CEO Update - June 2014

CoreNet Global continues to experience positive momentum both in terms of key performance indicators and strategic priorities. Our first quarter of FY15 has been a challenging and busy one as we work to recruit and train new resources to support the development and launch of a number of new initiatives. Some initiatives, as you'd expect, are gaining more traction than others. **Here are a few highlights on our progress to date:**

BY THE NUMBERS (Since April 1, 2014):

To give you a sense of the volume of activities and member transactions that occur in a quarter, here are a few numbers of note:

- **483** new members joined CoreNet Global (ahead of projections); more than 8,000 total members to date, a year-over-year increase of 894 members **98** new Global 2000/Fortune 500 individual members added; 2 new G2K/F500 companies added (47% of Fortune 500; 20% of GSK)
- **22** MCR courses held globally
- **502** student completed courses (ahead of goal of 400); 400 in N.A., 169 in APAC, 27 in EMEA
- **59** students completed the Core Fundamentals workshops in Beijing and Mumbai
- **94** attendees participated in Leader's Edge Conference in Sunnyvale, CA
- **18** Executive Leaders Council members participated in business simulation event
- **182** new Berlin Summit registrations (207 total registrations)
- **251** new D.C. Summit registrations, (615 total registrations)
- **8** Discovery Forums held globally (20 scheduled July – March)
- **168** Discovery Forum attendees
- **5** new Knowledge Community reports released (total of 7 from the group)
    - Reports include:
    - **Workplace Community**:
    - Action Memo, Volume 1, Issue 1 (The Power of Presence in the Workplace): http://www.corenetglobal.org/publications/newsdetail.cfm?Itemnumber=18227
    - Action Memo, Volume 1, Issue 2 (Trends in Workplace): http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15465751
    - **Manufacturing & Industrial Community**:
    - Site Location and Global Supply Chains: http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15556909
    - **Sustainability Community**:
    - Rocky Mountain Institute Report: http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15569737
    - Arup Report on certification programs: http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15590055

> **Strategy & Portfolio Planning Community**:
> - Phase one of a project to identify Key Performance Indicators within the Corporate Real Estate industry and how they relate and tie back to the overall strategy of a business: http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15465784
>
> **Strategic Facilities Management Community**:
> - Report on strategic importance of Facilities Management and how it is perceived by both the Directors of Corporate Real Estate and the C-Suite: http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15426809

- ➢ **5** new Research reports released:
  - CoreNet Global and Johnson Controls 'Digitization of Facilities Management' Survey
    - o Presentation Slides: http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15670459
    - o Webinar Recording: http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15670476
  - CoreNet Global Facilities Management Survey
    - o Presentation Slides: http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15561427
  - CoreNet Global and Newmark Grubb Knight Frank 'HR, CRE, IT & Finance Partners in Strategy' Survey
    - o Presentation Slides: http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15530989
    - o Webinar Recording: http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15531004
  - China Research Report Compendium:
    - o http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15586948
  - India Research Report Compendium:
    - o http://www2.corenetglobal.org/dotCMS/kcoAsset?assetInode=15586983
- ➢ **1** new Corporate Partner added (Polycom); 82 total
- ➢ **3** new benchmarking subscribers added (PWC, IMF and Travelers); 32 total companies in 6 cohorts; 11 data completions
- ➢ **212** universities identified with estate programs; 142 in NA, 49 in EMEA, 19 in APAC and 2 in SA
- ➢ **212** new documents added to the Knowledge Center Online (total of 6,898 documents available)
- ➢ **160+** chapter events held
- ➢ **16** unique, in-person chapter outreach visits by senior staff
- ➢ **2** new VP-level hires (Marketing & Communications, Corporate Partnerships)
- ➢ **822** media articles globally; 317 million unique visitors (exceeds 617 article, 181 million visitor goal)

GLOBAL SUMMITS

Berlin: Attendance (both end user and total attendance) and sponsorship sales are tracking ahead of targets to date. New elements include: a leadership development track and idea interchange learning environment

D.C.: Attendance (both end user and total attendance) and sponsorship sales are tracking ahead of targets to date. A strong roster of paid speakers including Madeleine Albright (discussing political diplomacy), David Gergen (discussing political influence) and Claire Shipman (discussing confidence in the workplace) has been added to the content line-up. Two pre-Summit leadership development courses and a track of five Summit leadership sessions have been added that provide credit toward the new Leading Others professional certification. Other new elements include a technology playground and Ignite sessions.

Singapore: Summit total attendance increased from 520 in Shanghai in 2013 to 642 in Singapore; end user attendance increased from 152 in Shanghai to 171 in Singapore. Overall summit satisfaction remained steady from Shanghai to

Singapore with a score of 4.1 out of 5. Overall content satisfaction also ready remained steady at 82 percent; however, it is notable that curated sessions garnered 85% satisfaction while call for proposal generated sessions garnered 80% satisfaction. Net income from the event yielded a positive variance of $60k.

Future Summit Dates/Locations:

APAC
- March 17-19, 2015, Shangri La, **Hong Kong**

EMEA
- September 16-18, 2015, Lancaster, **London**

North America
- October 18-21, 2015 - Los Angeles Convention Center, **Los Angeles**, California
- October 16-19, 2016 – Pennsylvania Convention Center, *Philadelphia*, Pennsylvania
- November 5-8, 2017- Washington Convention Center, **Seattle**, Washington
- Still under negotiation: October 14-17, 2018 – Hynes Convention Center, **Boston**, Massachusetts (NOT YET BEEN ANNOUNCED)

KEY OPERATIONAL OBJECTIVES – Full scorecard to be provided in July.

OPERATIONAL OBJECTIVE 1: Strengthen service and value for corporations engaged in association globally (and those that should be)

Corporate partnership, benchmarking, membership, global footprint and profile raising initiatives are well underway. Items of note include:

o First article in China Modern Property magazine made its debut in June. This is the first of 12 CRE introductory articles to appear in Mandarin in the publication with a readership of 100,000. See attached.

o China Symposium in Shanghai scheduled for September 5th

o India Chapter refresh has built momentum and engagement of members. A number of events are scheduled and 200+ India prospects have been identified.

o CoreNet Global branch office in India is in development. Board resolution required in order to take next steps.

o India Symposium in Bangalore scheduled for November 19th

o Benchmarking e-learning course launch delayed until fall due to prioritization of new leadership development e-learning courses (bandwidth/timing issue with support vendor)

o Advocacy Task force reconvened to set new agenda and address new International Property Measurement Standard; Group to reconvene in July/August timeframe

o Knowledge Community Advisory Panel nominations have been submitted, board oversight group will convene this month to review and select panelists; Panels will present proposed research agendas to oversight group for review in late July

o Quarterly Confidence Survey participation has been inconsistent and lower than desired. A new marketing campaign to raise the profile of the initiative and explain the value of participating is presently underway

o Chapter awards nomination submittals have increased from the previous year: 22 CRE of the Year nominations, up from 17 and 22 Chapter of the Year nominations, up from 18

OPERATIONAL OBJECTIVE 2: Build & strengthen association-academic relationships globally

The initial research phase of this objective is on track, including the development of a university database. Database includes academic institutions with undergraduate or graduate real estate programs; key academic, intern, co-op and corporate relations contacts; student graduate data and several other data points. Chapter outreach to begin in July is the next key step to better understanding local university relationships. The hiring of the university relations position has been challenging. Ideally, a strong candidate would have experience navigating the politics and bureaucracy of an academic institution. A search firm has been retained to assist in this effort. At this stage, the delay has had no material impact on our ability to make progress on the due diligence phase of this initiative.

OPERATIONAL OBJECTIVE 3: Strengthen & expand association learning platform globally

Leadership Development

- o *Leading Self:* The full launch of the first phase of the Leadership Development program (Leading Self) has been delayed due primarily to technology platform, vendor bandwidth and CRE customization issues. We have opted for a soft launch of the 12-course Leading Self certificate program to allow for member feedback, program enhancements and quality control. The beta test for the first of three modules (four courses) will begin in early July. A member beta-test group will take the one-hour courses and provide feedback in order to add a continuous improvement element with each new module launch. All modules are on track for completion and full launch by Sept. 30.
- o *Leading Others*: This second phase of the program is underway with two pre-Summit seminar courses slated at the D.C. Summit and five additional Summit sessions on leadership. All will count toward a Leading Others certification. The full program marketing roll out will coincide with the North American Global Summit with additional learning opportunities phased in over the remainder of the fiscal year.
- o *Leadership Development – Leading Organizations*: The business simulation trial event garnered positive feedback and is a concept worth exploring for future events as we expand our content offerings outside of traditional corporate real estate. A shorter, customized simulation model will be offered as part of the Leading Others certification program in a pre-Summit seminar in Washington, D.C. The full rollout of this final phase of the program may be delayed given the focus on phases one and two in Q2.

MCR

- o As noted above, MCR enrollments continue to track well ahead of projections.
- o Core Fundamentals e-learning course in Mandarin is live and tied to our [Mandarin CoreNet Global website](). This project was significantly more time consuming than anticipated given the challenges in translating CRE technical jargon between English and Mandarin.
- o Development of e-learning primer courses in finance, workplace and sustainability have been delayed due to prioritization of new leadership development e-learning courses (bandwidth/timing issue with support vendor).
- o CRE introductory textbook content planning phase is underway and on target.
- o New chapter training offerings have been identified and development is underway with an association management advisor.

ADDITIONAL OBJECTIVE: Implementation of new Association Management System (AMS)

We are on track to go-live with the new Association Management System (AMS) on or before September 30, 2014. The design phase, which includes completion of all functional requirements for the system and completion of system design specifications have been completed. The CoreNet Global team is on track to migrate all the data from the current system to the new system by the end of July, meaning that this phase will be completed on time. The vendor is configuring the base system consistent with the system design specifications, meaning that the build phase of the

project will be completed on time. Finally both teams have developed a comprehensive layout of the integration points so that the new AMS system can be tied into the website and chapter microsites. In summary, the project is currently on time and on budget. This is a major undertaking for an association of our size and will continue to demand significant staff time for the remainder of the calendar year.

OTHER ITEMS OF NOTE:

In addition to our key operational objectives and standard business operations, there are a few areas that have required significant staff attention in Q1. While important and necessary, this has, at times, taken the team's attention away from the main priorities.

1. *Access Marketing Sales Vendor* - The protracted negotiations and ultimate reset of a key sales vendor relationship at the end of March have required a new internal organizational structure to better manage the vendor relationship.

2. *Senior Staff Recruiting & Training* – As we seek to fill new positions that support our strategic priorities, the process has been time consuming for the senior staff. Two of three key positions have been filled. We have enlisted the support of a recruiter outside of Atlanta to assist with the University hire as our local resources and candidates have fallen short of expectations.

3. *International Property Measurement Standard* - Last year, CoreNet Global joined a coalition of global organizations that supported the principle of a single international property measurement standard. An independent standard-setting group has since developed a draft of the new standard and there has been a flurry of activity in the coalition during the past few weeks to understand the process, review period and next steps. CoreNet Global's Advocacy Task Force will be reviewing the standard and seeking input from various stakeholders. The group will then make a recommendation to the CoreNet Global Board of Directors on whether to support the standard.