few years, what should we think about in terms of CapEx to achieve some of the efficiencies and P&L impact that you laid out for those -- that 100 basis points of margin expansion?

Christie B. Kelly - *Jones Lang LaSalle Incorporated - CFO and EVP*

Yes. I think, Anthony, if you take a look at run rate as of the third quarter and really hold that consistent in the short term, that would be a good gauge, plus maybe 10%, 20%.

Anthony Paolone - *JP Morgan Chase & Co, Research Division - Senior Analyst*

And then, second, just more broadly you laid out the 2x net debt, to stay under that level. But how should we think about just returning capital to shareholders because it would seem if you don't have programmatic M&A in your 2025 goal, you will be at negative 3x net debt-to-EBITDA. So you have a lot of free cash flow. How should we think about just the decision-making process on keeping it or returning it and so forth?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

I hope we won't let it cross. I think we are full of ideas how we can develop our business, grow our business. So I am not at all worried that we don't find good use of capital. We have come from a very acquisitive past, which has driven our debt quite high. We said to the market that we'll bring that debt back down in line with these metrics, which Christie has alluded to. Once we have achieved that, we will go back into seeing how we can make best use of that capital with a very disciplined approach, and we were talking about the 12% ROIC, but it's not that we're running short of ideas.

Christie B. Kelly - *Jones Lang LaSalle Incorporated - CFO and EVP*

I wouldn't, Anthony, as I addressed in our capital allocation strategy, take M&A off the table. I mean, I think we've been pretty clear as to the short term and what we're focused on and that we're integrating our transactions, but going forward, and as Christian mentioned, we're always looking at opportunities that make sense, strategy, financial alignment, and particularly, culture.

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

One more. Yes?

Unidentified Participant

Technology was a big theme in the discussion today. And I am just curious with that complex global organization with obviously a very capable senior management team, have you considered the importance or not of a Chief Technology Officer or Chief Information Officer to make sure that you have a very holistic approach to integrate your technology viewpoint throughout the entire organization?

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

Yes, one of the decisions we have been taking a couple of months ago is, first of all, to merge our leadership from our technology side with our data side. So that has been merged in August this year. And we are taking a lot of benefit from that. What we are still keeping separate is the development of client-facing technology, because that client-facing technology we have learned is coming a lot of the ideas is coming out of the business. So we're trying to keep that product development very, very close to the business. And that's where you constantly have to balance between a complete centralized approach in order to be superefficient on the dollars you are investing compared to becoming slightly detached from the business and overly bureaucratic. And so that's where we find, at the moment, the right balance between keeping product development, product ideas very close to the business, but having the big infrastructure questions, data questions all centralized globally. That's in evolution. I wouldn't say that this is the final organizational model, something we are watching very, very carefully, but you have to, I mean, you're all coming from big organizations, we are a massively big and complex organization. That is one of the reasons why we had our JLL Spark venture. We have that completely separate because we don't want them to be dragged down in the bureaucracy of a massive organization. We want to give them the entrepreneurial freedom to develop as quickly as possible new exciting client-facing technology. One last question.

Unidentified Participant

Sorry, another one on incentive fees, so Jeff, just curious in terms of fund timing as a way to think about this. What's the level of assets being marketed 2018, 2019 versus the last few years?

Jeff A. Jacobson - *Jones Lang LaSalle Incorporated - CEO of Lasalle Investment Management - Jones Lang Lasalle's Investment Management Business Segment*

Not going to give up on the incentive fee question, I wish I could predict them. No, I think here's the way I would look at it. If you think about that life cycle harvesting chart I put up there, given where the markets are today, the assets that will be driving incentive fees over '18, '19, '20 will generally be funds that were raised and invested '12, '13, '14, maybe '15. And so we, sort of, look at, the first thing is where do we have funds that have incentive fee structures. And that means that they are more Alpha Absolute Return funds, where we have -- this wouldn't be the right analogy for investors, but chips on the table. You got to have chips on the table. And then where has the market been driving? Where is there still liquidity? And then finally, some of these are in joint ventures with large clients and they have to agree, in some cases, to sell, other cases, it's our discretion. So we still have, we've been harvesting some of those '10, '11, '12s. We still have some of that '12, '13, '14, or early '15. That are in the later stages and getting ready to go to market over the course of next 24 months. So when they're ready, when we go to market, how long it takes to sale whether we have a partner, who at the last minute decides not to sell, whether all of those dynamics are [the stuff] that's pretty hard to predict because it is chunky, but there is still a pipeline of things that have been progressing through that in a healthy capital market environment. There is more that's in harvest mode over the next 24 months. That's probably as good a guidance as I can give you.

Christie B. Kelly - *Jones Lang LaSalle Incorporated - CFO and EVP*

I guess the only other point there is everybody knows in this room, we don't give guidance, but to the extent that we turn to 2018, and as we've done in the past couple of years, provide you with some information as it relates to our incentive fees. So you don't have a lot of volatility or guesswork associated with your models or how you're communicating. We'll do our best to do that.

Christian Ulbrich - *Jones Lang LaSalle Incorporated - Chair of Global Executive Board, CEO, President and Director*

With that, I would like to close this Investor Day. We will have lunch for you. I hope what we have brought across is that our industry is still offering a tremendous amount of growth opportunity. We have these very strong macro trends, which are favoring our industry. We still have, and Greg just pointed it out again, a lot of consolidation opportunity. It's a fragmented industry. We can take market share. We can pick up competitors. We will capitalize on that. And the overall economic environment, as Ben alluded to, is pretty favorable for 2018, and hopefully beyond that. We have a great global leadership team, a diverse group of people who have come together. We have, as Guy called it, a high performance culture and I can assure we have a high performance culture. And we're driving that business forward. We're excited about that business. I've said to you earlier today, I'm very confident about the performance. And I take it as my personal responsibility when I became CEO of a company with 250 year legacy, you are and I am fully aware that I will only have a piece of that history where I will be leaving that company, and we're committed as a team, that when we are handing it over to our successors, this company will be again, in better shape than it was when we took it on. That was what Colin Dyer did when he took it on and that will be what we will be doing under our leadership, and we will hand it over bigger, better and more profitable.

With that, I would like to close. Thank you very much for coming to us. And please, enjoy your lunch. Thank you.