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JLL to acquire HFF in \$2 billion deal

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Boston, MA Jones Lang LaSalle Inc. (JLL) and HFF, Inc. have entered into a definitive agreement under which JLL will acquire all the outstanding shares of HFF in a cash and stock transaction with an equity value of \$2 billion. The transaction has been unanimously approved by the boards of directors of both companies.

HFF is one of the largest and most successful commercial real estate capital markets intermediaries in the U.S., marked by decades-long relationships with clients, a talented leadership team and best-in-class capital markets advisors. Since 1998, HFF has closed more than \$800 billion in over 27,000 transactions, achieving record revenue in 2018 of more than \$650 million. Mark Gibson, CEO of HFF, will join JLL as CEO, capital markets, Americas and co-chair of its global capital markets board.

“Increasing the scale of our capital markets business is one of the key priorities in our Beyond strategic vision to drive long-term sustainable and profitable growth. The combination with HFF provides a unique opportunity to accelerate growth and establish JLL as a leading capital markets intermediary, with outstanding capabilities,” said Christian Ulbrich, global CEO of JLL. “We have long admired HFF for its expertise and leading reputation in the industry, as well as its client-first culture of teamwork, ethics and excellence, which aligns with our own. I believe that combining our organizations will deliver a range of compelling benefits for our clients, employees and shareholders.”

“This is a terrific transaction for our shareholders, providing them with an immediate cash payment and the opportunity to participate in the long-term value of the combined company,” said Gibson. “In addition, we believe the combination with JLL will create a superior platform for our shareholders, clients and employees than either company would have independent of the other and will significantly accelerate our firm’s strategic plan. JLL’s team-oriented culture with the additional standards of high character and integrity are an excellent match with the HFF culture, which has been HFF’s fundamental differentiator since its inception.”

Under the terms of the agreement, HFF shareholders will receive \$24.63 in cash and 0.1505 JLL shares for each HFF share. Based on the closing price of JLL stock of \$163.02 on March 18, the cash and stock consideration to be received by HFF shareholders at closing is valued at \$49.16 per HFF share. The share price represents a premium of approximately 22% and 25% compared to the volume weighted average price of HFF over 60 and 90 trading days, respectively, and a premium of approximately 6% over the closing stock price on March 18, (before the positive impact of the \$1.75

per share special dividend declared on January 31, 2019 and paid on February 27, 2019).

Upon closing of the transaction, JLL shareholders are expected to own approximately 87% of the combined company, and HFF shareholders are expected to own approximately 13%. All seven executive committee members of HFF have agreed to vote their shares, representing 3 percent ownership of HFF, in favor of the transaction. Key HFF senior leaders and capital markets advisors have entered into 3-4 year commitments related to employment, non-competition and/or retention. Finally, JLL anticipates adding one of HFF's existing directors to JLL's Board of Directors effective as of the closing of the transaction.

JLL intends to fund the cash portion of the purchase price consideration with a combination of cash reserves and its existing syndicated credit facility. The combination is expected to deliver significant run- rate synergies, estimated at approximately \$60 million over two to three years.

The transaction is expected to close in the third quarter of 2019, subject to HFF shareholder approval and customary closing conditions, including regulatory review. The transaction is not contingent upon receipt of financing.

Compelling Strategic Rationale and Long-Term Value Creation

Through this combination, JLL will significantly bolster its full-service Capital Markets services to clients. The transaction will allow JLL to rapidly scale its U.S. Capital Markets presence, accelerate growth of its debt advisory business in Europe and Asia Pacific and drive increased operating efficiency globally.

HFF shareholders will receive attractive value for their HFF shares, combining an immediate cash element with the opportunity to participate in the future success and high growth potential of JLL. HFF shareholders will benefit from owning shares in a global organization with a variety of additional services to offer clients, including industry-leading agency leasing, property management, valuations and project management services.

The combination of JLL and HFF will create a platform that attracts, develops and retains the best talent in the industry. Additionally, the combination of the companies' complementary investments in technology will further strengthen JLL's digital capabilities, reinforcing its position as a digital leader with superior team connectivity, improved back-end processes and best-in-class client tools.

This acquisition is expected to create long-term strategic value for both JLL and HFF investors. It will be accretive to adjusted earnings per share in the first full financial year after completion and generate strong pro forma cash flow, allowing for consistent and timely deleveraging.