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EXECUTIVES

Sean Coghlan

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Chief Executive Officer, Real Estate Management Services

Presentation

Sean Coghlan, Head, Investor Relations

Welcome. Thank you, everyone, for joining us today for a live webcast with Neil Murray, CEO of our Real Estate Management Services business, or REMS, as you'll hear throughout the program today. During today's session, we're going to talk about outsourcing and the outsourcing opportunity for JLL. We're going to talk about the strategic evolution of the businesses. We're going to talk about our clients, and we're also going to talk about the long-term outlook.

As a reminder, today's presentation includes forward-looking statements about JLL's future performance. Actual results may differ materially. Please see our SEC filings for more details and refer to the slide for additional disclaimer information. We'll also reference non-GAAP financial measures throughout the discussion with reconciliations available on the Investor Relations page of JLL's website at ir.jll.com.

We are encouraging everyone throughout today's session to submit Q&A. You can do it using the QR code that's on the screen right now, but you also can throughout the program submit questions throughout the live Slido app that is embedded within the event.

So Neil, thank you for being with us today. We really appreciate you taking out the time, and I'm very excited to talk about REMS, but also what we're hearing from clients and the future opportunity.

Neil Murray, Chief Executive Officer, Real Estate Management Services

Sure. Glad to be here.

Question And Answer

Sean Coghlan, Head, Investor Relations

As part of your role of CEO of REMS, you oversee JLL's largest resilient business lines, the workplace management business, project management, property management. Each of these benefit from strong outsourcing tailwinds, industry fragmentation, and significant white space for long-term growth. And these secular drivers have been durable. If not, they've actually strengthened when we reflect on the past six years during a quite volatile and complex environment.

For those less familiar with outsourcing in our industry, how do you think about the value proposition for a client or a prospective client for outsourcing? And what is your perspective on the long-term opportunity for JLL in real estate outsourcing?

Neil Murray, Chief Executive Officer, Real Estate Management Services

There's a lot there, Sean. Let me try and break some of that down. I think that we operate in an extremely large outsourcing market. It's over \$1 trillion with a growth rate of over 5% a year. It is a combination of out-tasked services and elements to full strategic partner outsourcing. But it's an industry with lots and lots of runway.

You asked about the reasons why companies would outsource. It's about focusing on their core. It's about the ability of companies like us to save them money. It's cost saving and efficiency, access to expertise, to flexibility, all the reasons, for example, that the IT industry outsourced and I guess in the Western world, outsourcing began in real estate at real pace, probably late '90s into the early 2000s. So a super exciting and growing opportunity. And we're one of a very small number of players that can meet the full spectrum of needs in that industry at real scale.

Sean Coghlan, Head, Investor Relations

So if you take a hypothetical company, that hasn't even started the outsourcing journey. They're doing everything themselves today. How does that relationship tend to evolve over time if they were to engage JLL to be their partner?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Yeah, I think it's, Sean, there isn't one-size-fits-all model. Companies in different industries approach outsourcing at different rates from different areas. Sometimes it's needing help with a particular area in a particular geography. Sometimes it's a service line that they go out-task at scale. I think the point is there are many entry points into an outsourcing relationship, and we have the capability to really scale in any way required by the client.

So in some cases there is, I would say, FM is a typical area. You have maybe engineering services that a company is finding difficult to recruit real high-quality engineering talent into them. And so because there's no career path, if your core business is something completely different than real estate services, you're better off with a partner to help. So yeah, lots of entry points in. I think over time we're at our best, Sean, when we're truly a strategic partner, when every facet of the real estate value chain we can help with because we can bring the full strength of our platform to bear.

Out-tasking, there's far less differentiation service provider to service provider. It's really people you're providing. But when you get to the point where you're having conversations at executive level in a client business, helping shape their core strategies, that's where we as a company really excel.

Sean Coghlan, Head, Investor Relations

Yeah. I'm going to come back to that client topic later on, but our REMS business line don't always get as much attention quarter-to-quarter with the investment community. It's important to acknowledge that we've been building and growing these businesses for many years, largely organically, and have established a very strong top two market position globally.

80% of our total revenue now comes from resilient business lines. This revenue has been growing 10% per annum since 2020, and that's through a pretty complex market environment, which I think is quite impressive. You joined JLL in 2017 as a European CEO. You've been running the business globally since 2019. As you reflect on the past decade for REMS, what have been the strategic moves to get us to our market position today?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Yeah, that's a story. There have been absolutely numerous moves. I had the privilege really of inheriting in 2019 a fantastic business, wonderful foundations. But I think for a business like this, scale is such an important factor. You're trying to leverage multiple dimensions or model, multiple specialisms. It's sometimes described as a helix.

Like the notion of geography is a big factor in what we do. Specialist geographical dimensions to a relationship. Asset class is relevant. A manufacturing facility, an office facility, a retail facility, for an example. Clearly, the industry is very relevant, the industry that our clients operate in. I'd like to talk to you a little more about that later.

But then the individual service specialisms. So you have this helix of activities, if you will, more than a matrix. And how do you organize yourselves in order to be able to bring all of those specialisms to bear, but do it in a way that's scalable. So in a business like ours, being able to bring the very best of what we do to every single client, no matter where they are, really matters.

So it's the hard yards of codifying process in every single thing we do and making it scalable, running the best site, the best building, running every building like the best building, running every service like the best service. So to build a scaled business of, as you said, 88,000 colleagues now around the world in multiple geographies requires some real structural intentionality, culture work, a lot of work in data and technology to enable the whole business, focusing maniacally on putting the client and client outcomes at the center of everything we do. And just building a business that's resilient, predictable, projectable, dependable, and really one that our clients can trust every single day.

Sean Coghlan, Head, Investor Relations

There's a few threads there that you highlighted that I think we often talk about when we think about the evolution of JLL, the globalization of the business lines, the integration, the tech enablement, the platform. So as I reflect on how you're talking about the client experience and that, certainly is where all of those things have come together to help to drive that growth on the REMS side.

I'd be remiss if we didn't talk about investors. I mean, 25% of REMS is coming from investors. About 75% of it is coming from occupiers. And the core service businesses for investors in REMS is the property management business, which we integrated into the segment in 2025. We globalized it. We appointed a new leader. And we've been really positioning that for long-term growth. Where is the property management business today? And what is your vision for where we can take this business long-term?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Yeah. The property management came into the REMS umbrella at the start of 2025, a fantastic business that our clients really value and need. I'd say property management grew up as a hyperlocal business. Property management has traditionally been procured asset by asset in local markets, and therefore, its structure reflected that, that it was often an adjacency to an office leasing mandate or a capital markets mandate, we would run a building. It did have platform. It did have consistency. It did have scale, but it was probably too local a business.

We took that business on. We saw trends in the investor landscape that we'd seen before in the occupier landscape. I think if you look at the timeline between, say, 2012 and 2020, a lot of the value of investments in real estate came from the capital markets. I think in the time from 2020 to 2026, maybe even a little bit before, you see that real estate is a much more operational asset. Value is derived for investors based on operational assets, operating the assets really, really well. And that plays to the strengths of a company like JLL.

So, looking through that lens of the operationalization of value in the asset management, we saw the beginnings of outsourcing trends at portfolio level in property management that were different than what went before. A movie we'd seen before, Sean, in the occupier side. And so it was about bringing our strength to bear.

The first thing we did was we globalized the business. And globalized doesn't mean fully centralizing it, but all the things I talked to you about in the occupier business, building platform, making sure that all of our data was absolutely consistent and we were leveraging that data at scale, making sure we had professional oversight and leadership and standardization, codification of best practice, standard operating procedures in everything we did. And then, of course, a client-segmented approach, making sure we were putting the strength of the firm around individual strategic clients.

As part of that, you look at the portfolio you have and not everything you have fits into a vision for where the property management business is going to go. And so we've had some time going through that. We're probably 70%, three quarters of the way through that process of maybe realizing that some of the property management relationships we had around the world weren't exactly in line with our strategic vision for that business, not just from a margin profile, but from a style of competition or an asset type or whatever it was. So we very thoughtfully and professionally went through that process of, in some cases, renegotiating or in some cases, bringing an alternative provider to the client.

I think we have a much more focused business now. We've got a platform that's ready to go. And as I said to you, we're very excited about what we're seeing in that industry from a portfolio outsourcing perspective that we think we're really well-placed to take advantage of.

Sean Coghlan, Head, Investor Relations

Yeah. If I think about everything that you've said that we've been able to achieve to-date across workplace management, across property management, a lot of it comes back to scale. You mentioned scale earlier. One of the underlying drivers of JLL's competitive positioning is our resilient foundation that we've built, and our scale has been a meaningful enabler of that increased resilience over the past two decades.

And this is core to our whole business, but in many ways, REMS sits at the center of it. And as you often say to me and our investors, size and scale are not the same thing. So for the broader audience, how do you think about the value of scale for JLL as well as the REMS business lines?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Look, Sean, I think it's a really important point that size and scale are not the same thing. The words echo in my ears from Cynthia Kantor, actually, who runs project management for us. She uses that expression all the time.

To talk about 88,000 employees, to talk about 80 countries or 30,000 projects delivered annually is about vanity if you're not leveraging the scale to the benefit of our clients and shareholders, it's about, scale being able to, as I said, codify everything you do, so you have a platform that you can leverage. That's where leverage comes from, whether it's organic or even inorganic opportunities. I would have never considered, acquisitions, for example, if we didn't have the platform that was scalable to be able to absorb. So it opens up opportunities that weren't there in the past.

Just in general, having a scaled platform unlocks resiliency, it unlocks consistency, predictability, very, very different. And as I said, there are many, I think, big businesses in the world, but to really focus on scale and platform as your most important lever to give that predictability of growth and consistency to your clients is extremely important.

Sean Coghlan, Head, Investor Relations

Yeah. I think about 5.9 billion square feet of space that we manage around the world. And what you often say to me, which is, if you think about the full scope of that and the full scope of people, including our own employees and different subcontractors involved to truly manage that space, that's incredibly complex to do and to execute.

Neil Murray, Chief Executive Officer, Real Estate Management Services

It is. I'm glad you think about 5.9 billion square feet. I find it very hard to visualize. I get around the business and see a lot of it all the time. But you're right, there are multiple dimensions to this. You need playbooks, you need standards, but you also need to have an environment and culture. You can't codify every eventuality in a building, for example.

So alongside that standardization and rigor, you create an environment where people want to work, want to serve the clients, and want to express themselves, bring the best of themselves to every environment. So it's a combination of both, really, of standards and platform. But also recognizing the humanity in everything we do and making sure we're empowering people to do great work for their clients.

Sean Coghlan, Head, Investor Relations

Yeah. During your presentation at our investor briefing earlier this year, you discussed the broad diversity of our client segments, the distinct evolving needs of those client segments as well. And on the occupier side, our deep industry expertise is foundational to how we run the business and how we go to market.

And this is a very different lens than the traditional way that a lot of people look at our industry, property type by property type, because looking across different industry segments, there's radically different property type requirements, and we're tasked with operating across those. Can you provide more perspectives on just the role of industry to the business today and how you're thinking about it going forward?

Neil Murray, Chief Executive Officer, Real Estate Management Services

I got to be careful not to geek out on organizational structures here, but I think, look, this is a really, really important dimension to our value proposition to our clients. When we talk about strategic relationships, when we talk about why is real estate even considered strategic to our clients, that's a whole other conversation. But I've always described it as not just a factor of production, but probably the most important visual manifestation of a company's brand and a company's culture.

So if you think about real estate in that context, if you want to have a strategic relationship with some of the biggest companies in the world, as we do, you have to truly understand their world, their industry, their challenges so that you bring your expertise to bear in the context of a specific industry.

If you think about the language or regulation, regulatory environment in life sciences, as an example, completely different regulatory environment. You could say, Neil, facilities management and project management are the core services, but they're nuanced in a life sciences environment. Think about it in data centers, a whole different set of operational KPIs. Yes, there are engineering services or project management services, but they're in a completely different context and environment. Advanced manufacturing, the same in the defense industry and so on.

So we want and we insist that our most senior client-facing people at JLL truly understand our clients' industries because that's the context for everything we do and the context with which we shape a solution that's specific to that client.

Now, the danger with organizing by industry is that you can go too deep. We at the moment work across seven deep industry with sub-industries across our business. You can't let those businesses go to the ground, independent siloed businesses with air between them. So finding the right structure whereby the industry, the client-facing element is industry-specific and deeply knowledgeable of clients' industry.

But then as you go down through the organization, you meet capability platform. That's the balance we've designed, found, and tweaked over the years to bring all the best elements of what we do to bear. And that's been a sort of an ongoing evolution in the business. But to your point, I think industry specialism has been a massive driver of growth and eminence in our industry.

Sean Coghlan, Head, Investor Relations

What's so interesting too is some industries' real estate requirements are diversifying radically. Tech companies have more manufacturing-centric requirements. E-commerce companies that may have historically been more industrial first have brick-and-mortar requirements.

Neil Murray, Chief Executive Officer, Real Estate Management Services

Banks have data centers.

Sean Coghlan, Head, Investor Relations

I remember on the REMS panel that we hosted at Investor Day, we talked a bit about high-growth industries. What are some of the high-growth industries that you are thinking the most about at the moment?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Look, I think the way to frame this, certainly for the investor community, is about diversification of industries. A high-growth, fast-moving industry today, they pass the baton sometimes. We ran to keep up with the unbridled growth of some of the tech companies for a number of years.

Life sciences certainly as well. You've seen a shift towards much more advanced manufacturing with some of the tariff environment, reshoring environment. Data centers obviously is in the news everywhere. I think it's important never to be overly focused on a single industry that happens to be providing growth at a given moment in time. I think all of the learnings you have from different industries are applicable to one another.

The tech industry is an example where we have the privilege to serve most of the biggest tech companies in the world. As I said, we had years of just literally running to keep up with the crazy expansion they went through. And as capital shifted in those industries more towards AI and towards data centers, they had to think differently about capital allocation in their own businesses. They had to think differently, maybe about frugality in their own businesses. And again, some of the learnings from other places were able to be brought to bear and vice versa. So I love the diversification by industry. I love the resilience that it gives our business. And yes, we also benefit from some of the fastest growing industries.

Sean Coghlan, Head, Investor Relations

I'm sure everyone's interested to hear about what you're hearing from clients today. You're on the road a lot with clients and our people. What are we hearing from our big enterprise clients today?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Hard to summarize to the points we've just been discussing. There are all kinds of different scenarios playing out across multiple industries. But I would say, generally speaking, the complexity we're all feeling is front of mind for our clients. Complexity, geopolitical complexity, obviously, but complexity around shifting business models. Real estate decisions tend to be downstream of some core business decisions. As we shift as a company, a client shifts to more use of technology. What does it mean for their talent needs? Where does that talent need to sit? What kind of talent do they need to attract and retain?

How are they thinking about manufacturing in an increasingly kind of strained world? Many of our clients have businesses in certain parts of the world that are somewhat in conflict or in tension at the moment. And so that theme of complexity plays out wherever I go. I think that JLL is extremely well positioned as a trusted advisor to deal with that complexity. We talk about REMS should deliver those things we talked about.

It should deliver high single digit growth and some margin expansion through the cycle. When I say through the cycle, I mean through a cycle of complexity too, because clients need more help. Clients are thinking about total

cost of occupancy. The days of thinking about each service line that JLL provides separately, thinking about FM or operations separately from capital, design and build out of space separately from portfolio decisions is gone, are over. Those are integrated decisions.

Clients are thinking about the where, the why, based on changing business needs. Based on live occupancy data, I mentioned earlier that this notion of employer of choice, manifestation of brand and ambition, all those things come together now under a single leader in the real estate function that reports to the C-suite, to the highest level of client organizations. And so, where we started this conversation, Sean, the idea of being able to provide services and solutions across multiple services in an integrated, holistic manner is absolutely critical to what our clients need right now.

Sean Coghlan, Head, Investor Relations

Yeah. That's a good tee-up to talking a little bit more about the future. And I don't think you can talk about the future at JLL without talking about our new strategy, Accelerate 2030, that we introduced earlier this year. Our industry-based approach is intrinsically embedded into how we work with our largest enterprise clients. We already talked about that a bit.

One JLL, as we often say, the way that the business lines work together across JLL for any given investor or occupier is another critical consideration in how we work with our clients, and it's core to our deepening client relationships imperative. Can you provide some perspective, some views on occupier is another critical consideration in how we work with our clients, and it's core to our deepening client relationships imperative. Can you provide some perspective, some views on One JLL as a strategic growth driver and the role of REMS in deepening client relationships?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Yeah, I think the first point relating to the strategic framework, the imperatives that we've articulated across the next phase of development of our organization, we have lots of runway. We look at our client base, I think around 50% of the Fortune 500 we serve, meaning there's 50% we don't. We serve 95% of the top 100 investors, but often we provide a single service to them. I talked about some of the industry tailwinds that I think are bringing those services together and bringing momentum to the outsourcing business. But generally speaking, what we're seeing is just such an amount of opportunity to do more with existing clients, to do more in our core business.

And so when I think of that, the REMS business, apart from being, as you described, a very resilient, strong, projectable business that sits within the overall JLL enterprise portfolio, it also serves as a bit of a custodian of those most senior client relationships. So if you think about it from an occupier perspective, we're walking the halls of our client organizations. We're in their homes as such every single day.

And even from an investor perspective, the property management business means we're sitting there in the assets, feeling what's going on live. And of course, the information flow between the two investors really need to understand what occupiers are thinking and occupier trends and vice versa. So REMS, I think, naturally plays an extremely important role in that One JLL philosophy.

Why do we talk about One JLL? Because by definition, we have different styles of business and specialisms in our organization. We're a big business. We can't be generalists. We can't be mediocre in anything we do. We have to have specialism. We have to be world-class in every single aspect of what we do. And if you're going to do that, if you're going to focus structurally and investment-wise on being world-class at everything you do, you have to find ways of bringing it together.

We started this conversation about the REMS story, the building of platforms, the wiring of the organization. That is true of the enterprise, too. Every single touchpoint we have as JLL, we still just do one-off transactions sometimes. And the opportunity to take a transactional relationship and turn it into a strategic relationship, an account, if you will, is immense. The women and men right across JLL are focused on that.

The whole mindset has shifted because we're all working on the same platforms now. We're seeing the value of data, we're seeing the value of consistency, and thankfully there's a draw from our clients to do this in a much more joined-up way. So yeah, we call out One JLL as a core tenet of everything we're trying to do.

Sean Coghlan, Head, Investor Relations

Yeah. As I reflect on where we were a decade ago, just from a data perspective to understand our clients relative to where we are today, I'm amazed at how deep of an understanding we've been able to build around our clients, their footprints within the JLL ecosystem, outside of the JLL ecosystem.

And I think that's a good transition to the data and AI discussion, which we spend so much time talking about from a strategic perspective and with our clients for that matter. How is data and AI translating the imperative into the REMS businesses? And what do you think are going to be the long-term benefits of data and AI for your businesses?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Yeah. Look, we've been absolutely obsessed with technology, with data in general for over a decade now. We invested heavily in the whole [JLLT]. We invested in really bring technology and digital expertise and imbuing them across the entire organization for the last decade. Did we know that AI was coming as quickly as it did and would have the ability to amplify that investment? Well, I'm not sure we did, but being obsessed with how we recorded data in our organization in a consistent manner, for the last number of years has created this engine, this flywheel for AI.

AI amplifies all of that. I think when you think about AI in general, there's a thought, and I know we had conversations in the market about what does it mean for your business? How will it affect your revenue streams and all these things? Look, I think that AI raises the bar on static knowledge in the sense that static knowledge, information, data is ubiquitous. What separates us now is our proprietary data.

And proprietary data is accumulated and amassed through operating. Through being involved in the deals, to recording the underbids, to managing the work order, to managing the 30,000 projects around the world. So we have this proprietary data set that is compounding on a daily basis that I believe strongly and wholeheartedly separates us from others who don't have that data flywheel. And so it's having quite a dramatic effect in our business, not just in how we do business, but in how we can help our clients see around corners, how we can leverage that data, which, as I said, we weren't always entirely sure what the value of it would be, but also how we run our businesses.

Just to give you an example, in the REMS business, because we codified how we do things, because we standardized our operating processes, we could map those processes end to end in a consistent manner. Once they're mapped, you can see which elements of them can be automated or agentified, if that's even a word. We've more than 100 agents deployed in the business now across our core processes. This is not about replacing people or wearing a badge of honor, the fewer number of people that are-- it's quite the opposite.

In some markets, for example, one of our most significant constraints to growth is availability of talent. Tokyo is an example in project management. So if we can increase the capacity, if we can open the aperture of our people by augmenting them with agents, with AI agents, I think it's an extremely powerful growth lever in the business.

Sean Coghlan, Head, Investor Relations

Yeah. Let's dig a little bit into AI. It's not a surprise to anyone that we had some and faced some disintermediation concerns that impacted our industry and many other industries earlier this year. How do you think about the long-term risks of AI to your business?

Neil Murray, Chief Executive Officer, Real Estate Management Services

I firmly believe it won't disintermediate JLL. I believe it actually widens our moat. I touched on some of this, Sean. The notion of the asymmetry of information between those who perform the task, who execute the task, who are involved in the project, and those who don't gets amplified over time. I'm super excited by the ability to leverage that proprietary data and how it separates us from the rest.

It's happening in every walk of life. If I have to get medical advice, I'm far better prepared based on my own AI research and help going to see the specialist than I was a few years ago, which means the value created by the specialist I go to see, the bar is raised. The bar has raised based on experience, based on volume of what he or she is working on.

The same is true in real estate. The more ubiquitous standardized static data becomes, the more premium there is, I think, for proprietary owned data pertaining to the work you actually do. Organizing data in a way to be able to fully leverage that has taken effort and work, and it's been difficult to do hard, hard yards. But the advantage of that, I think, is quite profound.

Sean Coghlan, Head, Investor Relations

Have you seen any signals of fee compression across the business? And do you have any concerns of that as a risk when you're thinking about the future of these businesses?

Neil Murray, Chief Executive Officer, Real Estate Management Services

None. None. I mean, bear in mind, Sean, we're in an outsourcing business, your job is to take cost out of a client organization anyway. Our job is to save them money. We're oriented towards saving our clients money by being more efficient than they once were. Many of our contracts for years have had what we call glide path savings, glide paths in them.

AI provides more ammunition and tools for us to be able to do that, to be able to make our clients more efficient. So it's not a world where you're suddenly being asked to change your fee structure or as we hear happens in some other industries. No, it's not a challenge or a concern. But yeah, we need to be more efficient. We need to use AI to create more efficiency and value for our clients. And I think we're well placed to do it.

Sean Coghlan, Head, Investor Relations

You can't talk about AI for a business like yours and a company like ours without talking about the people. We're a people-centric business and the employee population in REMS is significant and it spans a very broad range of job functions that's quite different than our advisory businesses and our investment management business.

It's highly skilled, labor-intensive, technical work, and it's 88,000 people. And that's not even including, what's probably hundreds of thousands of people from a subcontractor perspective that are engaged. What does it take to run a scaled global organization such as that?

Neil Murray, Chief Executive Officer, Real Estate Management Services

That's a very broad question. Look, I think it takes a for all the talk of process, and AI and technology, at its core, this is a human business. And so, at the same time as building up the platform of how we do things in a scalable platform, we have to be so focused now more than ever on the humanity of what we do. I often, particularly when I'm talking to investors, wonder where that goes in the analysis of a company, where culture goes. But I think leadership in a time of AI or transformation has to be so human-centric, creating an environment where people want to come and work, create an environment where you'd be proud for family members to work.

Culture for me is how an organization behaves when nobody's watching. We have to be so intentional every single day as a leadership team about the culture of the organization that serves our clients every day. Culture will always emerge, right? There's always going to be some level of collective behavior in a geography, in a place, in a country, in a city, in a company. And the question is whether you're going to be intentional or not about that culture. So we work really hard based on the values and behaviors we think are so important to how we serve our clients.

The language we use, how we treat one another is such an important part of. And again, I don't know where that fits into an analysis of JLL as a firm, but it's so important to us. 88,000 people in REMS, I think 80% of them are in skilled trades on the ground. And then you mentioned, you see this in our GCC cost that we release every quarter, those huge pass-through costs of literally hundreds of thousands of subcontractors. What does it mean to serve a client if you're a subcontractor through JLL versus another? That's really important, how that works, how you're rewarded, how you're spoken to, how you're treated.

In an age of AI and disruption and conflict all around us, trust is at a premium. Our employees trusting us to do the right thing, our ability to trust every person that works for us to do the right thing every day adds up to our clients trusting us, putting their faith in us and committing to us for what are super long-term contracts. They're marriages, Sean, we live with those clients for really long periods of time. The retention rates are super high, 99% of our top clients. So you're getting into a long-term strategic partnership. Trust is at a premium, particularly in the world around us.

Sean Coghlan, Head, Investor Relations

I feel like I can't talk about culture sitting here with you without talking about within JLL what's famous, which is your red chair, which for everyone's benefit, within Neil's office, he has a red chair that sits in the corner. What does the red chair embody?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Yeah, look, when you think about culture and consistency, I think the studies tell you 50 or even maybe 100 people is the limit of the size of an organization where you can know everybody's name and really engage with everybody on an individual basis. When you get to the size we are, and we're 113,000 globally or 88,000 in REMS. You need help with that.

And some of that is what we describe as cultural markers. We have numerous ones, and you brought up the red chair. We have numerous ones across the business. The red chair simply says that it represents the fact that the client is always in the room, and they're not just in my office, but in every boardroom now. We have a red chair that signifies the fact that the client is always in the room.

What does that mean? It means we never have a conversation at JLL that we wouldn't have if the client was in the room. Why is that important? Because again, we are working in these outsourced partnerships. We mustn't ever forget that they are strategic long-term partnerships. And I've seen in other industries where that is not the case, where the client is seen as some obstacle to the success of the service provider. The opposite is true. Our job is to enhance our clients' organizations every single day. The moment you forget that, you're in trouble, I think.

Sean Coghlan, Head, Investor Relations

Before we open up the call for Q&A, I wanted to talk a little bit about the growth path for REMS going forward. We expect REMS to achieve high-single-digit revenue growth and on average 50 basis points of margin expansion per year through the cycle. We talked about the through-the-cycle mindset earlier as well. And this is expected to be largely organic. What are the strategic levers for you to achieve these long-term targets?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Yeah, look, I think it's everything we've discussed, and I think it's probably very well articulated in the six imperatives actually of Accelerate 2030. The first one is the conversion of TAM to SAM. I don't know if those terms are esoteric or everybody understands that the target addressable versus the serviceable addressable market, the fully insourced to out-tasked to outsourced, the out-tasked to outsourced, the outsourced to strategic partnership to outcome-based.

All of that is enormous opportunity, runway, dry powder, choose your term. You have to be great and you have to be compelling and you have to have clients wanting you to service them and trust them. But it's enormous opportunity. And that's how we would think about the deepening client relationships pillar.

Then we talk about outsourcing, the trend of outsourcing generally and the forces driving greater outsourcing in certain markets, in certain geographies, certain key markets to us where it just hasn't happened yet around the world, or certain industries that haven't yet outsourced. And we see huge opportunities there. That's back to this notion of accelerating the core. We don't need to move into an entirely adjacent industry. There is so much to do within the domain of what we do well.

We mentioned this already, data and AI. Data and AI is so such a part of everything we do, but it's so important that we gave it its own imperative. I think it will, as I said, amplify the data advantage will amplify our position in the market. I absolutely believe it because of the fact that, that proprietary data is becoming so premium and the ability to amplify through AI.

Elevate our people advantage is super important. Something we can never lose focus on at a time where technology is becoming so ubiquitous, who you are as an organization, what you stand for, and being able to earn the trust of our clients. And all of that is also like the brand of JLL.

We don't talk about it enough, but I think that trusted brand that in our 240-odd years of history, I'm just a custodian of it for this short period of time. But what our predecessor built was a brand that's trusted in the industry, that when you have a strategic issue, when you have a real estate issue to consider, to think about, that you go to JLL, that you go to JLL. In fact, a decision made on the investor side without consulting JLL, you would feel I probably should have.

So I think the opportunities are really well articulated in the Accelerate 2030 imperatives. And I feel super confident about the opportunities we have to continue that growth momentum that we've shown for the last six or seven years and that continued margin expansion as we leverage the platform that we've already built.

Sean Coghlan, Head, Investor Relations

Yeah. One thing that hasn't come up, and then we'll move to Q&A, is just the commercial models. We talk a lot about the shift in some of our deepest relationships over the long term to more of an outcome-based contract model. Just for people that don't understand the concept of an outcome-based contract and that evolution, can you just share a little bit more about that and how you think Accelerate 2030 may play a part in that evolution over time?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Look, I think that like with most outsourcing in the early periods of outsourcing, again, lots of parallels with the IT or technology outsourcing industry. You tend to have the price being input cost plus agreed fee equals price. I would say on the years approaching the COVID, up to 2019, I think we saw this move towards vested contracting, towards fully outcome-based contracting.

As you built trust and as relationships became more evolved, the client was less interested in your input costs and more interested in the outcomes you could deliver. And so you would commit to those client outcomes and be paid accordingly, based on whether or not you achieve those outcomes.

I think through the period of the pandemic and afterwards, there was so much uncertainty around how much space was required. Are people coming back to the office? Where do I need to be? How's my supply chain? There was so much uncertainty around real estate portfolios for a few years that we went back a little bit. The industry probably regressed a little bit, certainly on the occupier side. Towards more cost-plus contracting.

Again, I see all the things we discussed, our ability to underwrite outcomes from our clients based on the depth of knowledge and data that we have and the algorithms we have has dramatically increased. And ultimately, that's what our clients want. They want us to help them achieve their most important outcomes. So we see that evolution of contracting model and commercial model happening.

Sean Coghlan, Head, Investor Relations

Excellent. So we're going to now shift to the Q&A. Everyone, please use either the panel or the QR code that we provided earlier to submit questions, and we will take as many of them as possible. And to the extent we don't get to any of your questions, we are absolutely always happy to engage and talk further about any of them.

The first question that I wanted to cover with you, Neil, that I'm seeing here is around the topic of cross-selling, which goes back to the theme of One JLL that we talked about. And the question is, where are you currently seeing the most success in cross-selling between REMS and the other JLL business lines? And where are there the notable opportunities to strengthen those joint go-to-market motions?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Yeah, I think, Sean, we talked about the role that REMS plays in this sort of as being the custodian of many of these most senior client relationships. And from there, I think obviously there's some really natural cross, I don't love the term cross-sell. Cross-sell sounds like you're going to a client and trying to impart more of what you do. I think it's more about being able to provide more levers of value to a client across the platform. The obvious ones for us of One JLL is in our leasing business.

The closest adjacency to the REMS business on the occupier side is leasing advisory. So every single time, for example, we execute a lease on behalf of a single tenant or advise a client in our leasing advisory business on their portfolio strategy, there needs to be a test fit done. The space needs to be fitted out, the space needs to be operated. So those links and synergies and value connections are stronger than they've ever been in terms of how we're organized as a business.

On the investor side, obviously, the whole value chain we discussed between office leasing, between investment sales and debt advisory and those capital markets businesses and office leasing and property management have increased, but there's more work to be done. Similarly, the project management business and property management, there's more work to be done. We have done all the analytics as to what markets and in what clients our relationships between different parts of what we do are closest. And we see real opportunity.

Corporate capital markets is an interesting opportunity, what we describe as corporate capital markets. So if you think about many of our clients sitting in owned real estate portfolios, being able to unlock the value of some of those old portfolios and discussing client capital allocation decisions at the highest level with our capital experts, we can do much better at. Yeah.

Sean Coghlan, Head, Investor Relations

There's so many countless synergies. I find it's fascinating when you really look across the portfolio. So we have a lot of confidence in the revenue growth for this business. We've talked about that. Is there an easy construct for investors to use to understand what drives the growth? How to think about the TAM?

Neil Murray, Chief Executive Officer, Real Estate Management Services

You need to help me with that. So an easy construct to think about it. Help me with--

Sean Coghlan, Head, Investor Relations

What are the main drivers of the growth outlook for REMS?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Yeah. So we talked about the market opportunity and then the question is how quickly can you scale the growth? What are the constraints to that growth? Why is it not 15? I think we've established the case of growing market and growing propensity to outsource as being a significant growth opportunity.

So you don't actually need to increase share relative to your competition to grow at a fairly good clip. I think how quickly we can mobilize that growth, the gestation periods, for want of a better term, from a client going to market on a big outsourcing deal and going live tend to be quite long. So, somewhere in the six to nine-month range. So, therefore, you're naturally constrained how quickly you can add new clients. At the same time, I've talked a lot, Sean, about investing in differentiation in the business. So being able to make sure that we're investing in the best technology, in the best systems and processes, in the best people.

So as leaders of these organizations, we're tasked with pacing margin expansion with competitive advantage and growth. And so we feel, again, from talking to the investor community, that this notion of continuous through-the-cycle high single digit growth with continuous margin expansion feels like the right balance of growth and margin expansion for this business. You could turn up the dial on one at the cost of the other and vice versa. So we think it's a good balance. I hope that answers the question.

Sean Coghlan, Head, Investor Relations

Excellent. There's a few questions here around proprietary data. Around proprietary data, around its role on the platform, around the role of scale and proprietary data. Can you talk about within your businesses where JLL has some proprietary data? Just as examples. And any areas where those advantages are already visible in our results? Client retention, win rates, and where you see that going from here to 2030.

Neil Murray, Chief Executive Officer, Real Estate Management Services

Yeah, I'm conscious as we use those words through this conversation that I didn't want to be just dropping kind of jargon, buzzwords, proprietary data. I'm sure every industry is using them. But again, data and it's just ubiquitous. I can go into my AI assistant and ask it questions and get pretty knowledgeable on most major themes now.

As I mentioned earlier, by transacting in capital markets, by seeing underbids, by understanding bid-ask spread at scale, by being the largest intermediary of debt in real estate around the world and seeing every offer, by working on 30,000 projects around the world and understanding the bill of materials in each and the cost to serve and the labor inputs and how they're trending.

By operating millions of work orders on a daily basis in our work dynamics business. By seeing the badge data of people all around the world in the 5.9 billion square feet of real estate that we operate. All of that stuff, if managed in the right way, if recorded and harvested consistently, that's a big if, and that has taken time, provides you with insights that just aren't available. And you can fuel algorithms, you can fuel predictive models with those data points.

As I said, I probably wasn't fully aware a couple of years ago how quickly AI would be able to amplify that data advantage when we were putting the time and effort and investment into data rigor, our enterprise data platform, all the things you do to be more consistent and build that data lake of consistent information. We probably weren't fully aware at that time as to what it would fuel. But it is now the fuel. I've used the analogy about you can't put crude oil into a vehicle and expect it to run. You have to refine the oil. So that refinement process of the data to be able to fuel the AI engines is what's been going on for the last 10 years in JLL.

Sean Coghlan, Head, Investor Relations

Yeah. Without that, I don't know how you can drive the productivity gain, the differentiation. That is certainly what we see across the businesses and expect to continue to see. Can you walk through a typical FM workplace management case study from the specific initial service to the portfolio of services provided to a fast forward to where it is today? How does the relationship typically evolve and how should we think about attachment rates between that core contract and perhaps other parts of the business?

Neil Murray, Chief Executive Officer, Real Estate Management Services

There's a lot there in a short space of time. I think I mentioned at the beginning of the conversation, there's probably not a typical journey, and we probably don't talk about specific client names or logos. I think of one household name client that was one of the earliest to outsource, 25, 26 years ago, started with an engineering outsource to JLL across initially one site and then a city and then a small region, just engineering services.

Over time, that went through several iterations. I think we're in the fifth generation of that contract now. It went to include multiple geographies, then multiple services, then the broad church of FM services, then capital and project management added, portfolio services added. So we're actually looking at the client's portfolio at scale.

And that over time, at the same time, the economic model changed, the commercial model changed from being cost-plus to right now where part of what we're paid is based on the employee feedback at that client organization on the services that they receive from the real estate department.

So when you get to that level of trust and embeddedness with a client, where our mission is entirely aligned with the success of our client there, we've totally aligned our KPIs and performance and how we're paid with the performance that the client is measured on. And that's a wonderful evolution to give you an example.

Sean Coghlan, Head, Investor Relations

I can even visualize how each of the imperatives of the strategy contribute to that evolution. A few quick ones here. Are outcome-based contracts structurally higher margin than cost-plus? And how do you protect that margin when you have committed to an outcome and input costs could potentially move against you?

Neil Murray, Chief Executive Officer, Real Estate Management Services

Okay, so a lot there. Are they structurally higher margin? What I would say is, if there's a direct relationship between your input costs and your output price, your margin is constrained. You can increase margin in terms of platform leverage and offsite leverage, but your actual onsite margin is constrained.

We always want to associate margin growth with value creation for our clients. It's a really important point here. So you're just not in service of margin for margin's sake. You want to increase the value you're providing to the client. An outcome-based client allows you, gives you an opportunity to really amplify and measure that value and then share in that value. And so that, I think, gives more scope. Assuming you're delivering value for margin.

I think the second part of that question is the risk associated with that. Well, sure, if you're going to go outcome, there's risk. However, it's experience and data and knowledge that allows you to underwrite, accurately underwrite that risk, as is true in every other industry that has any outcome-based dimension to it. You underwrite with confidence when you have the data and the history and the knowledge to do that.

Sean Coghlan, Head, Investor Relations

Okay. We have time for one more question. And again, for any of the questions that we haven't taken, we are happy to follow up and dive into them further. So the last and final question, Neil, what differentiates JLL's offering in REMS relative to our peers? It's a good closing question for you.

Neil Murray, Chief Executive Officer, Real Estate Management Services

That's a tough question because you'll have me sort of waxing lyrical. I hope in the last hour we've talked about some of that differentiation, made it clear. I think that in the first instance, we're not always competing against a single or a small set of peers. How I sometimes frame the notion of competition in our industry is that we're competing against the status quo, which in some cases is an insourced model.

So you have to be compelling in the value you can create for that TAM to SAM conversion I said. And hopefully in the last hour I've discussed and described why we're in that place now where we've got a really compelling offering in that space. But sure, we do then get to a point where these are very attractive long-term relationships that are competed, tendered with a very small set of competitors in this industry that can do it at scale.

I think that the intentionality we've had as an organization on the key tenets of success in this industry, the intentionality on data and technology, the fact that we were talking about it 10 years ago before anyone else has. And we had some incredible learnings over that 10-year period. Some scars as well, I would add, some things that we would take back and do differently.

That institutional learning and having technology embedded in everything we do, married to a human-centric culture that puts people and clients at the heart of everything we do. I think those two things together are pretty compelling.

So it's with humility, but with great confidence, we enter the next phase of our development towards our 2030 ambition.

Sean Coghlan, Head, Investor Relations

I think that's a good place to close things out. So, Neil, thank you so much for your time and for being with everyone today. And to everyone who dialed in, thank you so much for joining and listening in. To the extent anyone wants to have any follow-up discussions or deeper dives, feel free to reach out. And if not, we look forward to seeing everyone later this month on our third quarter earnings call. Thanks, everyone.

Neil Murray, Chief Executive Officer, Real Estate Management Services

Thanks, Sean.

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