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Anatomy of CRE Departments



Moderator

Sherri Parman, Partner
Capstan Advisors

Panelists

Mike Liscio, Vice President
Corporate Real Estate, Interpublic Group
(representing a small CRE Department)

Kevin Frankenberger, Head of Strategic Planning &
Analysis, Marsh & McLennan Companies, Inc.
(representing a medium CRE Department)

Sharon Lee, Head of Portfolio Planning, Thomson Reuters
(representing a large centralized CRE Department)

Company Comparison



	Industry	Revenues	Geographic Coverage	# Employees	Corporate Structure
Interpublic Group	Advertising and marketing services	\$6.5 billion	> 100 countries	41,300	Operating Group (parent company provides centralized strategy and limited centralized functional services)
Marsh & McLennan Companies	Risk and insurance services	\$10 billion	> 100 countries	60,200	Operating Units: Marsh, Guy Carpenter, Mercer and Oliver Wyman Group Two Operating segments: Risk & Insurance Services and Consulting and Geography
Thomson Reuters	Information services in the financial, legal, tax and accounting, healthcare, science and medical markets	\$13.1 billion	> 100 countries	61,000	Operating Group (parent company provides centralized strategy, oversight and management of functional services)

CRE Portfolio



	# Properties	Size (Square Feet)	Geographic Coverage	Predominant Type	Predominant Ownership Profile (own/lease)
Interpublic Group	478	11.6 million	Global	Office	<5% Owned
Marsh & McLennan Companies	540+	12.1 million	Global	Office	< 5% Owned
Thomson Reuters	550	14.0 million	Global	Office Data Center Manufacturing Call Center	28% Owned 72% Leased

CRE Organization



	Reports to	# Employees	Geographic Responsibility	Service Delivery Model
Interpublic Group	CFO	5	Global	Decentralized
Marsh & McLennan Companies	COO	14	Global	Centralized RE Primarily Decentralized FM
Thomson Reuters	CFO	400	Global	Centralized



Media communications holding company with \$6.5 billion 2010 revenue |
41,300 employees | 4,000+ clients | 80+ operating units | 100+ countries



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WORLDGROUP

Leading global network provides best-in-class
integrated marketing solutions

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Modern global agency model combines accountability
with creativity under single P&L



High-value ideas in high-growth markets



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initiative

Two global media networks and a spectrum of specialist
media companies

○○○ JACK MORTON
WEBER SHANDWICK



octa8on

Award-winning marketing services providers

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Exceptional group of independent agencies

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World Class Clients



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Walmart



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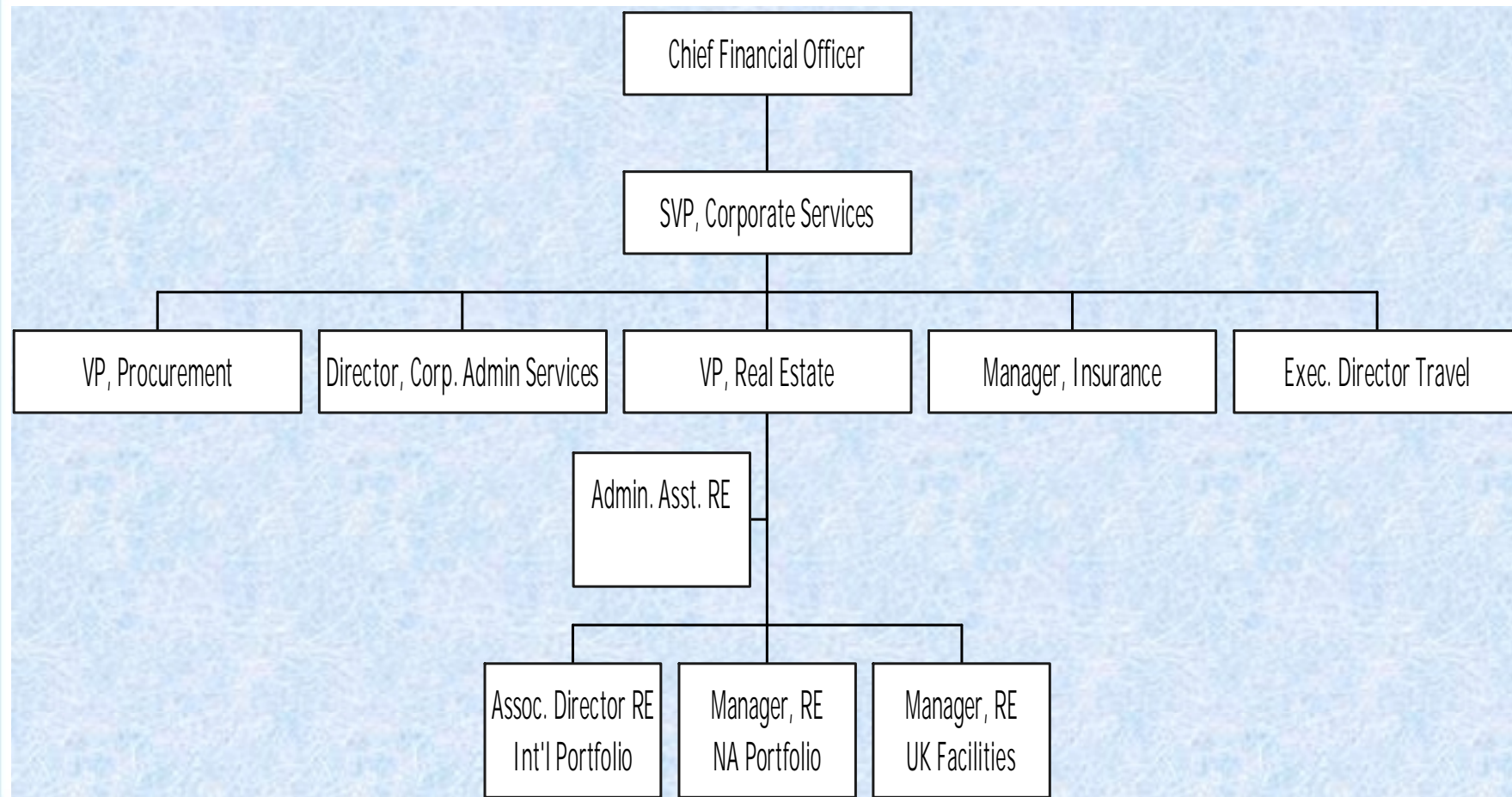
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Where Does CRE Fit In?





Worldwide Real Estate Portfolio



	<u>YE 2006</u>	<u>YE 2010</u>	<u>% Change</u>
• Total Portfolio Space	13.8M	11.6M	(15.9)
• Headcount	42.2K	41.3K	(1.9)
• S.F. Per Person	283	245	(13.4)
• Rooftops	526	478	(9.1)

➤ Key takeaway - space efficiencies/reductions have far outpaced changes in headcount reductions
➤ 2014 Worldwide Portfolio Goal: 220 s.f. per person
➤ Owned space is < 5% of the portfolio.
➤ 2010 rent to Revenue <8%



Real Estate Services

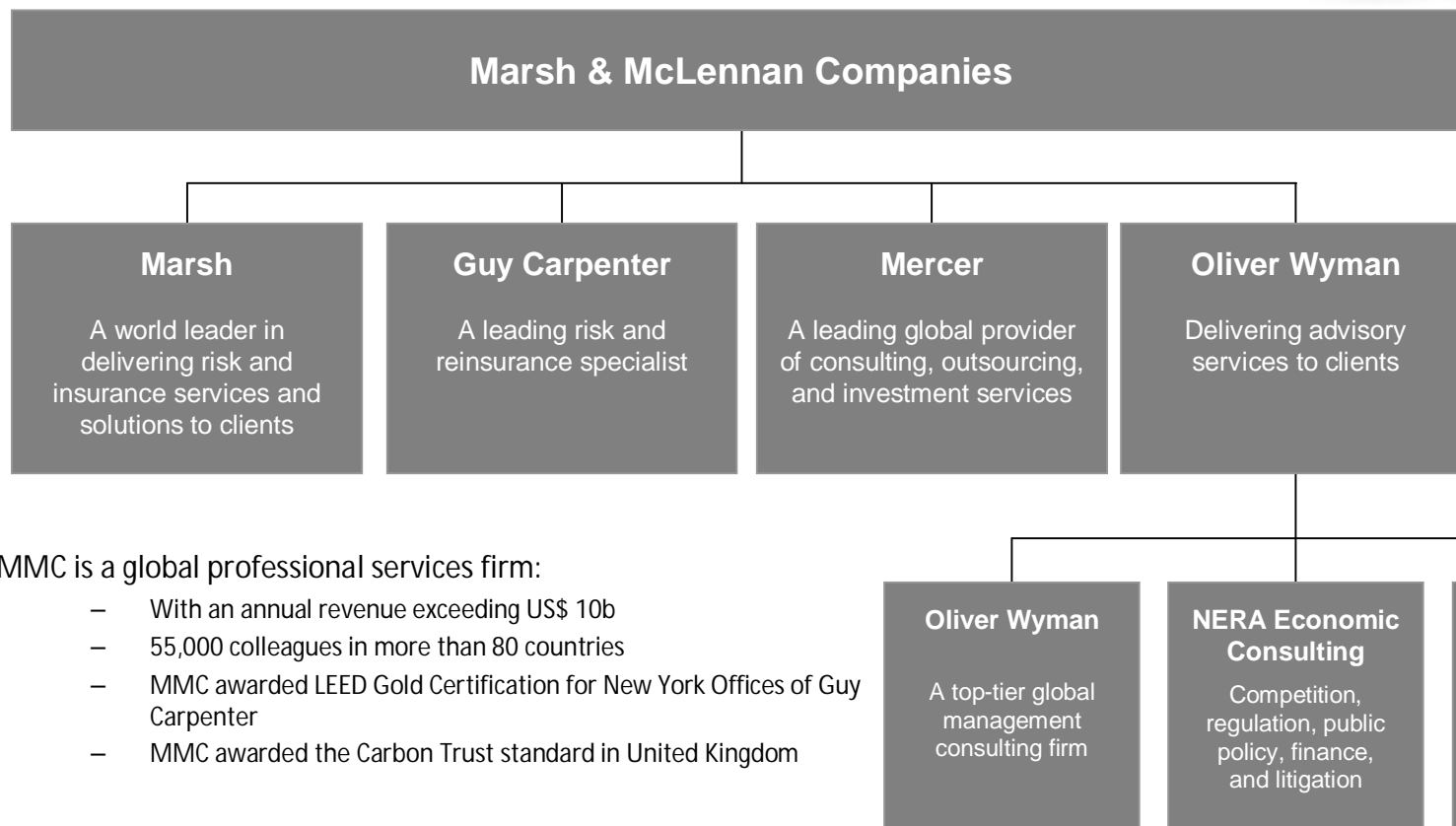


In House:

- Planning and Strategy
- Lease Administration
- Capital Spending / Planning

Outsourced:

- Transaction (JLL / Newmark Knight Frank)
- Legal (Golenbock, Eiseman, Assor, Bell & Peskoe)
- Lease Audit (KBA, BDO)
- Architectural (TPG, Gensler, Ted Moudis Associates)
- Project Management (JLL, Macro PM)



MMC is a global professional services firm:

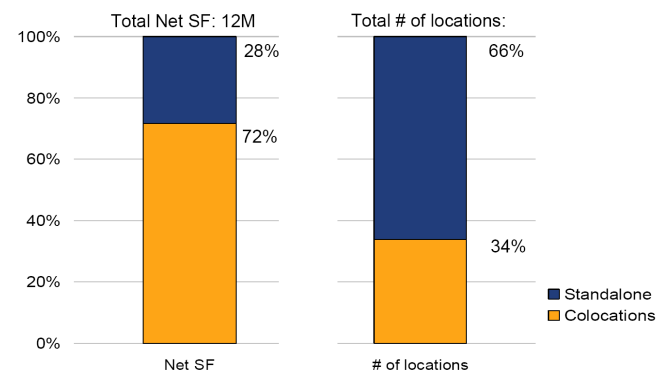
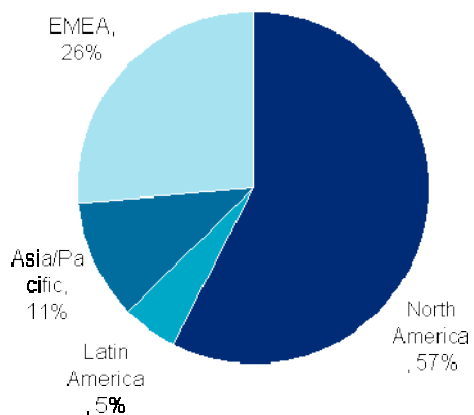
- With an annual revenue exceeding US\$ 10b
- 55,000 colleagues in more than 80 countries
- MMC awarded LEED Gold Certification for New York Offices of Guy Carpenter
- MMC awarded the Carbon Trust standard in United Kingdom



YE 2011

- Total Portfolio Space (sf) 12.1M
- Headcount 60.2K
- SF Per Seat 171
- Locations 547

Year	Reduced by
2007	5.45%
2008	3.08%
2009	7.84%
2010	4.48%



CRE History



Pre-2004	Decentralized RE functions across Operating Companies and geographies.
2004	Centralization of RE groups across Operating Companies, creation of global functional organization.
2005	Period of management and reporting changes
2006	
2007	
2008	Global Business Services (GBS) group formed
2009	Transition from Functional to Regional CRE Organization
2010	Started Real Estate Sourcing Project
2011	Awarded Contract and Transition
2012	Fully transitioned & focus shift to relationship management, forward planning, and continues improvement



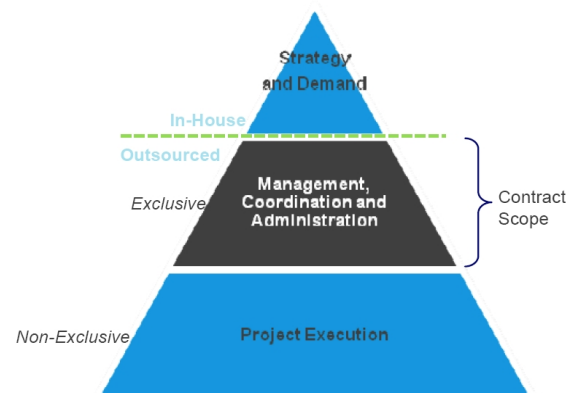
Summary Value Proposition

Achieved improved effectiveness and efficiency of real estate management and strategy, transaction management and project delivery through:

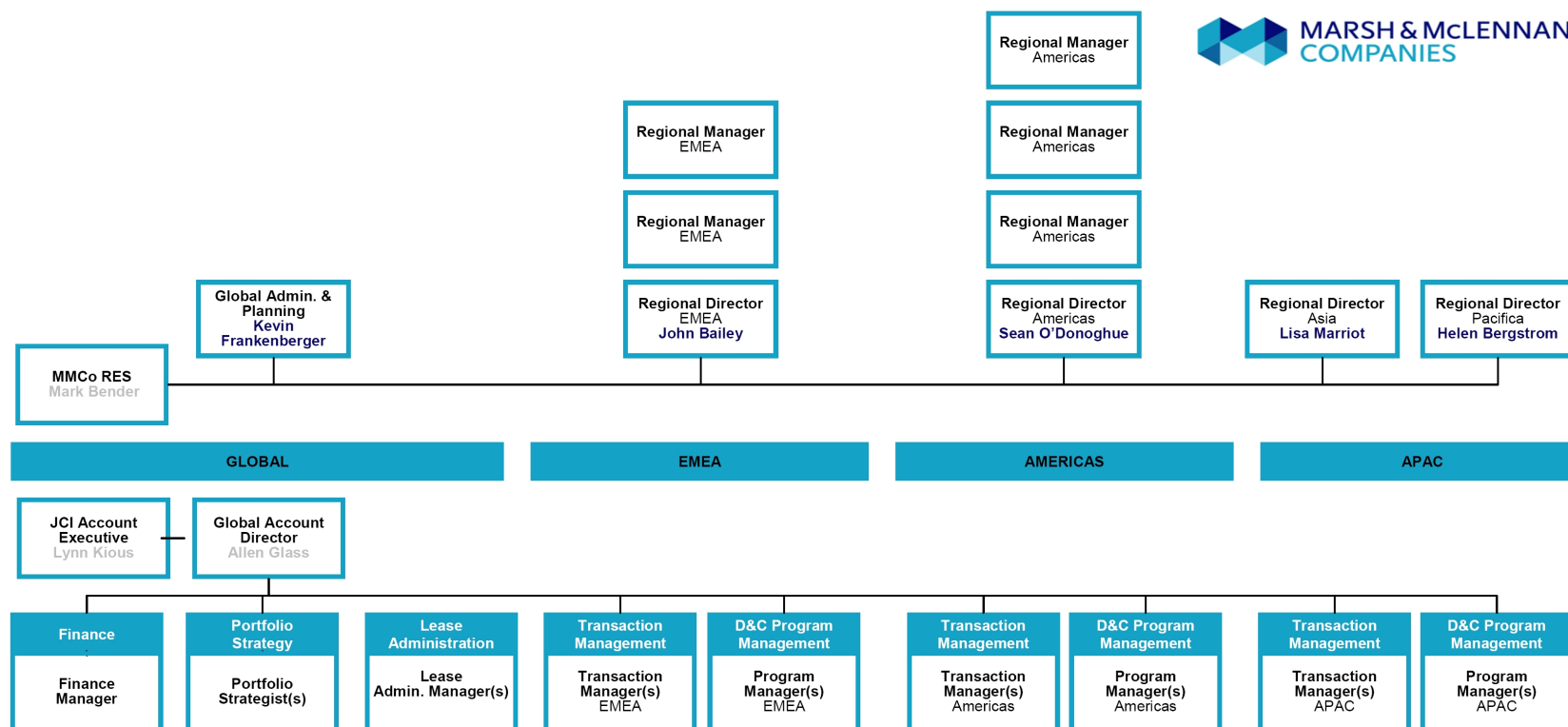
- Enhanced focus on strategic occupancy and planning
- Deeper and broader skills
- Flexible resourcing
- Improved forward planning
- Integrated technology platform
- Improved transparency and management reporting
- Consistent and transparent processes
- Improved value / return on investment

Contractual Goal

Successfully outsourced the “Management, Coordination and Administration” of real estate transactions, design & construction program management and lease administration supported by a flexible, right-sized staffing model, a standardized process and an integrated technology platform.



CRE Organization Model





THOMSON REUTERS

Thomson Corporation Over 200 Years of History



Company Overview	<ul style="list-style-type: none"> Provides specialized information (such as business, legal, and financial data) online and through CD-ROMs, software, and print products
HQ	<ul style="list-style-type: none"> Toronto, CA
Rev (FY06)	<ul style="list-style-type: none"> \$6.64 billion (+8% YoY)
Business Segments	<ul style="list-style-type: none"> Legal (46%) Financial (30%) Scientific and Healthcare (15%) Tax & Accounting (9%)
Employees	<ul style="list-style-type: none"> 38,000
Top Competition	<ul style="list-style-type: none"> Reed Elsevier Group Reuters Wolters Kluwer



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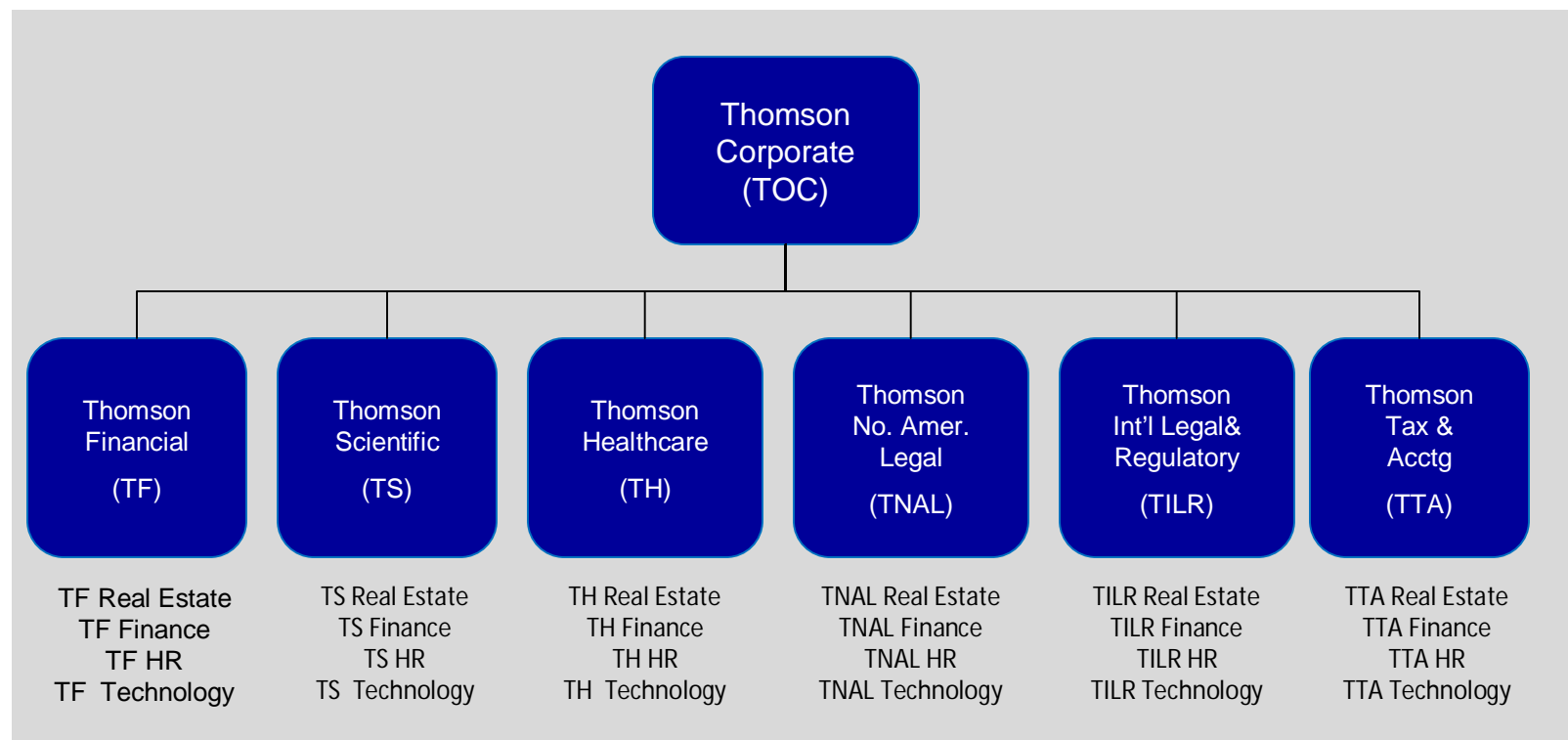
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Thomson Organizational Structure – 2007

Decentralized Real Estate Model



Each strategic business unit traditionally had embedded support structures including corporate real estate; Shared services function (Global Business Services) established in 2007





THOMSON REUTERS

Acquisition of Reuters in 2008



Company Overview	<ul style="list-style-type: none"> Financial news provider; content and transaction services Runs a multimedia news operation, producing 250,000 news stories in 19 languages, 40,000 pictures and > 4,000 video stories each month Aggregates and distributes price information collected from contributors
HQ	<ul style="list-style-type: none"> London, UK
Rev (FY06)	<ul style="list-style-type: none"> £2.57 billion (+7% YoY)
Business Segments	<ul style="list-style-type: none"> Sales and trading (65%) Research and Asset Mgmt (12%) Enterprise (16%) Media (7%)
Employees	<ul style="list-style-type: none"> 16,302
Top Competition	<ul style="list-style-type: none"> Bloomberg Dow Jones Thomson Corporation


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THOMSON ADDS REUTERS Font:

The Rise of a Financial Data Powerhouse


By Stanley Reed

Watch out, Bloomberg. Thomson's acquisition of Reuters adds a new behemoth to the news-and-numbers world.



Reuters headquarters in London's Canary Wharf.

Thomson Corp.'s \$17.4 billion agreed acquisition of Reuters, the venerable London-based news and financial-services firm, is the culmination of a long dialogue between competitors who saw a lot that was attractive in each others' businesses. For several years, Geoff Beattie, the CEO of Toronto-based Thomson family investment vehicle the Woodbridge Co., has had his eye on Reuters and has made friendly approaches to various Reuters executives.



THOMSON REUTERS

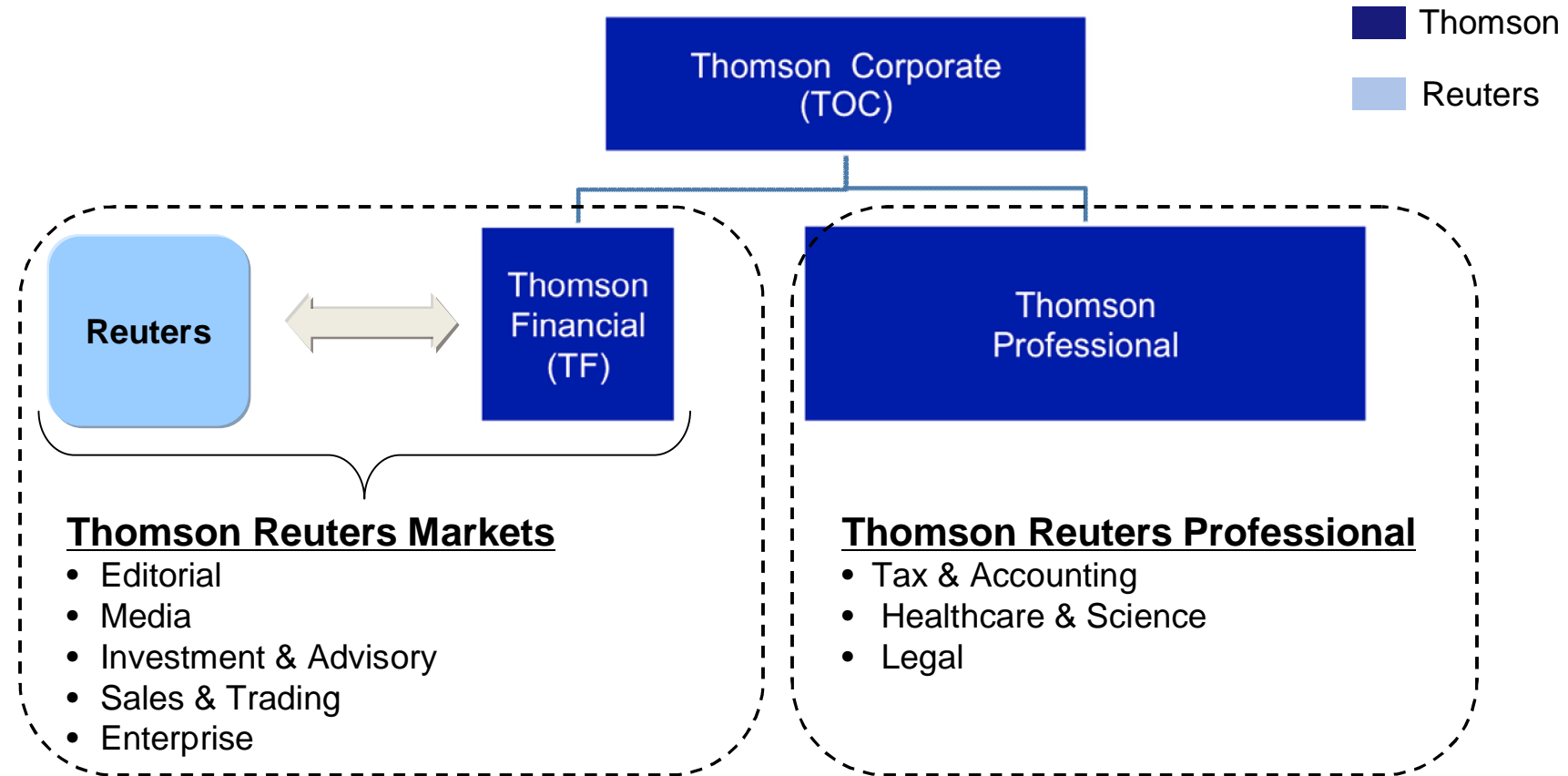
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TRI LISTED NYSE



THOMSON REUTERS

Integrating Thomson Into Reuters



Key Cultural Difference

Integration challenge No. 1: Though both organizations have changed a lot in recent years as each tried in its own way to form a cohesive whole from disparate parts, their cultures remain quite distinct. The former Thomson exec puts it this way: "Reuters manages to the top line. Thomson manages to the bottom line." Where Reuters might historically have been more likely to invest to grow a potential business organically, Thomson's preference would have been to buy a proven business and then control costs. It's an approach with roots in Thomson's history as a holding company for a wide variety of businesses.

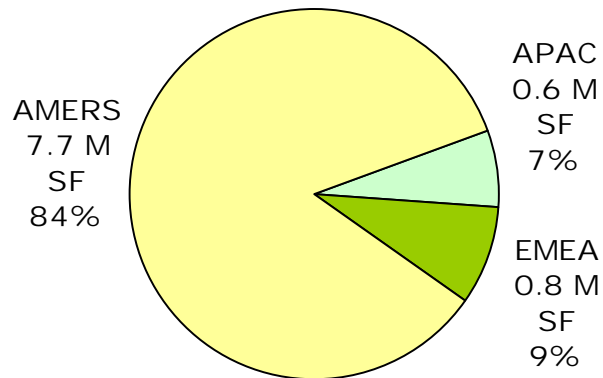


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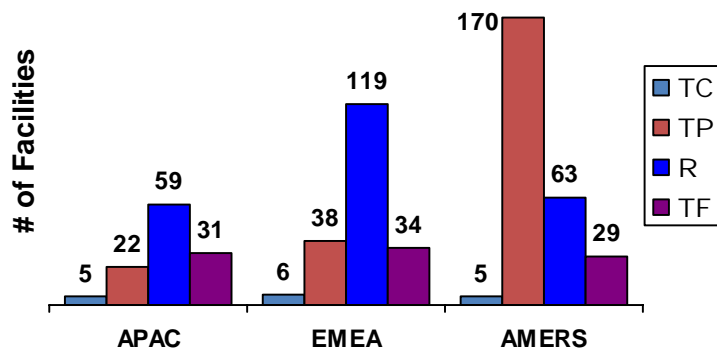
Pre-Integration View



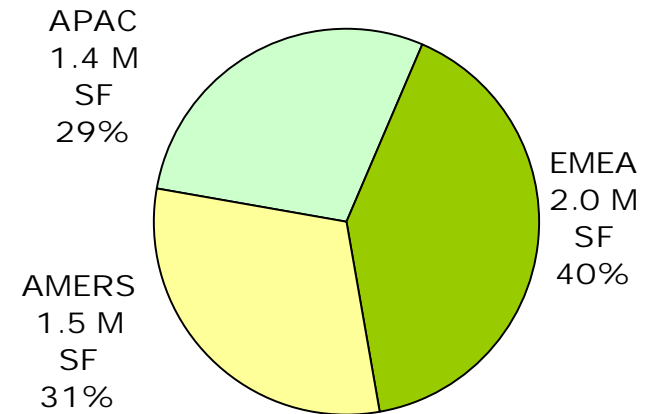
Thomson - Portfolio SF by Region



of Facilities Per BU Per Region



Reuters - Portfolio SF by Region



Key Information

- The 9.2MM SF of combined Thomson & Reuters space across AMERS represented 66% of the total portfolio and 45% of the TCO
- While 75% of Reuters facilities were located in EMEA and APAC, only 35% of Thomson facilities were located outside of AMERS



THOMSON REUTERS

The Business Challenge: "One Company in One Year"



* Of the 49 cities, 44 cities are TF / R overlap cities. 25 of these 44 cities are also included in the Top 1-30 cities for cost reduction referenced on slide 3. The remainder 5 cities in the Top 30 added to the 44 total the 49 priority cities.

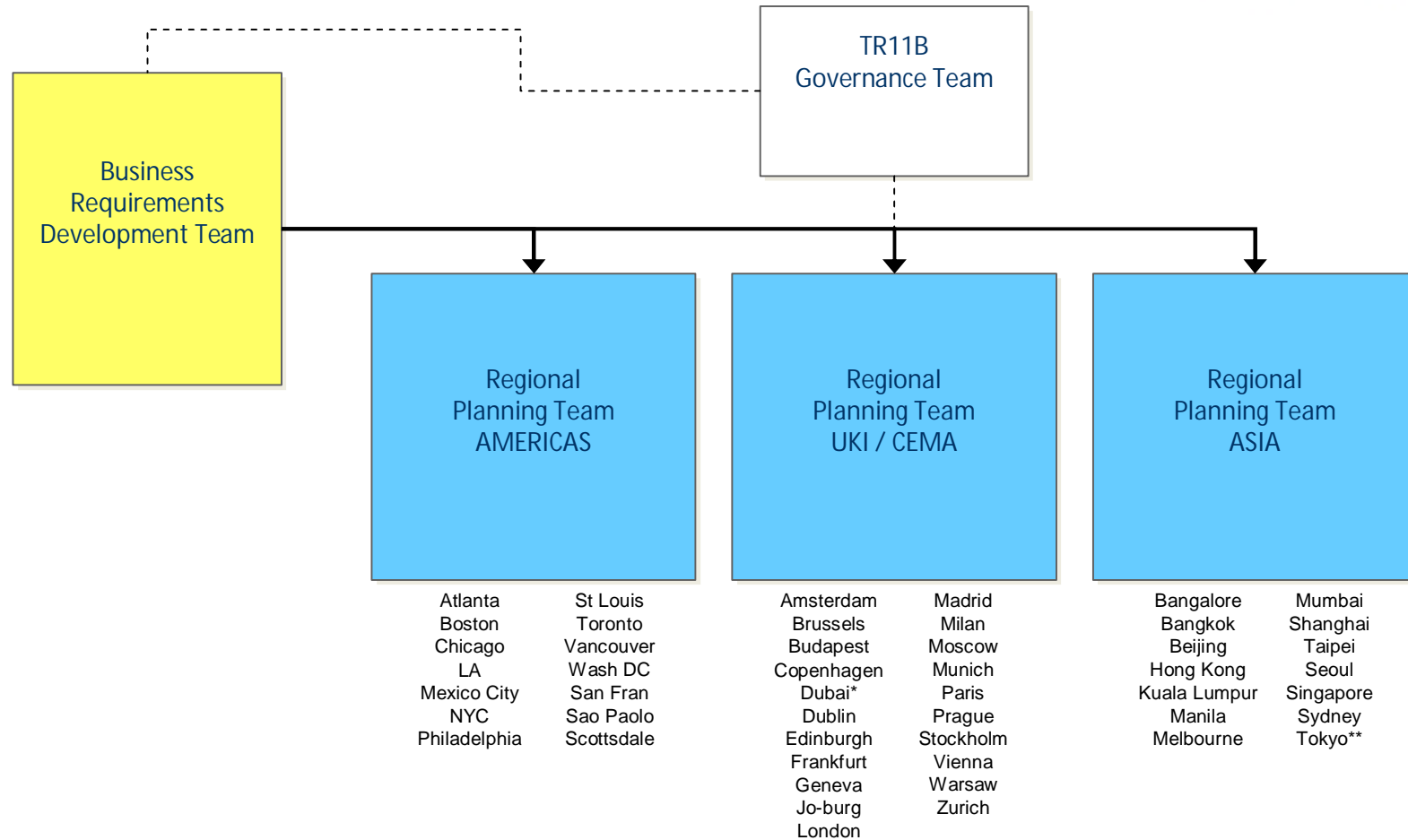
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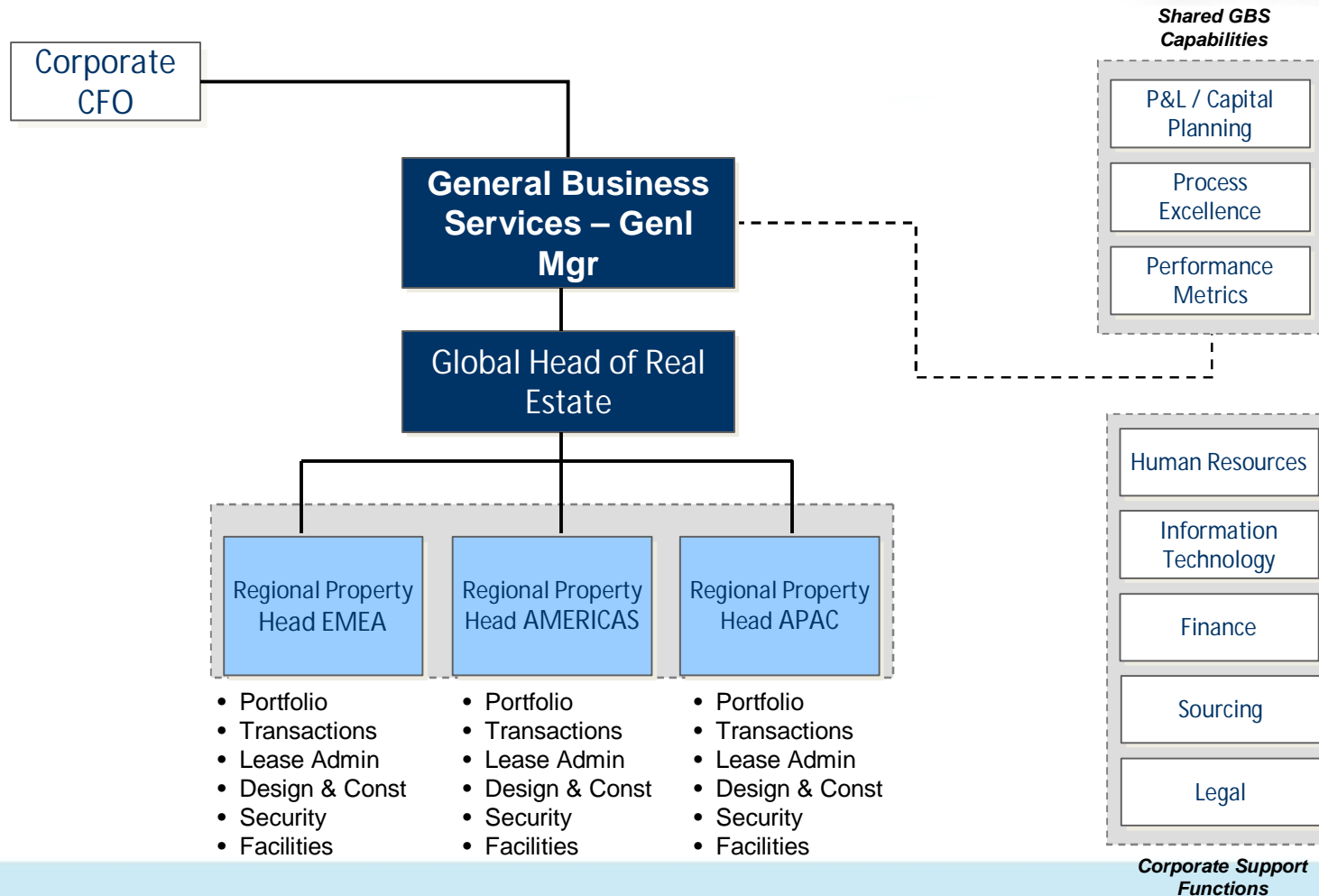
Real Estate - Interim Structure Integration Delivery Team





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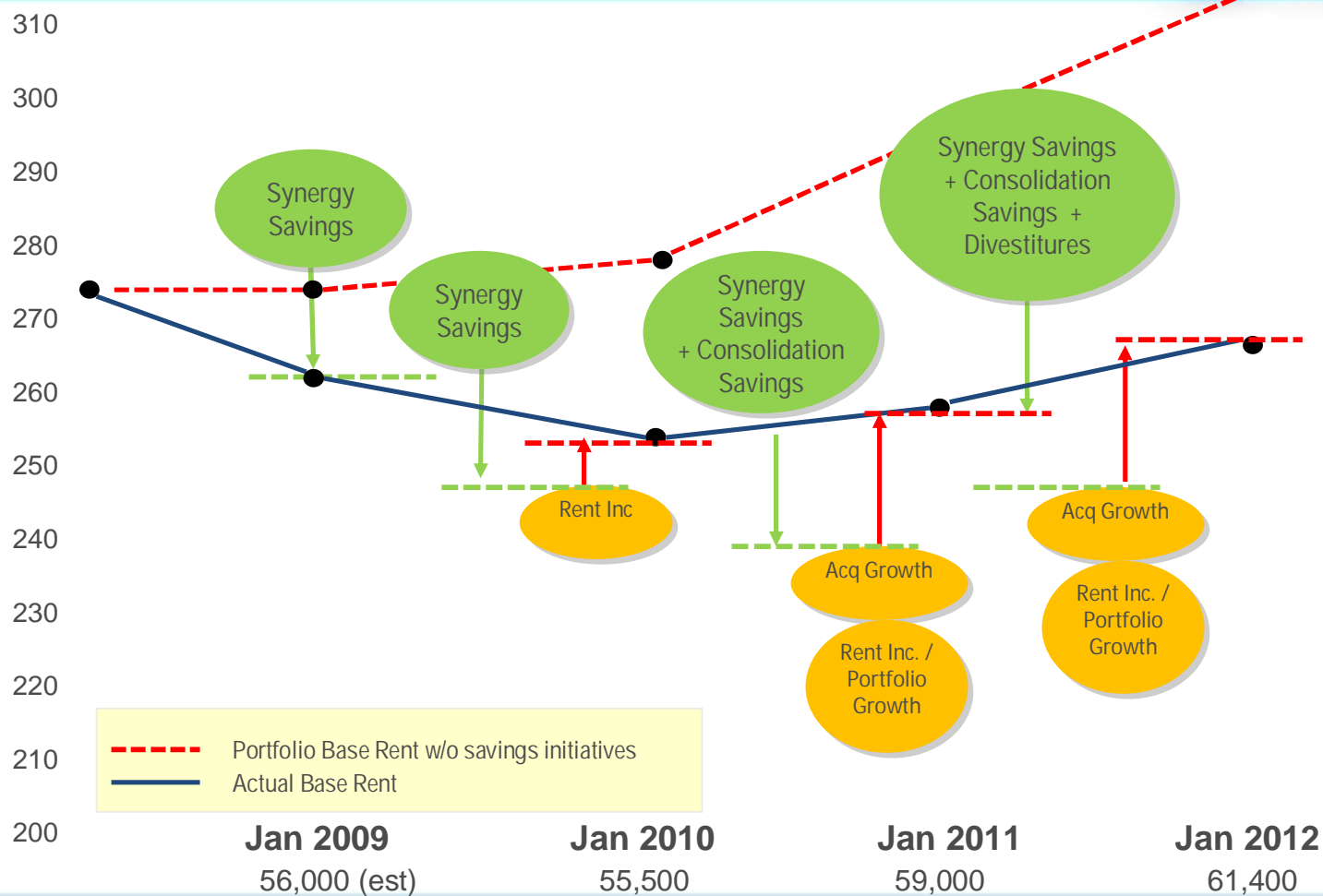
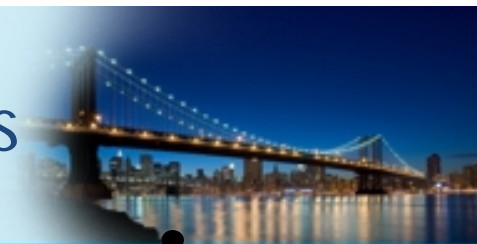
CRE Organization 2008 - 2009 Regional Model





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Historical Base Rent Costs



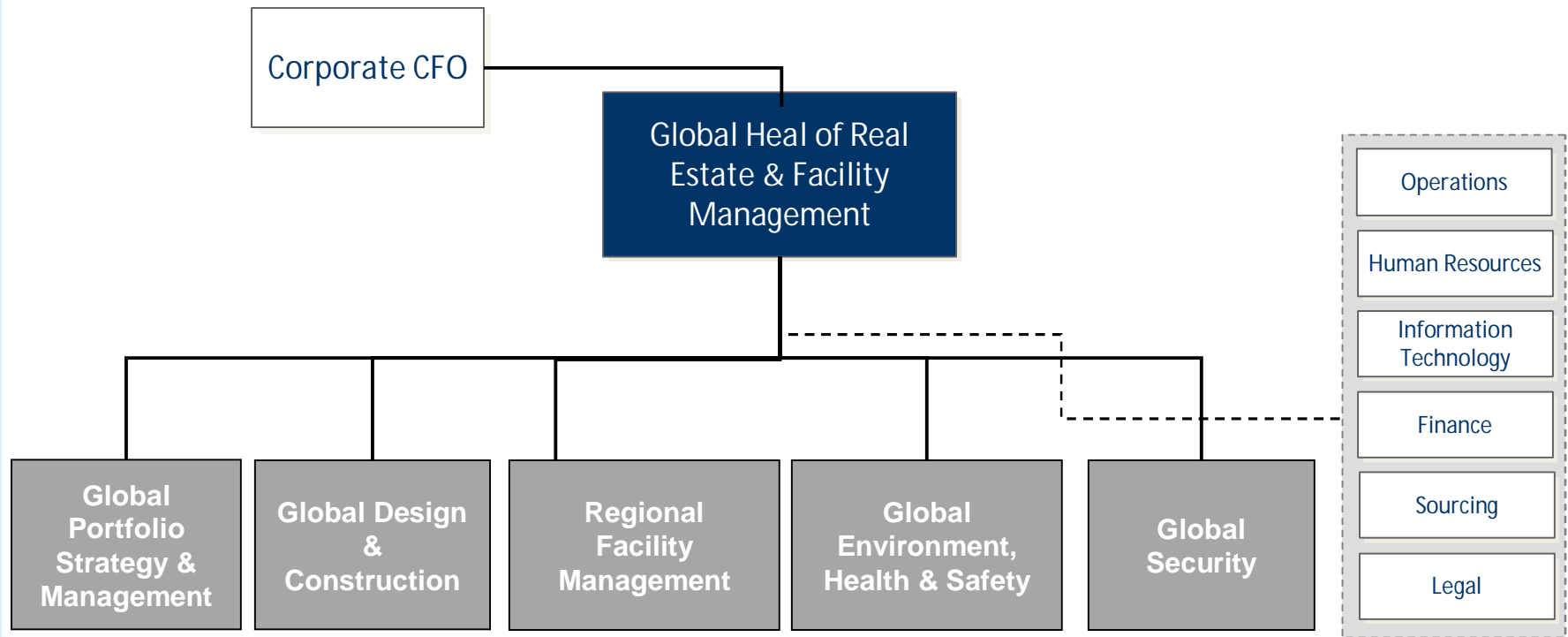


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CRE Organizational Model 2010 - 2011 Functional Model



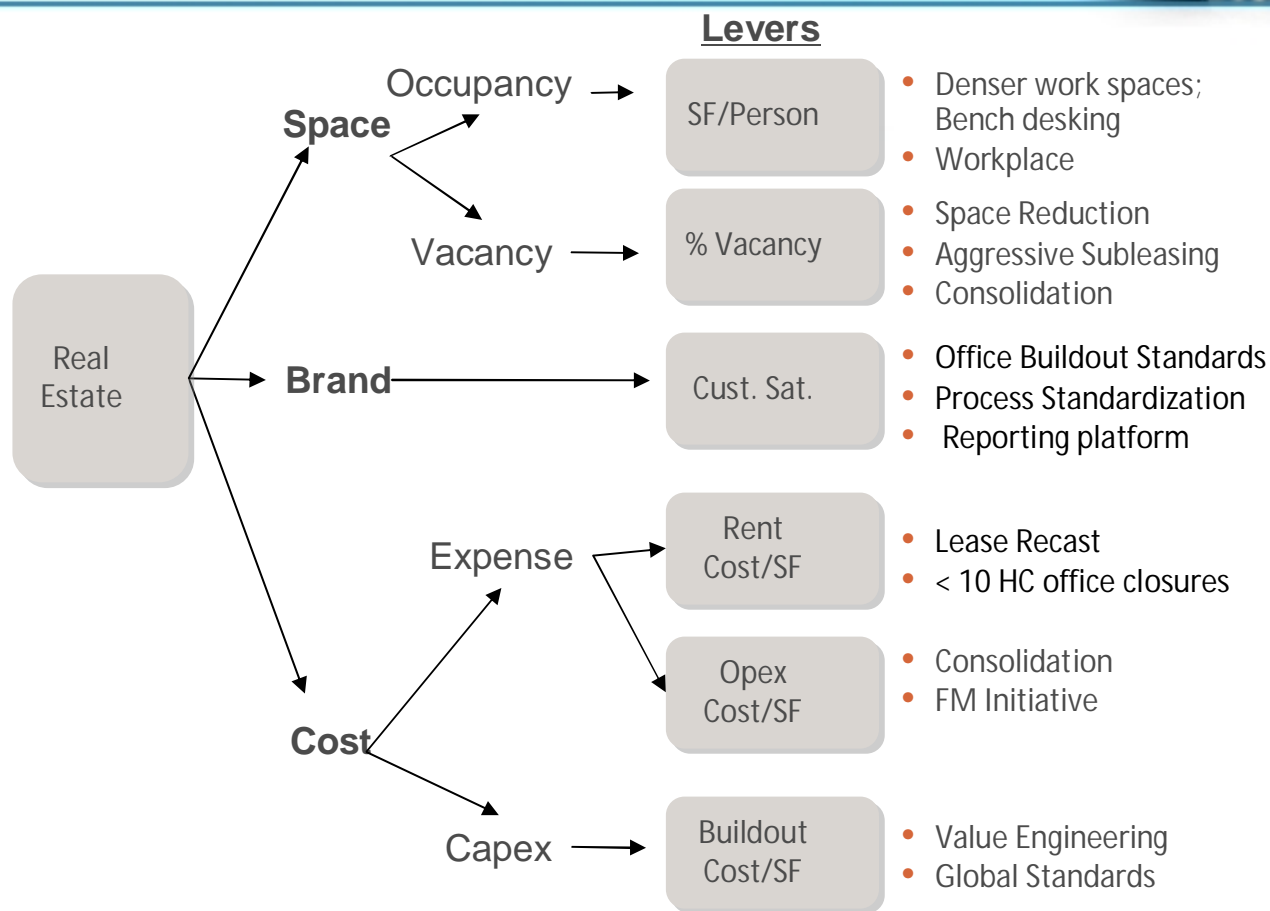
CRE Organization reorganized by function in order to deliver better service levels to the businesses and to deliver on additional consolidation savings initiatives





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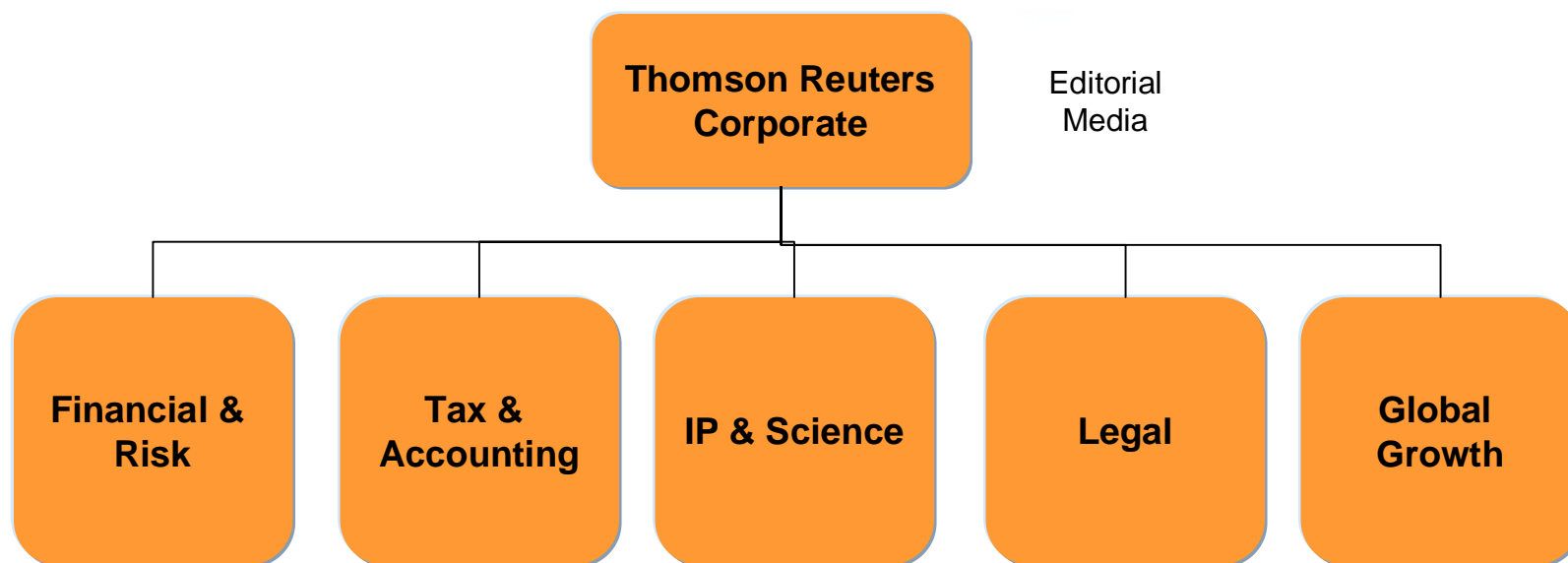
Opportunities for Real Estate Cost Containment





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Thomson Reuters Organization 2012





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What's Next



- Performance based culture enabled by the workplace...
- Delivering Real Estate solutions with business impact.

Let's Chat



	Reports to	# Employees	Geographic Responsibility	Service Delivery Model
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Sharon Lee Thomson Reuters	CFO	400	Global	Centralized

Thank You!



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