

CBRE GROUP, INC.
Form 10-K
March 02, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

Commission File Number 001 - 32205

CBRE GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

incorporation or organization)

400 South Hope Street, 25th Floor

Los Angeles, California
(Address of principal executive offices)

(213) 613-3333

(Registrant's telephone number, including area code)

94-3391143
(I.R.S. Employer Identification Number)

90071
(Zip Code)

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Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, \$0.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

N.A.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 30, 2014, the aggregate market value of Class A Common Stock held by non-affiliates of the registrant was \$10.6 billion based upon the last sales price on June 30, 2014 on the New York Stock Exchange of \$32.04 for the registrant's Class A Common Stock.

As of February 13, 2015, the number of shares of Class A Common Stock outstanding was 333,024,341.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the registrant's 2015 Annual Meeting of Stockholders to be held May 15, 2015 are incorporated by reference in Part III of this Annual Report on Form 10-K.

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ANNUAL REPORT ON FORM 10-K

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PART I

Item 1. Business

Company Overview

CBRE Group, Inc., a Delaware corporation, (which may be referred to in this Form 10-K as the company, we, us and our), is the world's largest commercial real estate services and investment firm, based on 2014 revenue, with leading full-service operations in major metropolitan areas throughout the world. We offer a full range of services to occupiers, owners, lenders and investors in office, retail, industrial, multifamily and other types of commercial real estate. As of December 31, 2014, excluding independent affiliates, we operated in over 370 offices worldwide, with more than 52,000 employees providing commercial real estate services under the CBRE brand name, investment management services under the CBRE Global Investors brand name and development services under the Trammell Crow brand name.

Our business is focused on several competencies, including commercial property and corporate facilities management, tenant/occupier and property/agency leasing, capital markets solutions (property sales, commercial mortgage origination and servicing, and debt/structured finance), real estate investment management, valuation, development services and proprietary research. We generate revenues from management fees on a contractual and per-project basis, and from commissions on transactions. Our contractual, fee-for-services businesses, which generally involve property and facilities management, mortgage loan servicing and investment management, represented approximately 46% of our 2014 revenue. In addition, our appraisal/valuation and leasing services have contractual elements and work for clients in these service lines is often recurring in nature. Our revenue mix has shifted in recent years toward more contractual revenue as property occupiers and investors increasingly prefer to purchase integrated, account-based services from firms that have the capabilities to meet their needs across diverse disciplines and in local markets nationally and globally. We believe we are well-positioned to capture a growing share of the business being awarded as a result of this trend.

In 2014, we generated revenue from a well-balanced, highly diversified base of clients, including approximately 85 of the *Fortune* 100 companies. In 2014, we were the highest ranked commercial real estate services company among the *Fortune* Most Admired Companies, and we ranked seventh among all companies on the *Barron's* 500, which evaluates companies on growth and financial performance. We have been the only commercial real estate services and investment firm included in the S&P 500 since 2006, and in the *Fortune* 500 since 2008. Additionally, the International Association of Outsourcing Professionals (IAOP) has included us among the top 100 global outsourcing companies across all industries for nine consecutive years. In 2014, the IAOP ranked us as a top three service provider among all outsourcing companies globally and as the highest ranked commercial real estate services company for the fifth year in a row.

CBRE History

CBRE marked its 108th year of continuous operations in 2014, tracing our origins to a company founded in San Francisco in the aftermath of the 1906 earthquake. Since then, we have grown into the largest global commercial real estate services and investment firm (in terms of 2014 revenue) through organic growth and a series of strategic acquisitions, including the December 2006 purchase of Trammell Crow Company and the 2011 acquisition of substantially all of ING Group N.V.'s Real Estate Investment Management (REIM) operations in Europe and Asia and its U.S.-based global real estate listed securities business (collectively referred to as the REIM Acquisitions). In 2013, we fortified our real estate outsourcing platform in Europe with the acquisition of London-based Norland Managed Services Ltd (Norland). Norland is a premier provider of building technical engineering services that enables us to self-perform these services in Europe and adds to our expertise in the highly specialized critical environments market.

We have also historically enhanced and complemented our global capabilities through the acquisition of regional and specialty firms that are leaders in their areas of focus and/or geographies, including regional firms

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with which we had previous affiliate relationships. These in-fill acquisitions are an integral part of our growth strategy and we completed 11 such acquisitions during 2014.

Our Regions of Operation and Principal Services

CBRE Group, Inc. is a holding company that conducts all of its operations through its indirect subsidiaries. CBRE Services, Inc., our direct wholly-owned subsidiary, is also generally a holding company and is the primary obligor or issuer with respect to most of our long-term indebtedness.

We report our operations through the following segments: (1) Americas, (2) Europe, Middle East and Africa, or EMEA, (3) Asia Pacific, (4) Global Investment Management and (5) Development Services.

Information regarding revenue and operating income or loss, attributable to each of our segments, is included in Segment Operations within the Management's Discussion and Analysis of Financial Condition and Results of Operations section and within Note 20 of our Notes to Consolidated Financial Statements, which are incorporated herein by reference. Information concerning the identifiable assets of each of our business segments is also set forth in Note 20 of our Notes to Consolidated Financial Statements, which is incorporated herein by reference.

The Americas

The Americas is our largest reporting segment, comprised of operations throughout the United States and Canada as well as key markets in Latin America. Our operations are largely wholly-owned, but also include independent affiliates to whom we license the CBRE and CB Richard Ellis names in their local markets in return for payments of annual or quarterly royalty fees to us and an agreement to cross-refer business between us and the affiliate.

Most of our operations are conducted through our indirect wholly-owned subsidiary CBRE, Inc. Our mortgage loan origination, sales and servicing operations are conducted exclusively through our indirect wholly-owned subsidiary operating under the name CBRE Capital Markets, Inc., or Capital Markets, and its subsidiaries. Our operations in Canada are conducted through our indirect wholly-owned subsidiary CBRE Limited. Both CBRE Capital Markets and CBRE Limited are subsidiaries of CBRE, Inc.

Our Americas segment accounted for 57.5% of our 2014 revenue, 62.7% of our 2013 revenue and 63.0% of our 2012 revenue. Within our Americas segment, we organize our services into the following business lines:

Advisory Services

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Our advisory services businesses offer occupier/tenant and investor/owner services that meet the full spectrum of marketplace needs, including (1) real estate services, (2) capital markets and (3) valuation. Our advisory services business line accounted for 32.5% of our 2014 consolidated worldwide revenue, 34.8% of our 2013 consolidated worldwide revenue and 35.0% of our 2012 consolidated worldwide revenue.

Within advisory services, our major service lines are the following:

Real Estate Services. We provide strategic advice and execution to owners, investors and occupiers of real estate in connection with leasing, disposition and acquisition of property. Our many years of strong local market presence have allowed us to develop significant repeat business from existing clients, including approximately 67% of our revenues from existing U.S. real estate sales and leasing clients in 2014. This includes referrals from other parts of our business. Our real estate services professionals are particularly adept at aligning real estate strategies with client business objectives, serving as advisors as well as transaction executors. We believe we are a market leader for the provision of sales and leasing

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real estate services in most top U.S. metropolitan statistical areas (as defined by the U.S. Census Bureau), including Atlanta, Chicago, Denver, Houston, Los Angeles, Miami, New York, Philadelphia, Phoenix and San Francisco.

Our real estate services professionals are compensated primarily through commission-based programs, which are payable upon completion of an assignment. Therefore, as compensation is our largest expense, this cost structure gives us flexibility to mitigate the negative effect on our operating margins during difficult market conditions. Due to the low barriers to entry and significant competition for quality employees, we strive to retain top professionals through an attractive compensation program tied to productivity. We believe we invest in greater support resources than most other firms, including professional development and training, market research and information, technology, branding and marketing. We also foster an entrepreneurial culture that emphasizes client service and rewards performance.

We further strengthen our relationships with our real estate services clients by offering proprietary research to them through CBRE Research and CBRE Econometric Advisors, or CBRE-EA, our commercial real estate market information and forecasting groups.

Capital Markets. We offer clients fully integrated investment sales and debt/structured financing services under the CBRE Capital Markets brand. The tight integration of these services fosters collaboration between our investment sales and debt/structured financing professionals, helping to meet the marketplace demand for comprehensive capital markets solutions. During 2014, we concluded approximately \$105.5 billion of capital markets transactions in the Americas, including \$72.1 billion of investment sales transactions and \$33.4 billion of mortgage loan originations and sales.

We believe our Investment Properties business, which includes office, industrial, retail, multifamily and hotel properties, is the leading investment sales property advisor in the United States, with a market share of approximately 16% in 2014. Our mortgage brokerage business originates, sells and services commercial mortgage loans primarily through relationships established with investment banking firms, national banks, credit companies, insurance companies, pension funds and government agencies. In the United States, our mortgage loan origination volume in 2014 was \$26.7 billion, representing an increase of approximately 15% from 2013. Approximately \$8.7 billion of loans in 2014 were originated for U.S. federal government-sponsored entities, most of which were financed through our revolving credit lines dedicated exclusively for this purpose. We substantially mitigate the principal risk associated with loans financed through these credit lines prior to closing by either obtaining a contractual purchase commitment from the government-sponsored entity or confirming a forward-trade commitment for the issuance and purchase of a mortgage-backed security that will be secured by the loan. We advised on the sale of approximately \$5.8 billion of mortgages on behalf of financial institutions in 2014, compared with \$2.5 billion in 2013. In 2014, GEMSA Loan Services, a joint venture between CBRE Capital Markets and GE Capital Real Estate, serviced approximately \$118.1 billion of mortgage loans, \$85.2 billion of which related to the servicing rights of CBRE Capital Markets.

Valuation. We provide valuation services that include market value appraisals, litigation support, discounted cash flow analyses, feasibility and fairness opinions and property condition and environmental consulting. Our valuation business has developed proprietary systems for data management, analysis and valuation report preparation, which we believe provides us with an advantage over our competitors. We believe that our valuation business is one of the largest in the industry. During 2014, we completed over 48,000 valuation, appraisal and advisory assignments in the Americas.

Outsourcing Services

Outsourcing commercial real estate services is expected to be a long-term trend in our industry, with property owners, corporations, institutions, public sector entities, health care providers and others seeking to achieve improved efficiency, better execution and lower costs by relying on the expertise of third-party real

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estate specialists. Two of our service offerings seek to capitalize on the outsourcing trend: (1) occupier outsourcing, which we provide through our Global Corporate Services business line, and (2) property management, which we provide through our Asset Services business line. Agreements with our outsourcing clients that are occupiers of space are typically long-term arrangements with penalties for early termination. Our management agreements with our property management clients, which are owners/investors in real estate, may be terminated by either party with notice generally ranging between 30 to 90 days; however, we have developed long-term relationships with many of these clients and we work closely with them to implement their specific goals and objectives and to preserve and expand upon these relationships. As of December 31, 2014, we managed approximately 1.8 billion square feet of commercial space for property owners and occupiers in the Americas, which we believe represents one of the largest portfolios in the region. Our outsourcing services business line accounted for 25.0% of our 2014 consolidated worldwide revenue, 27.9% of our 2013 consolidated worldwide revenue and 28.0% of our 2012 consolidated worldwide revenue.

Occupier Outsourcing. Through our Global Corporate Services business line, we provide a comprehensive suite of services to occupiers of real estate, including portfolio and transaction management, project management, facilities management and strategic consulting. We are capitalizing significantly from the increasing preference of occupiers to purchase these services on an integrated, bundled basis, relying on one firm to meet their needs across geographic markets and service disciplines. We enter into multi-year, multi-service outsourcing contracts with our clients, but also provide services on a one-off assignment or a short-term contract basis. The long-term, contractual nature of these relationships enables us to devise and execute real estate strategies that support our clients overall business strategies. Our clients include leading global corporations, health care providers and public sector entities with large, geographically-diverse real estate portfolios. Facilities management involves the day-to-day management of client-occupied space and includes headquarter buildings, regional offices, administrative offices, data centers and other critical facilities, and manufacturing and distribution facilities. We identify best practices, implement technology solutions and leverage our resources to control clients facilities costs and enhance the workplace environment. Contracts for facilities management services are typically structured so we receive reimbursement of client-dedicated personnel costs and associated overhead expenses plus a monthly fee, and in some cases, annual incentives if agreed-upon performance targets are satisfied. Project management services are typically provided on a portfolio-wide or programmatic basis. Revenues for project management generally include fixed management fees, variable fees, and incentive fees if certain agreed-upon performance targets are met. Revenues for project management may also include reimbursement of payroll and related costs for personnel providing the services. In general, portfolio and transaction services contribute revenue on a transaction basis; project management and facilities management contribute contractual, or per-project, revenue and strategic consulting services contribute both transaction and contractual revenue.

Property Management. Through our Asset Services business line, we provide property management services on a contractual basis for owners/investors in office, industrial and retail properties. These services include construction management, marketing, leasing, building engineering, accounting and financial services. We provide these services through an extensive network of real estate experts in major markets throughout the United States. These local specialists are supported by a strategic accounts team whose function is to help ensure quality service and to maintain and expand relationships with large institutional clients, including buyers, sellers and landlords who need to lease, buy, sell and/or finance space. We believe our contractual relationships with these clients put us in an advantageous position to provide other services to them, including refinancing, disposition and appraisal. We typically receive monthly management fees for the asset services we provide based upon a specified percentage of the monthly rental income or rental receipts generated from the property under management, or in certain cases, the greater of such percentage fee or a minimum agreed-upon fee. We are also normally reimbursed for our administrative and payroll costs, as well as certain out-of-pocket expenses, directly attributable to the properties under management.

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Europe, Middle East and Africa (EMEA)

Our Europe, Middle East and Africa, or EMEA, reporting segment operates in 41 countries with services primarily furnished through a number of indirect wholly-owned subsidiaries. The largest operations are located in France, Germany, Italy, The Netherlands, Spain and the United Kingdom. Our operations in these countries generally provide a full range of services to the commercial property sector. Additionally, we provide some residential property services, focused on the prime and super-prime segments of the market, primarily in the United Kingdom. Within EMEA, our services are organized along similar lines as in the Americas, including leasing brokerage, property sales, valuation services, asset management services and facilities management, among others. In addition, the acquisition of Norland in December 2013 enables us to self-perform building technical engineering services in Europe. Our EMEA segment accounted for 25.9% of our 2014 revenue, 16.9% of our 2013 revenue and 15.8% of our 2012 revenue.

In France, we believe we are a market leader in Paris and also have operations in Aix en Provence, Bagnolet, Bordeaux, Lille, Lyon, Marseille, Montreuil, Montrouge, Saint Denis and Toulouse. Our German operations are located in Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Nuremberg and Stuttgart. Our presence in Italy includes operations in Milan, Modena, Rome and Turin. Our operations in The Netherlands are located in Amsterdam, the Hague, Rotterdam and Utrecht. In Spain, we provide full-service coverage through our offices in Barcelona, Madrid, Marbella, Palma de Mallorca, Valencia and Zaragoza. We are one of the leading commercial real estate services companies in the United Kingdom. We have held the leading market position in investment sales in the United Kingdom in each of the past seven years. In London, we provide a broad range of commercial property real estate services to investment and occupier clients, and held the leading market position for space acquisition in 2014 for the fifth year in a row. We also have regional offices in Birmingham, Bristol, Jersey, Leeds, Liverpool, Manchester, Sheffield and Southampton as well as offices in Aberdeen, Belfast, Dublin, Edinburgh and Glasgow managed by our U.K. team. In addition, our building technical engineering services operate in several other cities throughout the United Kingdom.

In several countries in EMEA, we operate through independent affiliates that provide commercial real estate services under our brand name. Our agreements with these independent affiliates include licenses by us to them to use the CBRE and CB Richard Ellis names in the relevant territory in return for payments of annual or quarterly royalty fees to us. In addition, these agreements may include business cross-referral arrangements between us and our affiliates.

Asia Pacific

Our Asia Pacific reporting segment operates in 13 countries with services primarily furnished through a number of indirect wholly-owned subsidiaries. We believe that we are one of only a few companies that can provide a full range of real estate services to large occupiers and investors throughout the region, similar to the broad range of services provided by our Americas and EMEA segments. Our principal operations in Asia are located in Greater China, India, Japan, Singapore, South Korea, Thailand and Vietnam. In addition, we have agreements with independent affiliates in Cambodia and the Philippines that generate royalty fees and support cross-referral arrangements similar to our EMEA segment. The Pacific region includes Australia and New Zealand, with principal offices located in Adelaide, Brisbane, Canberra, Melbourne, Perth, Sydney, Auckland, Christchurch and Wellington. Our Asia Pacific segment accounted for 10.7% of our 2014 revenue, 12.2% of our 2013 revenue and 12.6% of our 2012 revenue.

Global Investment Management

Operations in our Global Investment Management reporting segment are conducted through our indirect wholly-owned subsidiary CBRE Global Investors, LLC and its global affiliates, which we also refer to as CBRE Global Investors. CBRE Global Investors provides investment

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management services to pension funds, insurance companies, sovereign wealth funds, foundations, endowments and other institutional investors seeking to

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generate returns and diversification through investment in real estate. It sponsors investment programs that span the risk/return spectrum across three continents: North America, Europe and Asia. In some strategies, CBRE Global Investors and its investment teams co-invest with its limited partners. Our Global Investment Management segment accounted for 5.2% of our 2014 revenue, 7.5% of our 2013 revenue and 7.4% of our 2012 revenue.

CBRE Global Investors offerings are organized into four primary categories, which include direct real estate investments through separate accounts and sponsored funds as well as indirect real estate investments through listed securities and multi manager investment programs. These offerings cover the full range of risk strategies from core/core+ to opportunistic. Operationally, dedicated investment teams execute each investment program within these categories, with the teams compensation being driven largely by the investment performance of its particular strategy/fund. This organizational structure is designed to align the interests of team members with those of the firm and its investor clients/partners and to enhance accountability and performance. Dedicated teams are supported by shared resources such as accounting, finance, legal, information technology, investor services and research. CBRE Global Investors has an in-house team of research professionals who focus on investment strategy, underwriting and forecasting, based in part on market data from our advisory services group.

CBRE Global Investors closed approximately \$6.8 billion and \$4.2 billion of new acquisitions in 2014 and 2013, respectively. It liquidated \$6.7 billion and \$8.9 billion of investments in 2014 and 2013, respectively. Assets under management have increased from \$15.1 billion at December 31, 2004 to \$90.6 billion at December 31, 2014, representing an approximately 20% compound annual growth rate. This includes growth as a result of the REIM Acquisitions.

Previously, CBRE Global Investors has had a portfolio of consolidated real estate held for investment consisting of multifamily/residential properties located in the United States. Included in the accompanying consolidated statements of operations were rental revenues (which are included in revenue) and expenses (which are included in operating, administrative and other expenses) relating to operational real estate properties, excluding those reported as discontinued operations in 2013 and 2012, of \$3.6 million and \$2.6 million, respectively, for the year ended December 31, 2014, \$9.8 million and \$5.3 million, respectively, for the year ended December 31, 2013 and \$20.2 million and \$18.4 million, respectively, for the year ended December 31, 2012.

Development Services

Operations in our Development Services reporting segment are conducted through our indirect wholly-owned subsidiary Trammell Crow Company, LLC and certain of its subsidiaries, providing development services primarily in the United States to users of and investors in commercial real estate, as well as for its own account. Trammell Crow Company pursues opportunistic, risk-mitigated development and investment in commercial real estate across a wide spectrum of property types, including: industrial, office and retail properties; healthcare facilities of all types (medical office buildings, hospitals and ambulatory surgery centers); and residential/mixed-use projects. Our Development Services segment accounted for 0.7% of our 2014 revenue, 0.7% of our 2013 revenue and 1.2% of our 2012 revenue.

Trammell Crow Company acts as the manager of development projects, providing services that are vital in all stages of the process, including: (i) site identification, due diligence and acquisition; (ii) evaluating project feasibility, budgeting, scheduling and cash flow analysis; (iii) procurement of approvals and permits, including zoning and other entitlements; (iv) project finance advisory services; (v) coordination of project design and engineering; (vi) construction bidding and management as well as tenant finish coordination; and (vii) project close-out and tenant move coordination.

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Trammell Crow Company pursues development and investment activity on behalf of its user and investor clients (with no ownership), in partnership with its clients (through co-investment either on an individual project basis or through programs with certain strategic capital partners) or for its own account (100%

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ownership). Development activity in which Trammell Crow Company has an ownership interest is conducted through subsidiaries that are consolidated or unconsolidated for financial reporting purposes, depending primarily on the extent and nature of our ownership interest.

As of December 31, 2014, our portfolio of consolidated real estate consisted of land, industrial and office properties that are geographically dispersed throughout the United States. Included in the accompanying consolidated statements of operations were rental revenues (which are included in revenue) and expenses (which are included in operating, administrative and other expenses) relating to these operational real estate properties, excluding those reported as discontinued operations in 2013 and 2012, of \$10.7 million and \$4.2 million, respectively, for the year ended December 31, 2014, \$14.5 million and \$6.4 million, respectively, for the year ended December 31, 2013 and \$35.4 million and \$17.1 million, respectively, for the year ended December 31, 2012.

At December 31, 2014, Trammell Crow Company had \$5.4 billion of development projects in process. Additionally, the inventory of pipeline deals (prospective projects we believe have a greater than 50% chance of closing or where land has been acquired and the projected construction start date is more than twelve months out) was \$4.0 billion at December 31, 2014.

Competition

We compete across a variety of business disciplines within the commercial real estate industry, including commercial property and corporate facilities management, occupier and property/agency leasing, property sales, valuation, real estate investment management, commercial mortgage origination and servicing, capital markets (structured finance and debt) solutions, development services and proprietary research. Each business discipline is highly competitive on an international, national, regional and local level. Although we are the largest commercial real estate services firm in the world in terms of 2014 revenue, our relative competitive position varies significantly across geographic markets, property types and services. Depending on the geography, property type or service, we face competition from other commercial real estate service providers that compete with us on a global, national, regional or local basis or within a market segment; outsourcing companies that traditionally competed in limited portions of our facilities management business and have recently expanded their offerings; in-house corporate real estate departments and property owners/developers that self-perform real estate services; investment banking firms, investment managers and developers that compete with us to raise and place investment capital; and accounting/consulting firms that advise on real estate strategies. Some of these firms may have greater financial resources than we do. Despite recent consolidation, the commercial real estate services industry remains highly fragmented and competitive. Although many of our competitors are substantially smaller than us, some of them are larger on a local or regional basis or have a stronger position in a market segment or service offering. In addition, it is also possible that two or more of our competitors could combine to create a much larger and more formidable global competitor. Among our primary competitors are other large national and global firms, such as Cushman & Wakefield, JLL (also known as Jones Lang LaSalle), FirstService Corporation (the publicly traded parent of Colliers International), Savills (which acquired U.S.-based service provider Studley, Inc. in 2014) and DTZ (which was acquired in 2014 by an investment consortium led by TPG Capital and merged with Cassidy Turley, a U.S.-based real-estate services firm, forming a new competitor entity), and Newmark Grubb Knight Frank; market-segment specialists, such as HFF and Eastdil Secured; and large global firms with business lines that compete with our outsourcing business.

Seasonality

A significant portion of our revenue is seasonal, which an investor should keep in mind when comparing our financial condition and results of operations on a quarter-by-quarter basis. Historically, our revenue, operating income, net income and cash flow from operating activities tend to be lowest in the first quarter, and highest in the fourth quarter of each year. Earnings and cash flow have generally been concentrated in the fourth quarter due to the focus on completing sales, financing and leasing transactions prior to calendar year-end.

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Employees

At December 31, 2014, excluding our independent affiliates, we had more than 52,000 employees worldwide, approximately 43% of which represent costs that are fully reimbursed by clients and are mostly in our outsourcing services lines of business. At December 31, 2014, 1,222 of our employees were subject to collective bargaining agreements, most of whom are on-site employees in our asset services business in California, Illinois, New Jersey and New York.

Intellectual Property

We hold various trademarks and trade names worldwide, which include the CBRE name as well as our prior CB Richard Ellis name. Although we believe our intellectual property plays a role in maintaining our competitive position in a number of the markets that we serve, we do not believe we would be materially, adversely affected by expiration or termination of our trademarks or trade names or the loss of any of our other intellectual property rights other than the CBRE, CB Richard Ellis and Trammell Crow names. With respect to the CBRE and CB Richard Ellis names, we maintain trademark registrations for these service marks in jurisdictions where we conduct significant business.

We hold a license to use the Trammell Crow trade name pursuant to a license agreement with CF98, L.P., an affiliate of Crow Realty Investors, L.P., d/b/a Crow Holdings, which may be revoked if we fail to satisfy usage and quality control covenants under the license agreement.

In addition to trade names, we have developed proprietary technologies for the provision of complex services and analysis through our global outsourcing business and for preparing and developing valuation reports for our clients through our valuation business. We also offer proprietary research to clients through our CBRE-EA research unit and we offer proprietary investment analysis and structures through CBRE Global Investors. We have not generally registered these items of intellectual property in any jurisdiction. While we may seek to secure our rights under applicable intellectual property protection laws in these and any other proprietary assets that we use in our business, we do not believe any of these other items of intellectual property are material to our business in the aggregate.

Environmental Matters

Federal, state and local laws and regulations in the countries in which we do business impose environmental liabilities, controls, disclosure rules and zoning restrictions that affect the ownership, management, development, use or sale of commercial real estate. Certain of these laws and regulations may impose liability on current or previous real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at a property, including contamination resulting from above-ground or underground storage tanks or the presence of asbestos or lead at a property. If contamination occurs or is present during our role as a property or facility manager or developer, we could be held liable for such costs as a current operator of a property, regardless of the legality of the acts or omissions that caused the contamination and without regard to whether we knew of, or were responsible for, the presence of such hazardous or toxic substances. The operator of a site also may be liable under common law to third parties for damages and injuries resulting from exposure to hazardous substances or environmental contamination at a site, including liabilities arising from exposure to asbestos-containing materials. Under certain laws and common law principles, any failure by us to disclose environmental contamination at a property could subject us to liability to a buyer or lessee of the property. Further, federal, state and local governments in the countries in which we do business have enacted various laws, regulations, and treaties governing environmental and climate change, particularly for greenhouse gases, which seek to tax, penalize or limit their release. Such regulations could lead to increased operational or compliance costs over time.

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While we are aware of the presence or the potential presence of regulated substances in the soil or groundwater at or near several properties owned, operated or managed by us that may have resulted from historical or ongoing activities on those properties, we are not aware of any material noncompliance with the environmental laws or regulations currently applicable to us, and we are not the subject of any material claim for liability with respect to contamination at any location. However, these laws and regulations may discourage sales and leasing activities and mortgage lending with respect to some properties, which may adversely affect both the commercial real estate services industry and us in general. Environmental contamination or other environmental liabilities may also negatively affect the value of commercial real estate assets held by entities that are managed by our investment management and development services businesses, which could adversely affect the results of operations of these business lines.

Available Information

Our internet address is www.cbre.com. We use our website as a channel of distribution for Company information, and financial and other material information regarding us is routinely posted and accessible on our website.

On the Investor Relations page on our website, we post the following filings as soon as reasonably practicable after they are electronically filed with or furnished to the Securities and Exchange Commission, or SEC: our Annual Report on Form 10-K, our Proxy Statement on Schedule 14A, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, or the Exchange Act. We also make available through our website other reports filed with or furnished to the SEC under the Exchange Act, including reports filed by our officers and directors under Section 16(a) of the Exchange Act.

All of the information on our Investor Relations web page is available to be viewed free of charge. Information contained on our website is not part of this Annual Report on Form 10-K or our other filings with the SEC. We assume no obligation to update or revise any forward-looking statements in the Annual Report on Form 10-K, whether as a result of new information, future events or otherwise, unless we are required to do so by law.

A copy of this Annual Report on Form 10-K is available without charge upon written request to: Investor Relations, CBRE Group, Inc., 200 Park Avenue, New York, New York 10166. The SEC also maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors

Set forth below and elsewhere in this report and in other documents we file with the SEC are risks and uncertainties that could cause our actual results to differ materially from the results contemplated by the forward-looking statements contained in this report and other public statements we make. Based on the information currently known to us, we believe that the matters discussed below identify the material risk factors affecting our business. However, the risks and uncertainties we face are not limited to those described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial (but that later become material) may also adversely affect our business.

The success of our business is significantly related to general economic conditions and, accordingly, our business, operations and financial condition could be adversely affected by economic slowdowns, liquidity crises, fiscal uncertainty and possible subsequent downturns in

commercial real estate asset values, property sales and leasing activities in one or more of the geographies or industry sectors that we or our clients serve.

Some of the world's large economies and financial institutions continue to be affected by ongoing global economic and financial issues, with some continuing to face financial difficulty, fiscal uncertainty, pressure on

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asset prices, liquidity problems and limited availability of credit, made worse in certain areas by increased unemployment or limited economic growth. It is uncertain how long these effects will last, or whether economic and financial trends in those areas, particularly in Europe, will worsen or improve. The current economic situation may be exacerbated if additional negative geo-political or economic developments, natural disasters or other disruptions were to arise.

Periods of economic weakness or recession, significantly rising interest rates, fiscal uncertainty, declining employment levels, declining demand for commercial real estate, falling real estate values, disruption to the global capital or credit markets or the public perception that any of these events may occur, may negatively affect the performance of some or all of our business lines.

Our business is significantly affected by generally prevailing economic conditions in the principal markets where we operate, which can result in a general decline in real estate acquisition, disposition and leasing activity, as well as a general decline in the value of commercial real estate and in rents, which in turn reduces revenue from property management fees and commissions derived from property sales, leasing, valuation and financing, as well as revenues associated with development or investment management activities. Our Capital Markets business could also suffer from any political or economic disruption that affects interest rates or liquidity. In addition, we could experience a reduction in the amount of fees we earn in our Global Investment Management business if our assets under management decrease or those assets fail to perform as anticipated. These economic conditions could also lead to a decline in property sales prices as well as a decline in funds invested in existing commercial real estate assets and properties planned for development.

Our development and investment strategy often entails making relatively modest co-investments alongside our investor clients. Our ability to conduct these activities depends in part on the supply of investment capital for commercial real estate and related assets. During an economic downturn, investment capital is usually constrained and it may take longer for us to dispose of real estate investments or selling prices may be lower than originally anticipated. As a result, the value of our commercial real estate investments may be reduced, and we could realize losses or diminished profitability. In addition, economic downturns may reduce the amount of loan originations and related servicing by our commercial mortgage brokerage business.

Performance of our asset services line of business partially depends upon the performance of the properties we manage because our fees are generally based on a percentage of aggregate rent collections from these properties. The performance of these properties may be affected by many factors which are partially or completely outside of our control, including: (i) real estate and financial market conditions prevailing generally and locally; (ii) our ability to attract and retain creditworthy tenants, particularly during economic downturns; and (iii) the magnitude of defaults by tenants under their respective leases, which may increase during distressed conditions.

For example, during 2008 and 2009, credit became severely constrained and prohibitively expensive, and real estate market activity contracted sharply in most markets around the world as a result of the global financial crisis and the deep economic recession. These adverse macro conditions affected commercial real estate services companies like ours by significantly hampering transaction activity and lowering real estate valuations. Similar to other commercial real estate services firms, our transaction volumes fell during 2008 and most of 2009, and as a result, our stock price declined significantly. If the economic and market conditions that prevailed in 2008 and 2009 were to return, our business performance and profitability could again deteriorate.

Certain geographies within the Americas, as well as certain sectors of the constituency that we serve, have been negatively affected by the recent weakened performance of the U.S. oil and gas industry, which may in turn diminish the performance of our various development, investment, leasing and other businesses in those geographies as well as reduce the demand for our services by our clients in such areas or who are affected by that industry. In addition, the economic situation in Europe remains unstable, arising from the various austerity policies and continuing credit restrictions. If the nascent recovery in certain European economies does not gain traction, or if conditions remain unstable or worsen, our revenues may be adversely affected.

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Economic uncertainty as well as significant changes and volatility in the financial markets and business environment, and in the global political, security and competitive landscape, make it increasingly difficult for us to predict our revenue and earnings into the future. As a result, any revenue or earnings guidance or outlook, which we have given or might give, may be overtaken by events, or may otherwise turn out to be inaccurate. Though we endeavor to give reasonable estimates of future revenue and earnings at the time we give such guidance based on then-current conditions, there is a significant risk that such guidance or outlook will turn out to be, or to have been, incorrect.

Adverse developments in the credit markets may harm our business, results of operations and financial condition.

Our Global Investment Management, Development Services and Capital Markets (including investment property sales and debt and structured financing services) businesses are sensitive to credit cost and availability as well as marketplace liquidity. Additionally, the revenues in all of our businesses are dependent to some extent on the overall volume of activity (and pricing) in the commercial real estate market.

Disruptions in the credit markets may adversely affect our business of providing advisory services to owners, investors and occupiers of real estate in connection with the leasing, disposition and acquisition of property. If our clients are unable to procure credit on favorable terms, there may be fewer completed leasing transactions, dispositions and acquisitions of property. In addition, if purchasers of commercial real estate are not able to procure favorable financing resulting in the lack of disposition opportunities for our funds and projects, our Global Investment Management and Development Services businesses will be unable to generate incentive fees, and we may also experience losses of co-invested equity capital if the disruption causes a permanent decline in the value of investments made.

Our international operations subject us to social, political and economic risks of doing business in foreign countries.

We conduct a significant portion of our business and employ a substantial number of people outside of the United States and as a result, we are subject to risks associated with doing business globally. During 2014, we generated approximately 44% of our revenue from operations outside the United States. With the REIM Acquisitions, the footprint of our Global Investment Management business significantly expanded, particularly in Europe and Asia, and with the acquisition of Norland, our Global Corporate Services business has expanded significantly in Europe. Additional circumstances and developments related to international operations that could negatively affect our business, financial condition or results of operations include, but are not limited to, the following factors:

difficulties and costs of staffing and managing international operations among diverse geographies, languages and cultures;

currency restrictions, transfer pricing regulations and adverse tax consequences, which may affect our ability to transfer capital and profits to the United States;

adverse changes in regulatory or tax requirements and regimes;

the responsibility of complying with numerous, potentially conflicting and frequently complex and changing laws in multiple jurisdictions, *e.g.*, with respect to corrupt practices, embargoes, trade sanctions, employment and licensing;

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the impact of regional or country-specific business cycles and economic instability, particularly in Europe, which is undergoing economic stagnation following its sovereign debt crisis;

greater difficulty in collecting accounts receivable in some geographic regions such as Asia, where many countries have underdeveloped insolvency laws;

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a tendency for clients to delay payments in some European and Asian countries;

political and economic instability in certain countries; and

foreign ownership restrictions with respect to operations in countries such as China and Thailand.

We maintain anti-corruption and anti-money laundering compliance programs and programs designed to enable us to comply with applicable government economic sanctions, embargoes and other import/export controls throughout the company. But, coordinating our activities to deal with the broad range of complex legal and regulatory environments in which we operate presents significant challenges. We may not be successful in complying with regulations in all situations and violations may result in criminal or civil sanctions, including material monetary fines, penalties, equitable remedies (including disgorgement), and other costs against us or our employees, and may have a material adverse effect on our reputation and business.

We have committed additional resources to expand our worldwide sales and marketing activities, to globalize our service offerings and products in selected markets and to develop local sales and support channels. If we are unable to successfully implement these plans, maintain adequate long-term strategies that successfully manage the risks associated with our global business or adequately manage operational fluctuations, our business, financial condition or results of operations could be harmed. In addition, we have penetrated, and seek to continue to enter into, emerging markets to further expand our global platform. However, we may not be successful in effectively evaluating and monitoring the key business, operational, legal and compliance risks specific to those markets. The political and cultural risks present in emerging countries could also harm our ability to successfully execute our operations or manage our businesses there.

Our revenue and earnings may be adversely affected by foreign currency fluctuations.

Our revenue from non-U.S. operations is denominated primarily in the local currency where the associated revenue was earned. During 2014, approximately 44% of our revenue was transacted in foreign currencies, the majority of which included the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Chinese yuan, Euro, Indian rupee, Japanese yen and Singapore dollar. Our Global Investment Management business has a significant amount of Euro-denominated assets under management as well as associated revenue and earnings in Europe, which continues to experience economic stagnation that may result in further deterioration in the value of the Euro against the U.S. dollar. Fluctuations in foreign currency exchange rates may result in corresponding fluctuations in our assets under management, revenue and earnings.

Over time, fluctuations in the value of the U.S. dollar relative to the other currencies in which we may generate earnings could adversely affect our business, financial condition and operating results. Due to the constantly changing currency exposures to which we are subject and the volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon future operating results. In addition, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of our reported results of operations.

Selectively, our management uses currency hedging instruments, including foreign currency forward and option contracts. There can be no assurance that these hedging instruments will be available when needed. Additionally, economic risks associated with these hedging instruments include unexpected fluctuations in inflation rates, which affect cash flow, unexpected changes in the underlying net asset position, and hedge counterparty credit risk.

Our growth has benefited significantly from acquisitions, which may not perform as expected and similar opportunities may not be available in the future.

A significant component of our growth has occurred through acquisitions, including our acquisition of Norland in 2013. Any future growth through acquisitions will be dependent in part upon the continued

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availability of suitable acquisition candidates at favorable prices and upon advantageous terms and conditions, which may not be available to us, as well as sufficient liquidity and credit to fund these acquisitions. We may incur significant additional debt from time to time to finance any such acquisitions, subject to the restrictions contained in the documents governing our then-existing indebtedness. If we incur additional debt, the risks associated with our leverage, including our ability to service our then-existing debt, would increase. Acquisitions involve risks that business judgments concerning the value, strengths and weaknesses of businesses acquired may prove incorrect. Future acquisitions and any necessary related financings also may involve significant transaction-related expenses, which include severance, lease termination, transaction and deferred financing costs, among others.

We have had, and may continue to experience, challenges in integrating operations and information technology systems acquired from other companies. This could result in the diversion of management's attention from other business concerns and the potential loss of our key employees or clients or those of the acquired operations. The integration process itself may be disruptive to our business and the acquired company's businesses as it requires coordination of geographically diverse organizations and implementation of new accounting and information technology systems. We believe that most acquisitions will initially have an adverse impact on operating and net income. Acquisitions also frequently involve significant costs related to integrating information technology, accounting and management services and rationalizing personnel levels.

The anticipated benefits of the Norland acquisition and other acquisitions we make may not be realized as we contemplated.

We completed the Norland acquisition as well as other acquisitions with the expectation that such acquisitions would result in various benefits, including, among others, enhanced revenues, a strengthened market position, cross-selling opportunities and operating efficiencies. We are also likely to have similar expectations for future acquisitions. Achieving the anticipated benefits of the Norland acquisition and other acquisitions will be subject to a number of uncertainties, including the realization of accretive benefits in the timeframe anticipated. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could adversely affect our financial condition and operating results.

Our success depends upon the retention of our senior management, as well as our ability to attract and retain qualified and experienced employees (including those acquired through acquisitions).

Our continued success is highly dependent upon the efforts of our executive officers and other key employees, including Robert E. Sulentic, our President and Chief Executive Officer. Mr. Sulentic and certain other key employees are not parties to employment agreements with us. We also are highly dependent upon the retention of our property sales and leasing professionals, who generate a significant amount of our revenues, as well as other revenue producing professionals. The departure of any of our key employees (including those acquired through acquisitions), or the loss of a significant number of key revenue producers, if we are unable to quickly hire and integrate qualified replacements, could cause our business, financial condition and results of operations to suffer. Competition for these personnel is significant and we may not be able to successfully recruit, integrate or retain sufficiently qualified personnel. In addition, the growth of our business is largely dependent upon our ability to attract and retain qualified support personnel in all areas of our business. We use equity incentives to help retain and incentivize many of our key personnel. Any significant decline in, or failure to grow, our stock price may result in an increased risk of loss of these key personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business and operating results could suffer.

Our joint venture activities and affiliate program involve unique risks that are often outside of our control and that, if realized, could harm our business.

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We have utilized joint ventures for commercial investment, select local brokerage and other affiliations both in the United States and internationally, and we may acquire interests in other joint ventures in the future. Under

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our affiliate program, we enter into contractual relationships with local brokerage, property management or other operations pursuant to which we license to that operation our name and make available certain of our resources, in exchange for a royalty or economic participation in that operation's revenue, profits or transactional activity. In many of these joint ventures and affiliations, we may not have the right or power to direct the management and policies of the joint ventures or affiliates, and other participants or operators of affiliates may take action contrary to our instructions or requests and against our policies and objectives. In addition, the other participants and operators may become bankrupt or have economic or other business interests or goals that are inconsistent with ours. If a joint venture participant or affiliate acts contrary to our interest, it could harm our brand, business, results of operations and financial condition.

Our revenue, net income and cash flow generated by our Global Investment Management business can vary significantly as a result of market developments.

The revenue, net income and cash flow generated by our Global Investment Management business can be variable, primarily due to the fact that management, transaction and incentive fees can vary as a result of market movements from one period to another.

The pace at which the real estate markets worldwide turned from positive to negative starting in 2007 and continuing into 2009 is an example of the market volatility to which we are subject and over which we have no control. The underlying market conditions, decisions regarding the acquisition and disposition of fund and separate account assets, and the specifics of client mandates will cause the amount of asset management, transaction and incentive fees to vary from one product to another.

A substantial part of our fees are based upon the value of the assets we manage, and if asset values deteriorate, our asset management fees will decline as a result. Our acquisition and disposition fees can decline as a result of delays in the deployment of capital or limited market liquidity. We also earn incentive fees tied to portfolio performance, which fees may decline if there is a downturn in real estate markets and we fail to meet benchmarks or return hurdles. Finally, during periods of economic weakness, recession or stagnation, existing and prospective clients in our Global Investment Management business may be less able or willing to commit new funds to real estate investments, which are inherently less liquid than many competing investment classes, thereby inhibiting the ability of our Global Investment Management business to raise new funds. Additionally, investors with open commitments to provide additional investment capital could become less able or willing to honor their financial commitments and/or seek to renegotiate the terms of their commitments or the fees that they are obligated to pay. To the extent that clients in our Global Investment Management business seek to avoid paying fees they are obligated to pay, or seek to avoid deploying capital that has been committed, we could experience a decrease in collection of fees and interruptions to our client relationships and business.

Our real estate investment and co-investment activities in our Global Investment Management as well as Development Services businesses subject us to real estate investment risks which could cause fluctuations in earnings and cash flow.

An important part of the strategy for our Global Investment Management business involves co-investing our capital in certain real estate investments with our clients, and there is an inherent risk of loss of our investments. As of December 31, 2014, we had committed \$19.0 million to fund future co-investments in our Global Investment Management business, \$12.7 million of which is expected to be funded during 2015. In addition to required future capital contributions, some of the co-investment entities may request additional capital from us and our subsidiaries holding investments in those assets. The failure to provide these contributions could have adverse consequences to our interests in these investments, including damage to our reputation with our co-investment partners and clients, as well as the necessity of obtaining alternative funding from other sources that may be on disadvantageous terms for us and the other co-investors. Participating as a co-investor is an important part of our Global Investment Management business, which might suffer if we were unable to make these investments. Although our debt instruments contain restrictions that limit our ability to provide capital to the

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entities holding direct or indirect interests in co-investments, we may provide this capital in many instances in further support of the co-investment.

Selective investment in real estate projects is an important part of our Development Services business strategy, and there is an inherent risk of loss of our investments. As of December 31, 2014, we had 16 consolidated real estate projects with invested equity of \$8.3 million. In addition, at December 31, 2014, we were involved as a principal (in most cases, co-investing with our clients) in approximately 60 unconsolidated real estate subsidiaries with invested equity of \$110.5 million and had committed additional capital to these unconsolidated subsidiaries of \$25.5 million. We also guaranteed outstanding notes payable of these unconsolidated subsidiaries of \$10.1 million.

During the ordinary course of our Development Services business, we provide numerous completion and budget guarantees requiring us to complete the relevant project within a specified timeframe and/or within a specified budget, with us potentially being liable for costs to complete in excess of such timeframe or budget. While we generally have guaranteed maximum price contracts with reputable general contractors with respect to projects for which we provide these guarantees (which are intended to pass most of the risk to such contractors), there can be no assurance that we will not have to perform under any such guarantees. If we are required to perform under a significant number of such guarantees, it could harm our business, results of operations and financial condition.

Because the disposition of a single significant investment can affect our financial performance in any period, our real estate investment activities could increase fluctuations in our net earnings and cash flow. In many cases, we have limited control over the timing of the disposition of these investments and the recognition of any related gain or loss, or incentive participation fee.

Poor performance of the investment programs that our Global Investment Management business manages would cause a decline in our revenue, net income and cash flow and could adversely affect our ability to raise capital for future programs.

In the event that any of the investment programs that our Global Investment Management business manages were to perform poorly, our revenue, net income and cash flow could decline because the value of the assets we manage would decrease, which would result in a reduction in some of our management fees, and our investment returns would decrease, resulting in a reduction in the incentive compensation we earn. Moreover, we could experience losses on co-investments of our own capital in such programs as a result of poor performance. Investors and potential investors in our programs continually assess our performance, and our ability to raise capital for existing and future programs and maintaining our current fee structure will depend on our continued satisfactory performance.

Our leverage and debt service obligations could harm our ability to operate our business, remain in compliance with debt covenants and make payments on our debt.

We are leveraged and have debt service obligations. As of December 31, 2014, our total debt, excluding notes payable on real estate (which are generally nonrecourse to us) and warehouse lines of credit (which are recourse only to our wholly-owned subsidiary, CBRE Capital Markets, and are secured by our related warehouse receivables), was approximately \$1.9 billion. For the year ended December 31, 2014, our interest expense was approximately \$112.0 million. On January 9, 2015, we entered into an amended and restated credit agreement, which replaced our prior credit agreement. The amended and restated credit agreement provides for a \$2.6 billion revolving credit facility and a \$500.0 million tranche A term loan facility, with the term facility fully drawn on the closing date of the new facility.

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Our level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay when due the principal of, or other amounts due in respect of, our indebtedness. In addition, we may incur

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additional debt from time to time to finance strategic acquisitions, investments, joint ventures or for other purposes, subject to the restrictions contained in the documents governing our indebtedness. If we incur additional debt, the risks associated with our leverage, including our ability to service our debt, would increase. If we are required to seek an amendment to our credit agreement to accommodate further leverage, our debt service obligations may be substantially increased.

Our debt could have other important consequences, which include, but are not limited to, the following:

a substantial portion of our cash flow from operations is used to pay principal and interest on our debt;

our interest expense could increase if interest rates increase because the loans under our credit agreement generally bear interest at floating rates;

our leverage could increase our vulnerability to general economic downturns and adverse competitive and industry conditions, placing us at a disadvantage compared to those of our competitors that are less leveraged;

our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and in the commercial real estate services industry;

our failure to comply with the financial and other restrictive covenants in the documents governing our indebtedness could result in an event of default that, if not cured or waived, results in foreclosure on substantially all of our assets; and

our level of debt may restrict us from raising additional financing on satisfactory terms to fund strategic acquisitions, investments, joint ventures and other general corporate requirements.

From time to time, Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., rate our significant outstanding debt. These ratings and any downgrades thereof may affect our ability to borrow under any new agreements in the future, as well as the interest rates and other terms of any future borrowings, and could also cause a decline in the market price of our Class A common stock in addition to our outstanding debt instruments.

We cannot be certain that our earnings will be sufficient to allow us to pay principal and interest on our debt and meet our other obligations. If we do not have sufficient earnings, we may be required to seek to refinance all or part of our existing debt, sell assets, borrow more money or sell more securities, none of which we can guarantee that we will be able to do and which, if accomplished, may adversely affect our stock price.

Our debt instruments impose operating and financial restrictions on us, and in the event of a default, all of our borrowings would become immediately due and payable.

Our debt instruments, including our credit agreement, impose, and the terms of any future debt may impose, operating and other restrictions on us and many of our subsidiaries. These restrictions affect, and in many respects limit or prohibit, our ability to:

plan for or react to market conditions;

meet capital needs or otherwise restrict our activities or business plans; and

finance ongoing operations, strategic acquisitions, investments or other capital needs or to engage in other business activities that would be in our interest, including:

incurring or guaranteeing additional indebtedness;

paying dividends or making distributions on or repurchases of capital stock;

repurchasing equity interests or debt;

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- the payment of dividends or other amounts to us;
- making investments;
- transferring or selling assets, including the stock of subsidiaries;
- engaging in transactions with affiliates;
- issuing subsidiary equity or entering into consolidations and mergers;
- creating liens; and
- entering into sale/leaseback transactions.

Our credit agreement currently requires us to maintain a minimum coverage ratio of EBITDA (as defined in the credit agreement) to total interest expense of 2.00x and a maximum leverage ratio of total debt less available cash to EBITDA (as defined in the credit agreement) of 4.25x as of the end of each fiscal quarter. Our ability to meet these financial ratios can be affected by events beyond our control, and we cannot give assurance that we will be able to meet those ratios when required. For example, we experienced a decline in EBITDA during the economic downturn in 2008 to 2009, which negatively affected our minimum coverage ratio and maximum leverage ratio. Our coverage ratio of EBITDA to total interest expense was 12.34x for the year ended December 31, 2014 and our leverage ratio of total debt less available cash to EBITDA was 1.02x as of December 31, 2014. We continue to monitor our projected compliance with these financial ratios and other terms of our credit agreement.

A breach of any of these restrictive covenants or the inability to comply with the required financial ratios could result in a default under our debt instruments. If any such default occurs, the lenders under our credit agreement may elect to declare all outstanding borrowings, together with accrued interest and other fees, to be immediately due and payable. The lenders under our credit agreement also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we are unable to repay outstanding borrowings when due, the lenders under our credit agreement will have the right to proceed against the collateral granted to them to secure the debt, which collateral is described in the immediately following risk factor. If the debt under our credit agreement were to be accelerated, we cannot give assurance that this collateral would be sufficient to repay our debt. In addition, such a breach under our credit agreement could trigger a cross default or cross acceleration under our other debt instruments, including the notes under our indentures.

If we fail to meet our payment or other obligations under our credit agreement, the lenders under such credit agreement could foreclose on, and acquire control of, substantially all of our assets.

Our credit agreement is jointly and severally guaranteed by us and substantially all of our material domestic subsidiaries. Borrowings under our credit agreement are secured by a pledge of substantially all of the capital stock of the U.S. subsidiaries and 65% of the capital stock of certain non-U.S. subsidiaries, in each case, held by CBRE Services, Inc. and the U.S. guarantor subsidiaries. In addition, in connection with any amendment to our credit agreement, we may need to grant additional collateral to the lenders. If we are unable to repay outstanding borrowings when due, the lenders under our credit agreement will have the right to proceed against this pledged capital stock and take control of substantially all of our assets.

We have limited restrictions on the amount of additional recourse debt we are able to incur, which may intensify the risks associated with our leverage, including our ability to service our indebtedness.

Subject to the maximum amounts of indebtedness permitted by our credit agreement covenants, we are not restricted in the amount of additional recourse debt we are able to incur in connection with the financing of our development activities, and we may in the future incur such indebtedness in order to decrease the amount of equity we invest in these activities. Subject to certain covenants in our various bank credit agreements, we are also not restricted in the amount of additional recourse debt CBRE Capital Markets may incur in connection with

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funding loan originations for multifamily properties having prior purchase commitments by a government sponsored entity.

If we experience defaults by multiple clients or counterparties, it could adversely affect our business.

We could be adversely affected by the actions, deteriorating financial condition and results of operations of certain of our clients or counterparties if that led to losses or defaults by one or more of them, which in turn, could have a material adverse effect on our results of operations and financial condition.

Any of our clients may experience a downturn in their business that may weaken their results of operations and financial condition. As a result, a client may fail to make payments when due, become insolvent or declare bankruptcy. Any client bankruptcy or insolvency, or the failure of any client to make payments when due, could result in losses to our company. A client bankruptcy would delay or preclude full collection of amounts owed to us. Additionally, certain occupier outsourcing and property management client agreements require that we advance payroll and other vendor costs on behalf of clients. If such a client were to file bankruptcy or otherwise fail, we may not be able to obtain reimbursement for those costs or for the severance obligations we would incur as a result of the loss of the client.

The bankruptcy or insolvency of a significant counterparty (which may include co-brokers, lenders, insurance companies, hedging counterparties, service providers or other organizations with which we do business), or the failure of any significant counterparty to perform its contractual commitments, may result in disruption to our business or material losses to our company.

If the assets in our defined benefit pension plans are not sufficient to meet the plans obligations, we may be required to make cash contributions to it and our liquidity may be adversely affected.

Our subsidiaries based in the United Kingdom maintain two contributory defined benefit pension plans to provide retirement benefits to existing and former employees participating in the plans. With respect to these plans, our historical policy has been to contribute annually, an amount to fund pension cost as actuarially determined and as required by applicable laws and regulations. Our contributions to these plans are invested and, if these investments do not perform in the future as well as we expect, we will be required to provide additional funding to cover any shortfall. The underfunded status of our defined benefit pension plans included in pension liability in the accompanying consolidated balance sheets, which are incorporated herein by reference, was \$92.9 million and \$68.0 million at December 31, 2014 and 2013, respectively. If the assets in our defined benefit pension plans continue to be insufficient to meet the plans obligations, we may be required to make substantial cash contributions preventing the use of such cash for other purposes and adversely affecting our liquidity.

Failure to maintain and execute information technology strategies and ensure that our employees adapt to changes in technology could materially and adversely affect our ability to remain competitive in the market.

Our business relies heavily on information technology to deliver services that meet the needs of our clients. If we are unable to effectively execute our information technology strategies or adopt new technologies and processes relevant to our service platform, our ability to deliver high-quality services may be materially impaired. In addition, we make significant investments in new systems and tools to achieve competitive advantages and efficiencies. Implementation of such investments in information technology could exceed estimated budgets and we may experience challenges that prevent new strategies or technologies from being realized according to anticipated schedules. If we are unable to maintain current information technology and processes or encounter delays, or fail to exploit new technologies, then the execution of our

business plans may be disrupted. Similarly, our employees require effective tools and techniques to perform functions integral to our business. Failure to successfully provide such tools and systems, or ensure that employees have properly adopted them, could materially and adversely impact our ability to achieve positive business outcomes.

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Failure to maintain the security of our information and technology networks, including personally identifiable and client information, intellectual property and proprietary business information could significantly adversely affect us.

Security breaches and other disruptions of our information and technology networks could compromise our information and intellectual property and expose us to liability, reputational harm and significant remediation costs, which could cause material harm to our business and financial results. In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and intellectual property, and that of our clients and personally identifiable information of our employees and contractors, in our data centers and on our networks. The secure processing, maintenance and transmission of this information are critical to our operations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by third parties or breached due to employee error, malfeasance or other disruptions. A significant actual or potential theft, loss, corruption, exposure, fraudulent use or misuse of client, employee or other personally identifiable or proprietary business data, whether by third parties or as a result of employee malfeasance or otherwise, non-compliance with our contractual or other legal obligations regarding such data or intellectual property or a violation of our privacy and security policies with respect to such data could result in significant remediation and other costs, fines, litigation or regulatory actions against us. Such an event could additionally disrupt our operations and the services we provide to clients, damage our reputation, result in the loss of a competitive advantage, impact our ability to provide timely and accurate financial data and cause a loss of confidence in our services and financial reporting, which could adversely affect our business, revenues, competitive position and investor confidence. Additionally, we increasingly rely on third-party data storage providers, including cloud storage solution providers, resulting in less direct control over our data. Such third parties are also vulnerable to security breaches and compromised security systems, for which we may not be indemnified and which could materially adversely affect us and our reputation.

Interruption or failure of our information technology, communications systems or data services could impair our ability to provide our services effectively, which could damage our reputation and materially harm our operating results.

Our business requires the continued operation of information technology and communication systems and network infrastructure. Our ability to conduct our global business may be materially adversely affected by disruptions to these systems or infrastructure. Our information technology and communications systems are vulnerable to damage or disruption from fire, power loss, telecommunications failure, system malfunctions, computer viruses, cyber-attacks, natural disasters such as hurricanes, earthquakes and floods, acts of war or terrorism, employee errors or malfeasance, or other events which are beyond our control. In addition, the operation and maintenance of these systems and networks is in some cases dependent on third-party technologies, systems and service providers for which there is no certainty of uninterrupted availability. Any of these events could cause system interruption, delays and loss, corruption or exposure of critical data or intellectual property and may also disrupt our ability to provide services to or interact with our clients, and we may not be able to successfully implement contingency plans that depend on communication or travel. Furthermore, any such event could result in substantial recovery and remediation costs and liability to customers, business partners and other third parties. We have disaster recovery plans and backup systems to reduce the potentially adverse effect of such events, but our disaster recovery planning may not be sufficient and cannot account for all eventualities, and a catastrophic event that results in the destruction or disruption of any of our data centers or our critical business or information technology systems could severely affect our ability to conduct normal business operations, and as a result, our future operating results could be materially adversely affected.

The infrastructure disruptions we describe above may also disrupt our ability to manage real estate for clients or may adversely affect the value of real estate investments we make on behalf of clients. The buildings we manage for clients, which include some of the world's largest office properties and retail centers, are used by numerous people daily. As a result, fires, earthquakes, floods, other natural disasters, defects and terrorist attacks can result in significant loss of life, and, to the extent we are held to have been negligent in connection with our management of the affected properties, we could incur significant financial liabilities and reputational harm.

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Our business relies heavily on the use of commercial real estate data. A portion of this data is purchased or licensed from third-party providers for which there is no certainty of uninterrupted availability. A disruption of our ability to provide data to our professionals and/or our clients or an inadvertent exposure of proprietary data could damage our reputation and competitive position, and our operating results could be adversely affected.

A significant portion of our operations are concentrated in California and our business could be harmed if there was an economic downturn in the California real estate markets.

During 2014, approximately 10% of our revenue was generated from transactions originating in California. As a result of the geographic concentration in California, economic downturns in the California commercial real estate market, particularly in the local economies in Los Angeles, Orange and San Diego counties, could harm our results of operations and disproportionately affect our business as compared to competitors who have less or different geographic concentrations.

We have numerous local and global competitors across all of our business lines and the geographies that we serve, and further industry consolidation could lead to significant future competition.

We compete across a variety of business disciplines within the commercial real estate services and investment industry, including commercial property and corporate facilities management, occupier and property/agency leasing, property sales, valuation, real estate investment management, commercial mortgage origination and servicing, capital markets (structured finance and debt) solutions, development services and proprietary research. Although we are the largest commercial real estate services firm in the world in terms of 2014 revenue, our relative competitive position varies significantly across geographies, property types and services and business lines. Depending on the geography, property type or service or business line, we face competition from other commercial real estate service providers and investment firms, including outsourcing companies that traditionally competed in limited portions of our facilities management business and have expanded their offerings, in-house corporate real estate departments, developers, institutional lenders, insurance companies, investment banking firms, investment managers and accounting and consulting firms. Some of these firms may have greater financial resources allocated to a particular geography, property type or service or business line than we have allocated that geography, property type, service or business line. In addition, future changes in laws could lead to the entry of other new competitors, such as financial institutions. Although many of our existing competitors are local or regional firms that are smaller than we are, some of these competitors are larger on a local or regional basis. We are further subject to competition from large national and multi-national firms that have similar service and investment competencies to ours, and it is possible that further industry consolidation could lead to much larger and more formidable competitors globally or in the particular geographies, property types, service or business lines that we serve. There is no assurance that we will be able to compete effectively, to maintain current fee levels or margins, or maintain or increase our market share.

Our goodwill and other intangible assets could become further impaired, which may require us to take significant non-cash charges against earnings.

Under current accounting guidelines, we must assess, at least annually and potentially more frequently, whether the value of our goodwill and other intangible assets has been impaired. Any impairment of goodwill or other intangible assets as a result of such analysis would result in a non-cash charge against earnings, and such charge could materially adversely affect our reported results of operations, stockholders' equity and our stock price. For example, during the year ended December 31, 2013, we recorded a non-amortizable intangible asset impairment of \$98.1 million in our Global Investment Management segment. This non-cash write-off was related to a decrease in value of our open-end funds, primarily in Europe. A significant and sustained decline in our future cash flows, a significant adverse change in the economic environment, slower growth rates or if our stock price falls below our net book value per share for a sustained period, could result in the need to perform additional impairment analysis in future periods. If we were to conclude that a future write-down of goodwill or other intangible assets is

necessary, then we would record such additional charges, which could materially adversely affect our results of operations.

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We operate in many jurisdictions with complex and varied tax regimes. Changes in tax rules or the outcome of tax assessments and audits could adversely affect our results.

We operate in many jurisdictions with complex and varied tax regimes, and are subject to different forms of taxation resulting in a variable effective tax rate. In addition, from time to time we engage in transactions across different tax jurisdictions. Due to the different tax laws in the many jurisdictions where we operate, we are often required to make subjective determinations. The tax authorities in the various jurisdictions where we carry on business may not agree with the determinations that are made by us with respect to the application of tax law. Such disagreements could result in disputes and, ultimately, in the payment of additional funds to the government authorities in the jurisdictions where we carry on business, which could have an adverse effect on our results of operations. In addition, changes in tax rules or the outcome of tax assessments and audits could have an adverse effect on our results in any particular quarter.

Our estimate of tax related assets, liabilities, recoveries and expenses incorporates assumptions. These assumptions include, but are not limited to, the tax laws in various jurisdictions, the effect of tax treaties between jurisdictions, taxable income projections, and the benefits of various restructuring plans. To the extent that such assumptions differ from actual results, we may have to record additional income tax expenses and liabilities.

We are subject to the possibility of loss contingencies arising out of tax claims, assessments related to uncertain tax positions and provisions for specifically identified income tax exposures. There are currently tax audits ongoing in certain of the jurisdictions in which we operate. There can be no assurance that we will be successful in resolving potential tax claims that arise from these audits. Although we have recorded provisions on the basis of the best current understanding, we could be required to book additional provisions in future periods for amounts that cannot be assessed at this stage. Our failure to do so and/or the need to increase our provisions for such claims could have an adverse effect on our financial position.

We are subject to substantial litigation risks and may face significant liabilities and/or damage to our professional reputation as a result of litigation allegations and negative publicity.

As a licensed real estate broker, our licensed employees and we are subject to regulatory due diligence, disclosure and standard-of-care obligations. Failure to fulfill these obligations could subject us or our employees to litigation from parties who purchased, sold or leased properties that we or they brokered or managed. We could become subject to claims by participants in real estate sales, as well as building owners and companies for whom we provide management services, alleging that we did not fulfill our regulatory and fiduciary obligations.

In addition, in our property management business, we hire and supervise third-party contractors to provide construction services for our managed properties. While our role is limited to that of an agent for the owner, we may be subject to claims for construction defects or other similar actions.

The advice and services we render in our financial and valuation advisory businesses, the investment decisions we make in our Global Investment Management business and the activities of our investment banking and investment management professionals for or on behalf of our clients may subject them and us to the risk of third-party litigation. Such litigation may arise from client or investor dissatisfaction with the performance of our programs, differences between actual values and appraised values, and a variety of other litigation claims, including allegations that we improperly exercised judgment, discretion, control or influence over client investments or that we breached fiduciary duties to clients. For example, in our valuation and appraisal business, if market dynamics lead to a reduction in the market value of properties we have previously appraised, we may be subject to a higher risk of claims, including conflicts of interest claims, based on the circumstances of

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valuations previously issued. Our valuation and appraisal services involve transactions where the value of the transaction is much greater than the fees we generate. As a result, the consequences of errors that lead to damages might be disproportionately large in relation to the fees generated in the event our contractual protections or our insurance coverage are inadequate to protect us fully.

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To the extent investors in our programs suffer losses resulting from fraud, gross negligence, willful misconduct or other similar misconduct, investors may have remedies against us, our investment programs or funds or our employees under federal securities laws and applicable state laws. Moreover, we are exposed to risks of litigation or investigation by investors and regulators relating to allegations of our having engaged in transactions involving conflicts of interest that were not properly addressed.

We maintain commercial insurance in amounts we believe are appropriate to mitigate litigation risk. But, in the event of a substantial loss, our commercial insurance coverage and/or self-insurance reserve levels might not be sufficient to pay the full damages, the scope of available coverage may not cover certain types of claims, or such insurance may not continue to be available to us on acceptable terms. Further, the value of otherwise valid claims we hold under insurance policies could become uncollectible in the event of the covering insurance companies insolvency. Any of these events could negatively affect our business, financial condition or results of operations.

We depend on our business relationships and our reputation for integrity and high-caliber professional services to attract and retain clients across our overall business, as well as investors for our Global Investment Management business. As a result, allegations by private litigants or regulators of conflicts of interest or improper conduct by us, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us or our investment activities, whether or not valid, may harm our reputation and damage our business prospects both in our Global Investment Management business and our other businesses. In addition, if any lawsuits were brought against us and resulted in a finding of substantial legal liability, it could materially, adversely affect our business, financial condition or results of operations or cause significant reputational harm to us, which could materially impact our business.

A failure to appropriately deal with actual or perceived conflicts of interest could adversely affect our businesses.

Our company has a global platform with different business lines and a broad client base and is therefore subject to numerous potential, actual or perceived conflicts of interests in the provision of services to our existing and potential clients. For example, conflicts may arise from our position as broker to both owners and tenants in commercial real estate lease transactions. We have adopted various policies, controls and procedures to address or limit actual or perceived conflicts, but these policies and procedures may not be adequate and may not be adhered to by our employees. Appropriately dealing with conflicts of interest is complex and difficult and our reputation could be damaged and cause us to lose existing clients or fail to gain new clients if we fail, or appear to fail, to identify, disclose and manage potential conflicts of interest, which could have an adverse effect on our business, financial condition and results of operations. In addition, it is possible that in some jurisdictions regulations could be changed to limit our ability to act for parties where conflicts exist even with informed consent, which could limit our market share in those markets. There can be no assurance that conflicts of interest will not arise in the future that could cause material harm to us.

If we fail to maintain and protect our intellectual property, or infringe the intellectual property rights of third parties, our business could be harmed and we could incur financial penalties.

Our business depends, in part, on our ability to identify and protect proprietary information and other intellectual property (such as our service marks, client lists and information, business methods and research). Existing laws, or the application of those laws, of some countries in which we operate may offer only limited protections for our intellectual property rights. We rely on a combination of trade secrets, confidentiality policies, non-disclosure and other contractual arrangements, and on copyright, trademark and other intellectual property laws to protect our intellectual property rights. Our inability to detect unauthorized use or take appropriate or timely steps to enforce our rights may have an adverse effect on our business.

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We cannot be sure that the intellectual property that we may use in the course of operating our business or the services we offer to clients does not infringe on the rights of third parties, and we may have infringement claims asserted against us or against our clients. These claims may harm our reputation, cost us money and prevent us from offering some services.

Confidential intellectual property is increasingly stored or carried on mobile devices, such as laptop computers, which makes inadvertent disclosure more of a risk in the event the mobile devices are lost or stolen and the information has not been adequately safeguarded or encrypted.

Our businesses, financial condition, results of operations and prospects could be adversely affected by new laws or regulations or by changes in existing laws or regulations or the application thereof. If we fail to comply with laws and regulations applicable to us, including in our role as a real estate broker, registered investment advisor, mortgage broker, property/facility manager or developer, we may incur significant financial penalties.

We are subject to numerous federal, state, local and non-U.S. laws and regulations specific to the services we perform in our business. Brokerage of real estate sales and leasing transactions and the provision of property management and valuation services require us and our employees to maintain applicable licenses in each U.S. state and certain non-U.S. jurisdictions in which we perform these services. If we and our employees fail to maintain our licenses or conduct these activities without a license, or violate any of the regulations covering our licenses, we may be required to pay fines (including treble damages in certain states) or return commissions received or have our licenses suspended or revoked. A number of our services, including the services provided by our indirect wholly-owned subsidiaries, CBRE Capital Markets and CBRE Global Investors, are subject to regulation by the SEC, FINRA or other self-regulatory organizations and state securities regulators and compliance failures or regulatory action could adversely affect our business. We could be subject to disciplinary or other actions in the future due to claimed noncompliance with these regulations, which could have a material adverse effect on our operations and profitability.

We are also subject to laws of broader applicability, such as tax, securities, environmental and employment laws, including the Fair Labor Standards Act, occupational health and safety regulations and state wage-and-hour laws. Failure to comply with these requirements could result in the imposition of significant fines by governmental authorities, awards of damages to private litigants and significant amounts paid in legal fees or settlements of these matters.

As the size and scope of our business has increased significantly during the past several years, both the difficulty of ensuring compliance with numerous licensing and other regulatory requirements and the possible loss resulting from non-compliance have increased. The global economic crisis has resulted in increased government and legislative activities, including the introduction of new legislation and changes to rules and regulations, which we expect will continue into the future. New or revised legislation or regulations applicable to our business, both within and outside of the United States, as well as changes in administrations or enforcement priorities may have an adverse effect on our business, including increasing the costs of regulatory compliance or preventing us from providing certain types of services in certain jurisdictions or in connection with certain transactions or clients. We are unable to predict how any of these new laws, rules, regulations and proposals will be implemented or in what form, or whether any additional or similar changes to laws or regulations, including the interpretation or implementation thereof, will occur in the future. Any such action could affect us in substantial and unpredictable ways and could have an adverse effect on our businesses, financial condition, results of operations and prospects.

We may be subject to environmental liability as a result of our role as a property or facility manager or developer of real estate.

Various laws and regulations impose liability on real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at a property. In

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our role as a property or facility manager or developer, we could be held liable as an operator for such costs. This liability may be imposed without regard to the legality of the original actions and without regard to whether we knew of, or were responsible for, the presence of the hazardous or toxic substances. If we fail to disclose environmental issues, we could also be liable to a buyer or lessee of a property. If we incur any such liability, our business could suffer significantly as it could be difficult for us to develop or sell such properties, or borrow funds using such properties as collateral. In the event of a substantial liability, our insurance coverage might be insufficient to pay the full damages, or the scope of available coverage may not cover certain of these liabilities. Additionally, liabilities incurred to comply with more stringent future environmental requirements could adversely affect any or all of our lines of business.

Cautionary Note on Forward-Looking Statements

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words anticipate, believe, could, should, propose, estimate, expect, intend, may, plan, predict, project, will and similar terms and phrases are used in this Annual Report on Form 10-K forward-looking statements. Except for historical information contained herein, the matters addressed in this Annual Report on Form 10-K are forward-looking statements. These statements relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies.

These forward-looking statements are made based on our management's expectations and beliefs concerning future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These uncertainties and factors could cause our actual results to differ materially from those matters expressed in or implied by these forward-looking statements.

The following factors are among those, but are not only those, that may cause actual results to differ materially from the forward-looking statements:

disruptions in general economic and business conditions, particularly in geographies where our business may be concentrated;

volatility and disruption of the securities, capital and credit markets, interest rate increases, the cost and availability of capital for investment in real estate, clients' willingness to make real estate or long-term contractual commitments and other factors affecting the value of real estate assets, inside and outside the United States;

increases in unemployment and general slowdowns in commercial activity;

trends in pricing and risk assumption for commercial real estate services;

the effect of significant movements in average cap rates across different property types;

a reduction by companies in their reliance on outsourcing for their commercial real estate needs, which would affect our revenues and operating performance;

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client actions to restrain project spending and reduce outsourced staffing levels;

declines in lending activity of Government Sponsored Enterprises, regulatory oversight of such activity and our mortgage servicing revenue from the U.S. commercial real estate mortgage market;

our ability to diversify our revenue model to offset cyclical economic trends in the commercial real estate industry;

our ability to attract new user and investor clients;

our ability to retain major clients and renew related contracts;

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our ability to leverage our global services platform to maximize and sustain long-term cash flow;

our ability to maintain EBITDA margins that enable us to continue investing in our platform and client service offerings;

our ability to control costs relative to revenue growth;

variations in historically customary seasonal patterns that cause our business not to perform as expected;

changes in domestic and international law and regulatory environments (including relating to anti-corruption, anti-money laundering, trade sanctions, currency controls and other trade control laws), particularly in Russia, Eastern Europe and the Middle East, due to the rising level of political instability in those regions;

foreign currency fluctuations;

our ability to identify, acquire and integrate synergistic and accretive businesses;

costs and potential future capital requirements relating to businesses we may acquire;

integration challenges arising out of companies we may acquire;

our ability to retain and incentivize producers;

our and our employees' ability to execute on, and adapt to, information technology strategies and trends;

the ability of our Global Investment Management business to maintain and grow assets under management and achieve desired investment returns for our investors, and any potential related litigation, liabilities or reputational harm possible if we fail to do so;

our ability to manage fluctuations in net earnings and cash flow, which could result from poor performance in our investment programs, including our participation as a principal in real estate investments;

our leverage and our ability to perform under our credit facilities;

our exposure to liabilities in connection with real estate advisory and property management activities and our ability to procure sufficient insurance coverage on acceptable terms;

liabilities under guarantees, or for construction defects, that we incur in our Development Services business;

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the ability of CBRE Capital Markets to periodically amend, or replace, on satisfactory terms, the agreements for its warehouse lines of credit;

our ability to compete globally, or in specific geographic markets or business segments that are material to us;

changes in tax laws in the United States or in other jurisdictions in which our business may be concentrated that reduce or eliminate deductions or other tax benefits we receive;

our ability to maintain our effective tax rate at or below current levels;

our ability to comply with laws and regulations related to our global operations, including real estate licensure, labor and employment laws and regulations, as well as the anti-corruption laws and trade sanctions of the U.S. and other countries;

the effect of implementation of new accounting rules and standards; and

the other factors described elsewhere in this Annual Report on Form 10-K, included under the headings *Risk Factors*, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, *Critical Accounting Policies* and *Quantitative and Qualitative Disclosures About Market Risk* or as described in the other documents and reports we file with the Securities and Exchange Commission.

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Forward-looking statements speak only as of the date the statements are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. Additional information concerning these and other risks and uncertainties is contained in our other periodic filings with the Securities and Exchange Commission.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

We occupied the following offices, excluding affiliates, as of December 31, 2014:

Location	Sales Offices	Corporate Offices	Total
Americas	167	2	169
Europe, Middle East and Africa (EMEA)	122	1	123
Asia Pacific	79	1	80
Total	368	4	372

Some of our offices that contain employees of our Global Investment Management or our Development Services segments also contain employees of our other business segments. Often, the employees of these segments occupy separate suites in the same building in order to operate the businesses independently with standalone offices. We have provided above office totals by geographic region and not listed all of our Global Investment Management and Development Services offices to avoid double counting.

In general, these leased offices are fully utilized. The most significant terms of the leasing arrangements for our offices are the length of the lease and the rent. Our leases have terms varying in duration. The rent payable under our office leases varies significantly from location to location as a result of differences in prevailing commercial real estate rates in different geographic locations. Our management believes that no single office lease is material to our business, results of operations or financial condition. In addition, we believe there is adequate alternative office space available at acceptable rental rates to meet our needs, although adverse movements in rental rates in some markets may negatively affect our profits in those markets when we enter into new leases.

We do not own any of these offices, which is consistent with our strategy to lease instead of own.

Item 3. Legal Proceedings

We are a party to a number of pending or threatened lawsuits arising out of, or incident to, our ordinary course of business. Our management believes that any losses in excess of the amounts accrued arising from such lawsuits are unlikely to be significant, but that litigation is inherently uncertain and there is the potential for a material adverse effect on our financial statements if one or more matters are resolved in a particular period in an amount materially in excess of that anticipated by management.

Item 4. Mine Safety Disclosures

Not applicable.

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Our Class A common stock has traded on the New York Stock Exchange under the symbol "CBG" since June 10, 2004. The applicable high and low prices of our Class A common stock for the last two fiscal years, as reported by the New York Stock Exchange, are set forth below for the periods indicated.

	Price Range	
	High	Low
Fiscal Year 2014		
Quarter ending March 31, 2014	\$ 28.44	\$ 25.47
Quarter ending June 30, 2014	\$ 32.06	\$ 25.84
Quarter ending September 30, 2014	\$ 33.77	\$ 29.51
Quarter ending December 31, 2014	\$ 35.37	\$ 27.49
Fiscal Year 2013		
Quarter ending March 31, 2013	\$ 25.45	\$ 19.78
Quarter ending June 30, 2013	\$ 25.69	\$ 20.59
Quarter ending September 30, 2013	\$ 24.50	\$ 21.24
Quarter ending December 31, 2013	\$ 26.58	\$ 21.86

The closing share price for our Class A common stock on December 31, 2014, as reported by the New York Stock Exchange, was \$34.25. As of February 13, 2015, there were 258 stockholders of record of our Class A common stock.

Dividend Policy

We have not declared or paid any cash dividends on any class of our common stock since our inception on February 20, 2001, and we do not anticipate declaring or paying any cash dividends on our common stock for the foreseeable future. We currently intend to retain any future earnings to finance future growth and possibly reduce debt. Any future determination to pay cash dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors that the board of directors deems relevant. In addition, our ability to declare and pay cash dividends is restricted by the credit agreement governing our revolving credit facility and senior secured term loan facilities.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

We may repurchase shares awarded to grant recipients under our various equity compensation plans to satisfy minimum statutory federal, state and local tax withholding obligations arising from the vesting of their equity awards. The following table presents information with respect to the repurchased shares relating thereto during each calendar month within the fiscal quarter ended December 31, 2014:

Period	Total Number of Shares Purchased	Average Price Paid per Share
October 1, 2014 - October 31, 2014	993	\$ 29.18
November 1, 2014 - November 30, 2014		\$
December 1, 2014 - December 31, 2014		\$
Total	993	\$ 29.18

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Stock Performance Graph

The following graph shows our cumulative total stockholder return for the period beginning December 31, 2009 and ending on December 31, 2014. The graph also shows the cumulative total returns of the Standard & Poor's 500 Stock Index, or S&P 500 Index, in which we are included, and an industry peer group.

The comparison below assumes \$100 was invested on December 31, 2009 in our Class A common stock and in each of the indices shown and assumes that all dividends were reinvested. Our stock price performance shown in the following graph is not indicative of future stock price performance.

The industry peer group is comprised of Jones Lang LaSalle Incorporated (JLL), a global commercial real estate services company publicly traded in the United States, as well as the following companies that have significant commercial real estate or real estate capital markets businesses within the United States or globally, that in each case are publicly traded in the United States or abroad: BGC Partners (BGCP), which is the publicly traded parent of Newmark Grubb Knight Frank; HFF, L.P. (HF); FirstService Corporation (FRSV), which is the publicly traded parent of Colliers International; Johnson Controls, Inc. (JCI); and Savills plc (SVL.L, traded on the London Stock Exchange). These companies are or include divisions with business lines reasonably comparable to some or all of ours, and which represent our primary competitors.

- (1) \$100 invested on 12/31/09 in stock or index-including reinvestment of dividends. Fiscal year ending December 31.
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(www.researchdatagroup.com/S&P.htm)

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(3) Peer group contains companies with the following ticker symbols: JLL, HF, BGCP, FSRV, JCI, and SVLL (London).

This graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Form 10-K into any filing under the Securities Act or under the Exchange Act, except to the extent that we specifically incorporate this information by reference therein, and shall not otherwise be deemed filed under such Acts.

Item 6. Selected Financial Data

The following table sets forth our selected historical consolidated financial information for each of the five years in the period ended December 31, 2014. The statement of operations data, the statement of cash flows data and the other data for the years ended December 31, 2014, 2013 and 2012 and the balance sheet data as of December 31, 2014 and 2013 were derived from our audited consolidated financial statements included elsewhere in this Form 10-K. The statement of operations data, the statement of cash flows data and the other data for the years ended December 31, 2011 and 2010, and the balance sheet data as of December 31, 2012, 2011 and 2010 were derived from our audited consolidated financial statements that are not included in this Form 10-K.

The selected financial data presented below is not necessarily indicative of results of future operations and should be read in conjunction with our consolidated financial statements and the information included under the headings Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Form 10-K.

	Year Ended December 31,				
	2014	2013	2012	2011 (1)	2010
	(Dollars in thousands, except share data)				
STATEMENTS OF OPERATIONS DATA:					
Revenue	\$ 9,049,918	\$ 7,184,794	\$ 6,514,099	\$ 5,905,411	\$ 5,115,316
Operating income	792,254	616,128	585,081	462,862	446,379
Interest income	6,233	6,289	7,643	9,443	8,416
Interest expense	112,035	135,082	175,068	150,249	191,151
Write-off of financing costs	23,087	56,295			18,148
Income from continuing operations	513,503	321,798	304,156	240,435	141,689
Income from discontinued operations, net of income taxes		26,997	631	49,890	14,320
Net income	513,503	348,795	304,787	290,325	156,009
Net income (loss) attributable to non- controlling interests	29,000	32,257	(10,768)	51,163	(44,336)
Net income attributable to CBRE Group, Inc.	484,503	316,538	315,555	239,162	200,345
EPS (2):					
<i>Basic income per share attributable to CBRE Group, Inc. shareholders</i>					
Income from continuing operations attributable to CBRE Group, Inc.	\$ 1.47	\$ 0.95	\$ 0.97	\$ 0.73	\$ 0.61
Income from discontinued operations attributable to CBRE Group, Inc.		0.01	0.01	0.02	0.03
Net income attributable to CBRE Group, Inc.	\$ 1.47	\$ 0.96	\$ 0.98	\$ 0.75	\$ 0.64
<i>Diluted income per share attributable to CBRE Group, Inc. shareholders</i>					
Income from continuing operations attributable to CBRE Group, Inc.	\$ 1.45	\$ 0.94	\$ 0.96	\$ 0.72	\$ 0.60
Income from discontinued operations attributable to CBRE Group, Inc.		0.01	0.01	0.02	0.03

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Net income attributable to CBRE Group, Inc.	\$	1.45	\$	0.95	\$	0.97	\$	0.74	\$	0.63
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	Year Ended December 31,				
	2014	2013	2012	2011 (1)	2010
(Dollars in thousands, except share data)					
Weighted average shares:					
Basic	330,620,206	328,110,004	322,315,576	318,454,191	313,873,439
Diluted	334,171,509	331,762,854	327,044,145	323,723,755	319,016,887
STATEMENTS OF CASH FLOWS DATA:					
Net cash provided by operating activities	\$ 661,780	\$ 745,108	\$ 291,081	\$ 361,219	\$ 616,587
Net cash used in investing activities	(151,556)	(464,994)	(197,671)	(480,255)	(62,503)
Net cash (used in) provided by financing activities	(232,069)	(866,281)	(100,689)	711,325	(784,222)
OTHER DATA:					
EBITDA (3)	\$ 1,142,252	\$ 982,883	\$ 861,621	\$ 693,261	\$ 647,467

	As of December 31,				
	2014	2013	2012	2011	2010
(Dollars in thousands)					
BALANCE SHEET DATA:					
Cash and cash equivalents	\$ 740,884	\$ 491,912	\$ 1,089,297	\$ 1,093,182	\$ 506,574
Total assets	7,647,105	6,998,414	7,809,542	7,219,143	5,121,568
Long-term debt, including current portion	1,875,209	1,840,680	2,427,605	2,472,686	1,428,322
Notes payable on real estate (4)	42,843	130,472	326,012	372,912	627,528
Total liabilities	5,345,707	5,062,408	6,127,730	5,801,980	4,055,773
Total CBRE Group, Inc. stockholders' equity	2,259,830	1,895,785	1,539,211	1,151,481	908,215

Note: We have not declared any cash dividends on common stock for the periods shown.

- (1) In 2011, we acquired the majority of the real estate investment management business of Netherlands-based ING Group N.V. (ING). The acquisitions included substantially all of ING's Real Estate Investment Management (REIM) operations in Europe and Asia as well as substantially all of Clarion Real Estate Securities (CRES), its U.S.-based global real estate listed securities business (collectively referred to as ING REIM) along with certain CRES co-investments from ING and additional interests in other funds managed by ING REIM Europe and ING REIM Asia. On July 1, 2011, we completed the acquisition of CRES for \$332.8 million and CRES co-investments from ING for an aggregate amount of \$58.6 million. On October 3, 2011, we completed the acquisition of ING REIM Asia for \$45.3 million and three ING REIM Asia co-investments from ING for an aggregate amount of \$13.9 million. On October 31, 2011, we completed the acquisition of ING REIM Europe for \$441.5 million and one co-investment from ING for \$7.4 million. During the year ended December 31, 2012, we also funded nine additional co-investments for an aggregate amount of \$34.5 million related to ING REIM Europe. The results for the year ended December 31, 2011 include the operations of CRES, ING REIM Asia and ING REIM Europe from July 1, 2011, October 3, 2011 and October 31, 2011, respectively, the dates each respective business was acquired.
- (2) EPS represents earnings per share. See Earnings Per Share information in Note 17 of our Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report.
- (3) Includes EBITDA related to discontinued operations of \$7.9 million, \$5.6 million, \$14.1 million and \$16.4 million for the years ended December 31, 2013, 2012, 2011 and 2010, respectively.

EBITDA represents earnings before net interest expense, write-off of financing costs, income taxes, depreciation and amortization. Our management believes EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of EBITDA generally eliminates the effects of financing and income taxes and the accounting effects of capital spending and acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions. Such items may vary for different companies for reasons unrelated to overall operating performance. As a result, our management uses EBITDA as a measure to evaluate the operating performance of our various business segments and for other discretionary purposes, including as a significant component when measuring our operating performance under our employee incentive programs. Additionally, we believe EBITDA is useful to investors to assist them in getting a more complete picture of our results of operations.

However, EBITDA is not a recognized measurement under GAAP and when analyzing our operating performance, readers should use EBITDA in addition to, and not as an alternative for, net income as determined in accordance with GAAP. Because not all companies use identical calculations, our presentation of EBITDA may not be comparable to similarly titled measures of other companies. Furthermore, EBITDA is not intended to be a measure of free cash flow for our management's discretionary use, as it does not consider certain cash requirements such as tax and debt service payments. The amounts shown for EBITDA also differ from the amounts calculated under similarly titled definitions in our debt instruments, which are further adjusted to reflect certain other cash and non-cash charges and are used to determine compliance with financial covenants and our ability to engage in certain activities, such as incurring additional debt and making certain restricted payments.

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EBITDA is calculated as follows (dollars in thousands):

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Net income attributable to CBRE Group, Inc.	\$ 484,503	\$ 316,538	\$ 315,555	\$ 239,162	\$ 200,345
Add:					
Depreciation and amortization (i)	265,101	191,270	170,905	116,930	108,962
Non-amortizable intangible asset impairment		98,129	19,826		
Interest expense (ii)	112,035	138,379	176,649	153,497	192,706
Write-off of financing costs	23,087	56,295			18,148
Provision for income taxes (iii)	263,759	188,561	186,333	193,115	135,723
Less:					
Interest income	6,233	6,289	7,647	9,443	8,417
 EBITDA (iv)	 \$ 1,142,252	 \$ 982,883	 \$ 861,621	 \$ 693,261	 \$ 647,467

- (i) Includes depreciation and amortization related to discontinued operations of \$0.9 million, \$1.3 million, \$1.2 million and \$0.6 million for the years ended December 31, 2013, 2012, 2011 and 2010, respectively.
- (ii) Includes interest expense related to discontinued operations of \$3.3 million, \$1.6 million, \$3.2 million and \$1.6 million for the years ended December 31, 2013, 2012, 2011 and 2010, respectively.
- (iii) Includes provision for income taxes related to discontinued operations of \$1.3 million, \$1.0 million, \$4.0 million and \$5.4 million for the years ended December 31, 2013, 2012, 2011 and 2010, respectively.
- (iv) Includes EBITDA related to discontinued operations of \$7.9 million, \$5.6 million, \$14.1 million and \$16.4 million for the years ended December 31, 2013, 2012, 2011 and 2010, respectively.
- (4) Notes payable on real estate disclosed here includes the current and long-term portions of notes payable on real estate as well as notes payable included in liabilities related to real estate and other assets held for sale.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are the world's largest commercial real estate services and investment firm, based on 2014 revenue, with leading full-service operations in major metropolitan areas throughout the world. We offer a full range of services to occupiers, owners, lenders and investors in office, retail, industrial, multifamily and other types of commercial real estate. As of December 31, 2014, excluding independent affiliates, we operated in over 370 offices worldwide, with more than 52,000 employees providing commercial real estate services under the CBRE brand name, investment management services under the CBRE Global Investors brand name and development services under the Trammell Crow brand name. Our business is focused on several competencies, including commercial property and corporate facilities management, tenant/occupier and property/agency leasing, capital markets solutions (property sales, commercial mortgage origination and servicing, and debt/structured finance) real estate investment management, valuation, development services and proprietary research. We generate revenue from management fees on a contractual and per-project basis, and from commissions on transactions. In 2014, we were the highest ranked commercial real estate services company among the *Fortune* Most Admired Companies, and we ranked seventh among all companies on the *Barron's* 500, which evaluates companies on growth and financial performance. We have been the only commercial real estate services and investment firm included in the S&P 500 since 2006, and in the *Fortune* 500 since 2008. Additionally, the International Association of Outsourcing Professionals (IAOP) has included us among the top 100 global outsourcing companies across all industries for nine consecutive years. In 2014, the IAOP ranked us as a top three service provider among all outsourcing companies globally and as the highest ranked commercial real estate services company for the fifth consecutive year.

When you read our financial statements and the information included in this section, you should consider that we have experienced, and continue to experience, several material trends and uncertainties that have affected our financial condition and results of operations that make it challenging to predict our future performance based on our historical results. We believe that the following material trends and uncertainties are crucial to an understanding of the variability in our historical earnings and cash flows and the potential for continued variability in the future:

Macroeconomic Conditions

Economic trends and government policies affect global and regional commercial real estate markets as well as our operations directly. These include: overall economic activity and employment growth, interest rate levels, the cost and availability of credit and the impact of tax and regulatory policies. Periods of economic weakness or recession, significantly rising interest rates, fiscal uncertainty, declining employment levels, decreasing demand for commercial real estate, falling real estate values, disruption to the global capital or credit markets, or the public perception that any of these events may occur, will negatively affect the performance of some of our business lines.

Compensation is our largest expense and the sales and leasing professionals in our advisory services business generally are paid on a commission and bonus basis that correlates with their revenue production. As a result, the negative effect of difficult market conditions on our operating margins is partially mitigated by the inherent variability of our compensation cost structure. In addition, when negative economic conditions are particularly severe, we have moved decisively to lower operating expenses to improve financial performance, and then have restored certain expenses as economic conditions improved. Nevertheless, adverse global and regional economic trends could be significant risks to the performance of our operations and our financial condition.

Commercial real estate markets have recovered over the past five years in step with the steady improvement in global economic activity, most particularly in the United States. Since 2010, increased U.S. property sales activity has been sustained by gradually improving occupancy market

conditions, including lower vacancy rates

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and higher rents, as well as the availability of low-cost credit and increased capital flows into commercial real estate. U.S. leasing markets have also recovered, with falling vacancies, higher rents and increased transaction activity.

European economies began to emerge from recession in 2013, with most countries there returning to positive, albeit very modest, economic growth. Reflecting the macro environment, property sales have increased significantly over the past two years, with higher volumes occurring across much of Europe in 2014. Leasing markets outside of the United Kingdom have been slower to recover, but did show some improvement in 2014.

In Asia Pacific, leasing activity picked up in 2014, but strong construction activity limits future rent growth. Investment markets have generally been stronger than leasing markets, and while investment levels have varied across the region, some countries like Australia and Japan have been notably strong.

Real estate investment management and property development activity has generally improved since 2010 as the real estate credit markets recovered and capital flows into commercial real estate have been strong.

The performance of our global sales, leasing, investment management and development services operations depends on sustained economic growth, strong job creation, stable, healthy global credit markets and continued improved business and investor sentiment.

Effects of Acquisitions

Our management historically has made significant use of strategic acquisitions to add new service competencies, to increase our scale within existing competencies and to expand our presence in various geographic regions around the world. In 2013, we fortified our real estate outsourcing platform in Europe within our EMEA segment with the acquisition of London-based Norland Managed Services Ltd (Norland) for approximately \$474 million, which figure includes approximately \$40 million deferred purchase price paid in 2014 (the Norland Acquisition). Norland is a premier provider of building technical engineering services that enables us to self-perform these services in Europe and adds to our expertise in the highly specialized critical environments market.

Strategic in-fill acquisitions have also played a key role in expanding our geographic coverage and broadening and strengthening our service offerings. The companies we acquired have generally been quality regional or specialty firms that complement our existing platform within a region, or affiliates in which, in some cases, we held a small equity interest. During 2014, we completed 11 in-fill acquisitions, including our former affiliate companies in Thailand, Greenville, South Carolina, Louisville, Kentucky and Oklahoma City and Tulsa, Oklahoma, a commercial real estate service provider in Chicago, a New York-based valuation and advisory business, a technical real estate consulting firm based in Germany, a consulting and advisory firm in the U.S. hotels sector, a shopping center management, leasing and consulting company in Switzerland and project management companies in Germany and Australia. During 2013, we completed ten in-fill acquisitions, including a firm serving the London prime residential real estate market, a regional commercial real estate services firm based in San Francisco, a retail real estate services firm in the U.S. Mid-Atlantic region, a facility consulting and project advisory firm based in Virginia serving the healthcare industry, and two property management specialist firms, one in the Czech Republic and Slovakia and one in Belgium. In January 2015, we acquired a Texas-based commercial real estate firm specializing in retail services.

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Although our management believes that strategic acquisitions can significantly decrease the cost, time and commitment of management resources necessary to attain a meaningful competitive position within targeted markets or to expand our presence within our current markets, in general, most acquisitions will initially have an adverse impact on our operating and net income, both as a result of transaction-related expenditures, which include severance, lease termination, transaction and deferred financing costs, among others, and the charges and costs of integrating the acquired business and its financial and accounting systems into our own. In addition, our

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acquisition structures often include deferred and/or contingent purchase price payments in future periods that are subject to the passage of time or achievement of certain performance metrics and other conditions. As of December 31, 2014, we have accrued for deferred consideration totaling \$125.2 million, which was included in accounts payable and accrued expenses and in other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

International Operations

As we increase our international operations through either acquisitions or organic growth, fluctuations in the value of the U.S. dollar relative to the other currencies in which we may generate earnings could adversely affect our business, financial condition and operating results. Our Global Investment Management business has a significant amount of Euro-denominated assets under management, or AUM, as well as associated revenue and earnings in Europe, which has recently seen more pronounced (and adverse) movement in the value of the Euro against the U.S. dollar. Fluctuations in foreign currency exchange rates have resulted and may continue to result in corresponding fluctuations in our AUM, revenue and earnings.

Our management team generally seeks to mitigate our exposure by balancing assets and liabilities that are denominated in the same currency. Fluctuations in foreign currency exchange rates affect reported amounts of our total assets and liabilities, which are reflected in our financial statements as translated into U.S. dollars for each financial reporting period at the exchange rate in effect on the respective balance sheet dates, and our total revenue and expenses, which are reflected in our financial statements as translated into U.S. dollars for each financial reporting period at the monthly average exchange rate. During the year ended December 31, 2014, foreign currency translation had a \$53.5 million negative impact on our total revenue and a \$49.5 million positive impact on our total cost of services and operating, administrative and other expenses. In addition, from time to time we enter into foreign currency exchange contracts to attempt to mitigate some of our exposure to exchange rate changes related to particular transactions and to hedge risks associated with the translation of certain foreign currencies into U.S. dollars.

During the year ended December 31, 2014, approximately 44% of our business was transacted in local currencies of foreign countries, the majority of which includes the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Chinese yuan, Euro, Indian rupee, Japanese yen and Singapore dollar. Although we operate globally, we report our results in U.S. dollars. As a result, the strengthening or weakening of the U.S. dollar may positively or negatively impact our reported results. The following table sets forth our revenue derived from our most significant currencies (dollars in thousands):

	Year Ended December 31,					
	2014		2013		2012	
United States dollar	\$ 5,027,479	55.6%	\$ 4,359,277	60.7%	\$ 3,932,204	60.4%
British pound sterling	1,632,127	18.0%	634,375	8.8%	547,339	8.4%
Euro	773,753	8.5%	677,258	9.4%	598,621	9.2%
Australian dollar	359,660	4.0%	322,792	4.5%	302,463	4.6%
Canadian dollar	319,670	3.5%	324,900	4.5%	324,304	5.0%
Japanese yen	168,574	1.9%	151,050	2.1%	157,007	2.4%
Indian rupee	135,139	1.5%	118,944	1.7%	119,327	1.8%
Chinese yuan	101,790	1.1%	102,643	1.4%	92,215	1.4%
Singapore dollar	89,343	1.0%	89,509	1.3%	82,069	1.3%
Brazilian real	77,305	0.9%	91,895	1.3%	88,149	1.4%
Other currencies	365,078	4.0%	312,151	4.3%	270,401	4.1%
Total revenue	\$ 9,049,918	100.0%	\$ 7,184,794	100.0%	\$ 6,514,099	100.0%

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We estimate that had the British pound sterling-to-U.S. dollar exchange rates been 10% higher during the year ended December 31, 2014, the net impact would have been an increase in pre-tax income of \$9.3 million. This hypothetical calculation estimates the impact of translating results into U.S. dollars and does not include an estimate of the impact a 10% change in the U.S. dollar against other currencies would have had on our foreign operations.

Due to the constantly changing currency exposures to which we are subject and the volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon future operating results. In addition, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of our reported results of operations. Our international operations also are subject to, among other things, political instability and changing regulatory environments, which may adversely affect our future financial condition and results of operations. Our management routinely monitors these risks and related costs and evaluates the appropriate amount of resources to allocate towards business activities in foreign countries where such risks and costs are particularly significant.

Leverage

We are leveraged and have debt service obligations. As of December 31, 2014, our total debt – excluding our notes payable on real estate (which are generally nonrecourse to us) and warehouse lines of credit (which are recourse only to our wholly-owned subsidiary, CBRE Capital Markets, Inc., or CBRE Capital Markets, and are secured by our related warehouse receivables) – was approximately \$1.9 billion.

Our level of indebtedness and the operating and financial restrictions in our debt agreements place some constraints on the operation of our business. Although our management believes that long-term indebtedness has been an important lever in the development of our business, including facilitating the acquisition of the majority of the real estate investment management business of Netherlands-based ING Group N.V. (the REIM Acquisitions) and the Norland Acquisition, the cash flow necessary to service this debt is not available for other general corporate purposes, which may limit our flexibility in planning for, or reacting to, changes in our business and in the commercial real estate services industry. Our management seeks to mitigate this exposure both through the refinancing of debt when available on attractive terms and through selective repayment and retirement of indebtedness.

For example, during 2014, we completed three financing transactions, and in January 2015 we entered into an amended and restated credit agreement. The 2014 transactions included the issuance in September 2014 and December 2014 of \$300.0 million and \$125.0 million, respectively, in aggregate principal amount of 5.25% senior notes due March 15, 2025 and the redemption in October 2014 of all of the then outstanding 6.625% senior notes (aggregate principal amount of \$350.0 million). During the year ended December 31, 2014, in connection with these financing activities, we incurred approximately \$4.7 million of financing costs. In addition, we expensed \$5.7 million of previously-deferred financing costs as well as a \$17.4 million early extinguishment premium.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, which require management to make estimates and assumptions that affect reported amounts. The estimates and assumptions are based on historical experience and on other factors that management believes to be reasonable. Actual results may differ from those estimates. We believe that the following critical accounting policies represent the areas where more significant judgments and estimates are used in the preparation of our consolidated financial statements:

Revenue Recognition

In order for us to recognize revenue, there are four basic criteria that must be met:

existence of persuasive evidence that an arrangement exists;

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delivery has occurred or services have been rendered;

the seller's price to the buyer is fixed and determinable; and

collectability is reasonably assured.

Our revenue recognition policies are consistent with these criteria. The judgments involved in revenue recognition include understanding the complex terms of agreements and determining the appropriate time to recognize revenue for each transaction based on such terms. Each transaction is evaluated to determine: (i) at what point in time revenue is earned, (ii) whether contingencies exist that impact the timing of recognition of revenue and (iii) how and when such contingencies will be resolved. The timing of revenue recognition could vary if different judgments were made. Our revenues subject to the most judgment are brokerage commission revenue and incentive-based management and development fees.

We record commission revenue on real estate sales generally upon close of escrow or transfer of title, except when future contingencies exist. Real estate commissions on leases are generally recorded in revenue when all obligations under the commission agreement are satisfied. Terms and conditions of a commission agreement may include, but are not limited to, execution of a signed lease agreement and future contingencies including tenant occupancy, payment of a deposit or payment of a first month's rent (or a combination thereof). As some of these conditions are outside of our control and are often not clearly defined, judgment must be exercised in determining when such required events have occurred in order to recognize revenue.

A typical commission agreement provides that we earn a portion of a lease commission upon the execution of the lease agreement by the tenant and landlord, with the remaining portion(s) of the lease commission earned at a later date, usually upon tenant occupancy or payment of rent. The existence of any significant future contingencies results in the delay of recognition of corresponding revenue until such contingencies are satisfied. For example, if we do not earn all or a portion of the lease commission until the tenant pays its first month's rent, and the lease agreement provides the tenant with a free rent period, we delay revenue recognition until rent is paid by the tenant.

Property and facilities management revenues are generally based upon percentages of the revenue or base rent generated by the entities managed or the square footage managed. These fees are recognized when earned under the provisions of the related management agreements.

Investment management fees are based predominantly upon a percentage of the equity deployed on behalf of our limited partners. Fees related to our indirect investment management programs are based upon a percentage of the fair value of those investments. These fees are recognized when earned under the provisions of the related investment management agreements. Our Global Investment Management segment also earns performance-based incentive fees with regard to many of its investments. Such revenue is recognized at the end of the measurement periods when the conditions of the applicable incentive fee arrangements have been satisfied and following the expiration of any potential claw back provision. With many of these investments, our Global Investment Management professionals have participation interests in such incentive fees, which are commonly referred to as carried interest. This carried interest expense is generally accrued for based upon the probability of such performance-based incentive fees being earned over the related vesting period. In addition, our Global Investment Management segment also earns success-based transaction fees with regard to buying or selling properties on behalf of certain funds and separate accounts. Such revenue is recognized at the completion of a successful transaction and is not subject to any claw back provision.

We earn development and incentive development fees in our Development Services segment. Development fees are generally based on a percentage of a defined cost measure and are recognized at the lower of the amount billed or the amount determined on a straight-line basis over the development period. Incentive development fees are recognized when quantitative criteria have been met (such as specified leasing or budget

targets) or, for those incentive fees based on qualitative criteria, upon approval of the fee by our clients. Certain incentive

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development fees allow us to share in the fair value of the developed real estate asset above cost. This sharing creates additional revenue potential to us with no exposure to loss other than opportunity cost. Our incentive development fee revenue is recognized to the extent that future performance contingencies have been resolved. The unique nature and complexity of each incentive fee requires us to use varying levels of judgment in determining the timing of revenue recognition.

In establishing the appropriate provisions for trade receivables, we make assumptions with respect to future collectability. Our assumptions are based on an assessment of a customer's credit quality as well as subjective factors and trends, including the aging of receivables balances. In addition to these assessments, in general, outstanding trade accounts receivable amounts that are more than 180 days overdue are evaluated for collectability and fully provided for if deemed uncollectible. Historically, our credit losses have generally been insignificant. However, estimating losses requires significant judgment, and conditions may change or new information may become known after any periodic evaluation. As a result, actual credit losses may differ from our estimates.

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and those of our majority-owned subsidiaries, as well as variable interest entities, or VIEs, in which we are the primary beneficiary and other subsidiaries we control. The equity attributable to non-controlling interests in subsidiaries is shown separately in our consolidated balance sheets included elsewhere in this report. All significant intercompany accounts and transactions have been eliminated in consolidation.

Variable Interest Entities

As required by the *Consolidations* Topic of the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, or Topic 810, we consolidate all VIEs in which we are the entity's primary beneficiary. A reporting entity is determined to be the primary beneficiary if it holds a controlling financial interest in the VIE. Determining which reporting entity, if any, has a controlling financial interest in a VIE is primarily a qualitative approach focused on identifying which reporting entity has both (1) the power to direct the activities of a VIE that most significantly impact such entity's economic performance and (2) the obligation to absorb losses or the right to receive benefits from such entity that could potentially be significant to such entity. The entity which satisfies these criteria is deemed to be the primary beneficiary of the VIE.

We determine if an entity is a VIE based on several factors, including whether the entity's total equity investment at risk upon inception is sufficient to finance the entity's activities without additional subordinated financial support. We make judgments regarding the sufficiency of the equity at risk based first on a qualitative analysis, then a quantitative analysis, if necessary.

We analyze any investments in VIEs to determine if we are the primary beneficiary. We consider a variety of factors in identifying the entity that holds the power to direct matters that most significantly impact the VIE's economic performance including, but not limited to, the ability to direct financing, leasing, construction and other operating decisions and activities. In addition, we consider the rights of other investors to participate in those decisions, to replace the manager and to sell or liquidate the entity.

We also have several co-investments in real estate investment funds which qualify for a deferral of the qualitative approach for analyzing potential VIEs. We continue to analyze these investments under the former quantitative method incorporating various estimates, including

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estimated future cash flows, asset hold periods and discount rates, as well as estimates of the probabilities of various scenarios occurring. If the entity is a VIE, we then determine whether we consolidate the entity as the primary beneficiary. This determination of whether we are the primary beneficiary includes any impact of an upside economic interest in the form of a promote that we may have. A promote is an interest built into the distribution structure of the entity based on the entity's achievement of certain return hurdles.

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We consolidate any VIE of which we are the primary beneficiary (see Note 3 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report) and disclose significant VIEs of which we are not the primary beneficiary, if any, as well as disclose our maximum exposure to loss related to VIEs that are not consolidated. We determine whether an entity is a VIE and, if so, whether it should be consolidated by utilizing judgments and estimates that are inherently subjective.

Limited Partnerships, Limited Liability Companies and Other Subsidiaries

If an entity is not a VIE, our determination of the appropriate accounting method with respect to our investments in limited partnerships, limited liability companies and other subsidiaries is based on voting control. For our general partner interests, we are presumed to control (and therefore consolidate) the entity, unless the other limited partners have substantive rights that overcome this presumption of control. These substantive rights allow the limited partners to remove the general partner with or without cause or to participate in significant decisions made in the ordinary course of the entity's business. We account for our non-controlling general partner investments in these entities under the equity method. This treatment also applies to our managing member interests in limited liability companies.

Other Investments

Our investments in unconsolidated subsidiaries in which we have the ability to exercise significant influence over operating and financial policies, but do not control, or entities which are variable interest entities in which we are not the primary beneficiary are accounted for under the equity method. Accordingly, our share of the earnings from these equity-method basis companies is included in consolidated net income. All other investments held on a long-term basis are valued at cost less any impairment in value.

Our determination of the appropriate accounting treatment for an investment in a subsidiary requires judgment of several factors, including the size and nature of our ownership interest and the other owners' substantive rights to make decisions for the entity. If we were to make different judgments or conclusions as to the level of our control or influence, it could result in a different accounting treatment. Accounting for an investment as either consolidated or using the equity method generally would have no impact on our net income or stockholders' equity in any accounting period, but a different treatment would impact individual income statement and balance sheet items, as consolidation would effectively gross up our income statement and balance sheet. If our evaluation of an investment accounted for using the cost method was different, it could result in our being required to account for an investment by consolidation or by the equity method. Under the cost method, the investor only records its share of the underlying entity's earnings to the extent that it receives dividends from the investee; when the dividends received by the investor exceed the investor's share of the investee's earnings subsequent to the date of the investor's investment, the investor records a reduction in the basis of its investment. Under the cost method, the investor does not record its share of losses of the investee. Conversely, under either consolidation or equity method accounting, the investor effectively records its share of the underlying entity's net income or loss, or its guarantees of the underlying entity's debt.

Impairment Evaluation

Under either the equity or cost method, impairment losses are recognized upon evidence of other-than-temporary losses of value. When testing for impairment on investments that are not actively traded on a public market, we generally use a discounted cash flow approach to estimate the fair value of our investments and/or look to comparable activities in the marketplace. Management judgment is required in developing the assumptions for the discounted cash flow approach. These assumptions include net asset values, internal rates of return, discount and capitalization rates, interest rates and financing terms, rental rates, timing of leasing activity, estimates of lease terms and related concessions, etc. When determining if impairment is other-than-temporary, we also look to the length of time and the extent to which fair value has been less

than cost as well as the financial condition and near-term prospects of each investment.

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Goodwill and Other Intangible Assets

Our acquisitions require the application of purchase accounting, which results in tangible and identifiable intangible assets and liabilities of the acquired entity being recorded at fair value. The difference between the purchase price and the fair value of net assets acquired is recorded as goodwill. In determining the fair values of assets and liabilities acquired in a business combination, we use a variety of valuation methods including present value, depreciated replacement cost, market values (where available) and selling prices less costs to dispose. We are responsible for determining the valuation of assets and liabilities and for the allocation of purchase price to assets acquired and liabilities assumed.

Assumptions must often be made in determining fair values, particularly where observable market values do not exist. Assumptions may include discount rates, growth rates, cost of capital, royalty rates, tax rates and remaining useful lives. These assumptions can have a significant impact on the value of identifiable assets and accordingly can impact the value of goodwill recorded. Different assumptions could result in different values being attributed to assets and liabilities. Since these values impact the amount of annual depreciation and amortization expense, different assumptions could also impact our statement of operations and could impact the results of future impairment reviews.

The majority of our goodwill balance has resulted from our acquisition of CBRE Services, Inc. or CBRE, in 2001 (the 2001 Acquisition), our acquisition of Insignia Financial Group, Inc., or Insignia, in 2003 (the Insignia Acquisition), the Trammell Crow Company Acquisition in 2006, the REIM Acquisitions in 2011 and the Norland Acquisition in 2013. Other intangible assets that have indefinite estimated useful lives and are not being amortized include certain management contracts identified in the REIM Acquisitions, a trademark, which was separately identified as a result of the 2001 Acquisition, and a trade name separately identified as a result of the REIM Acquisitions. The remaining other intangible assets primarily include customer relationships, management contracts and loan servicing rights, which are all being amortized over estimated useful lives ranging up to 20 years.

We are required to test goodwill and other intangible assets deemed to have indefinite useful lives for impairment annually or more often if circumstances or events indicate a change in the impairment status. The goodwill impairment analysis is a two-step process. The first step used to identify potential impairment involves comparing each reporting unit's estimated fair value to its carrying value, including goodwill. We use a discounted cash flow approach to estimate the fair value of our reporting units. Management judgment is required in developing the assumptions for the discounted cash flow model. These assumptions include revenue growth rates, profit margin percentages, discount rates, etc. If the estimated fair value of a reporting unit exceeds its carrying value, goodwill is considered to not be impaired. If the carrying value exceeds estimated fair value, there is an indication of potential impairment and the second step is performed to measure the amount of impairment. The second step of the process involves the calculation of an implied fair value of goodwill for each reporting unit for which step one indicated impairment. The implied fair value of goodwill is determined similar to how goodwill is calculated in a business combination, by measuring the excess of the estimated fair value of the reporting unit as calculated in step one, over the estimated fair values of the individual assets, liabilities and identifiable intangibles as if the reporting unit was being acquired in a business combination. Due to the many variables inherent in the estimation of a business's fair value and the relative size of our goodwill, if different assumptions and estimates were used, it could have an adverse effect on our impairment analysis.

Our annual assessment of goodwill and other intangible assets deemed to have indefinite lives has historically been completed as of the beginning of the fourth quarter of each year. When we performed our required annual goodwill impairment review as of October 1, 2014, 2013 and 2012, we determined that no impairment existed as the estimated fair value of our reporting units was in excess of their carrying value.

During the year ended December 31, 2013, we recorded a non-amortizable intangible asset impairment of \$98.1 million in our Global Investment Management segment. This non-cash write-off was related to a decrease

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in value of our open-end funds, primarily in Europe. During the year ended December 31, 2012, we recorded a non-amortizable intangible asset impairment of \$19.8 million in our EMEA segment related to the discontinuation of the use of a trade name in the United Kingdom. See Note 4 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report.

Income Taxes

Income taxes are accounted for under the asset and liability method in accordance with the *Accounting for Income Taxes*, Topic of the FASB ASC, or Topic 740. Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax basis of assets and liabilities and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured by applying enacted tax rates and laws and are released in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Accounting for tax positions requires judgments, including estimating reserves for potential uncertainties. We also assess our ability to utilize tax attributes, including those in the form of carryforwards, for which the benefits have already been reflected in the financial statements. We do not record valuation allowances for deferred tax assets that we believe will be realized in future periods. While we believe the resulting tax balances as of December 31, 2014 and 2013 are appropriately accounted for in accordance with Topic 740, as applicable, the ultimate outcome of such matters could result in favorable or unfavorable adjustments to our consolidated financial statements and such adjustments could be material. See Note 15 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report for further information regarding income taxes.

Our foreign subsidiaries have accumulated \$1.3 billion of undistributed earnings for which we have not recorded a deferred tax liability. Although tax liabilities might result from dividends being paid out of these earnings, or as a result of a sale or liquidation of non-U.S. subsidiaries, these earnings are permanently reinvested outside of the United States and we do not have any plans to repatriate them or to sell or liquidate any of our non-U.S. subsidiaries. To the extent that we are able to repatriate earnings in a tax efficient manner, or in the event of a change in our capital situation or investment strategy in which such funds become needed for funding our U.S. operations, we would be required to accrue and pay U.S. taxes to repatriate these funds, net of foreign tax credits. Determining our tax liability upon repatriation is not practicable. Cash and cash equivalents owned by non-U.S. subsidiaries totaled \$287.4 million at December 31, 2014. In 2012 and 2013, we repatriated \$58.0 million and \$196.2 million, respectively. In anticipation of these repatriations, tax benefits of \$28.8 million were recorded in 2012. Additional tax benefits associated with the release of valuation allowances of \$14.5 million and \$4.9 million were recorded in 2013 and 2014, respectively.

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The following table sets forth items derived from our consolidated statements of operations for the years ended December 31, 2014, 2013 and 2012:

	2014		Year Ended December 31, 2013		2012	
	(Dollars in thousands)					
Revenue	\$ 9,049,918	100.0%	\$ 7,184,794	100.0%	\$ 6,514,099	100.0%
Costs and expenses:						
Cost of services	5,611,262	62.0	4,189,389	58.3	3,742,514	57.5
Operating, administrative and other	2,438,960	27.0	2,104,310	29.3	2,002,914	30.7
Depreciation and amortization	265,101	2.9	190,390	2.6	169,645	2.6
Non-amortizable intangible asset impairment			98,129	1.4	19,826	0.3
Total costs and expenses	8,315,323	91.9	6,582,218	91.6	5,934,899	91.1
Gain on disposition of real estate	57,659	0.7	13,552	0.2	5,881	0.1
Operating income	792,254	8.8	616,128	8.6	585,081	9.0
Equity income from unconsolidated subsidiaries	101,714	1.1	64,422	0.9	60,729	0.9
Other income	12,183	0.1	13,523	0.2	11,093	0.2
Interest income	6,233	0.1	6,289	0.1	7,643	0.1
Interest expense	112,035	1.2	135,082	1.9	175,068	2.7
Write-off of financing costs	23,087	0.3	56,295	0.8		
Income from continuing operations before provision for income taxes	777,262	8.6	508,985	7.1	489,478	7.5
Provision for income taxes	263,759	2.9	187,187	2.6	185,322	2.8
Income from continuing operations	513,503	5.7	321,798	4.5	304,156	4.7
Income from discontinued operations, net of income taxes			26,997	0.4	631	
Net income	513,503	5.7	348,795	4.9	304,787	4.7
Less: Net income (loss) attributable to non-controlling interests	29,000	0.3	32,257	0.5	(10,768)	(0.2)
Net income attributable to CBRE Group, Inc.	\$ 484,503	5.4%	\$ 316,538	4.4%	\$ 315,555	4.9%
EBITDA (1)	\$ 1,142,252	12.6%	\$ 982,883	13.7%	\$ 861,621	13.2%
EBITDA, as adjusted (1)	\$ 1,166,125	12.9%	\$ 1,022,255	14.2%	\$ 918,439	14.1%

(1) Includes EBITDA related to discontinued operations of \$7.9 million and \$5.6 million for the years ended December 31, 2013 and 2012, respectively.

EBITDA represents earnings before net interest expense, write-off of financing costs, income taxes, depreciation and amortization, while amounts shown for EBITDA, as adjusted, remove the impact of certain cash and non-cash charges related to acquisitions and cost containment expenses, as well as certain carried interest incentive compensation (reversal) expense. Our management believes that both of these measures are useful in evaluating our operating performance compared to that of other companies in our industry because the calculations of EBITDA and

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EBITDA, as adjusted, generally eliminate the effects of financing and income taxes and the accounting effects of capital spending and acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions. Such items may vary for different companies for reasons

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unrelated to overall operating performance. As a result, our management uses these measures to evaluate operating performance and for other discretionary purposes, including as a significant component when measuring our operating performance under our employee incentive programs. Additionally, we believe EBITDA and EBITDA, as adjusted, are useful to investors to assist them in getting a more complete picture of our results of operations.

However, EBITDA and EBITDA, as adjusted, are not recognized measurements under U.S. generally accepted accounting principles, or GAAP, and when analyzing our operating performance, readers should use EBITDA and EBITDA, as adjusted, in addition to, and not as an alternative for, net income as determined in accordance with GAAP. Because not all companies use identical calculations, our presentation of EBITDA and EBITDA, as adjusted, may not be comparable to similarly titled measures of other companies. Furthermore, EBITDA and EBITDA, as adjusted, are not intended to be measures of free cash flow for our management's discretionary use, as they do not consider certain cash requirements such as tax and debt service payments. The amounts shown for EBITDA and EBITDA, as adjusted, also differ from the amounts calculated under similarly titled definitions in our debt instruments, which are further adjusted to reflect certain other cash and non-cash charges and are used to determine compliance with financial covenants and our ability to engage in certain activities, such as incurring additional debt and making certain restricted payments.

EBITDA and EBITDA, as adjusted for selected charges are calculated as follows (dollars in thousands):

	Year Ended December 31,		
	2014	2013	2012
	(Dollars in thousands)		
Net income attributable to CBRE Group, Inc.	\$ 484,503	\$ 316,538	\$ 315,555
Add:			
Depreciation and amortization (1)	265,101	191,270	170,905
Non-amortizable intangible asset impairment		98,129	19,826
Interest expense (2)	112,035	138,379	176,649
Write-off of financing costs	23,087	56,295	
Provision for income taxes (3)	263,759	188,561	186,333
Less:			
Interest income	6,233	6,289	7,647
EBITDA (4)	\$ 1,142,252	\$ 982,883	\$ 861,621
Adjustments:			
Carried interest incentive compensation expense	23,873	9,160	
Integration and other costs related to acquisitions		12,591	39,240
Cost containment expenses		17,621	17,578
EBITDA, as adjusted (4)	\$ 1,166,125	\$ 1,022,255	\$ 918,439

- (1) Includes depreciation and amortization related to discontinued operations of \$0.9 million and \$1.3 million for the years ended December 31, 2013 and 2012, respectively.
- (2) Includes interest expense related to discontinued operations of \$3.3 million and \$1.6 million for the years ended December 31, 2013 and 2012, respectively.
- (3) Includes provision for income taxes related to discontinued operations of \$1.3 million and \$1.0 million for the years ended December 31, 2013 and 2012, respectively.
- (4) Includes EBITDA related to discontinued operations of \$7.9 million and \$5.6 million for the years ended December 31, 2013 and 2012, respectively.

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Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

We reported consolidated net income of \$484.5 million for the year ended December 31, 2014 on revenue of \$9.0 billion as compared to consolidated net income of \$316.5 million on revenue of \$7.2 billion for the year ended December 31, 2013.

Our revenue on a consolidated basis for the year ended December 31, 2014 increased by \$1.9 billion, or 26.0%, as compared to the year ended December 31, 2013. This increase was in part due to contributions from the Norland Acquisition. However, the revenue increase also reflects strong organic growth, fueled by higher worldwide property, facilities and project management fees (excluding the impact of the Norland Acquisition, up 15.8%), increased sales (up 19.7%) and leasing (up 16.2%) activity. Foreign currency translation had a \$53.5 million negative impact on total revenue during the year ended December 31, 2014, primarily driven by weakness in the Australian dollar, Brazilian real, Canadian dollar, Indian rupee and Japanese yen, partially offset by strength in the British pound sterling, during the year ended December 31, 2014 versus the year ended December 31, 2013.

Our cost of services on a consolidated basis increased by \$1.4 billion, or 33.9%, during the year ended December 31, 2014 as compared to the year ended December 31, 2013. This increase was primarily due to higher costs associated with our global property and facilities management businesses, particularly due to the Norland Acquisition. In addition, as previously mentioned, our sales professionals generally are paid on a commission basis, which substantially correlates with our transaction revenue performance. Accordingly, the increase in sales and lease transaction revenue led to a corresponding increase in commission accruals. Foreign currency translation had a \$35.3 million positive impact on cost of services during the year ended December 31, 2014. Cost of services as a percentage of revenue increased from 58.3% for the year ended December 31, 2013 to 62.0% for the year ended December 31, 2014, largely due to the Norland Acquisition. Excluding activity associated with Norland, cost of services as a percentage of revenue was 59.4% for the year ended December 31, 2014, compared to 58.3% for the year ended December 31, 2013.

Our operating, administrative and other expenses on a consolidated basis increased by \$334.7 million, or 15.9%, during the year ended December 31, 2014 as compared to the year ended December 31, 2013. The increase was partly driven by costs associated with the Norland Acquisition. Also contributing to the variance were higher worldwide payroll-related costs (including bonuses), increased consulting costs, and an asset impairment charge of \$8.6 million incurred in our Americas segment during the year ended December 31, 2014. Foreign currency translation had a \$14.2 million positive impact on total operating expenses during the year ended December 31, 2014. Operating expenses as a percentage of revenue decreased from 29.3% for the year ended December 31, 2013 to 27.0% for the year ended December 31, 2014, as a result of the Norland Acquisition. Excluding activity associated with Norland, operating expenses as a percentage of revenue were relatively consistent at 29.0% for the year ended December 31, 2014, compared to 29.2% for the year ended December 31, 2013.

Our depreciation and amortization expense on a consolidated basis increased by \$74.7 million, or 39.2%, during the year ended December 31, 2014 as compared to the year ended December 31, 2013. This increase was primarily attributable to higher amortization expense relative to intangibles acquired in the Norland Acquisition and in-fill acquisitions completed in 2014. A rise in depreciation expense during the year ended December 31, 2014 driven by technology-related capital expenditures also contributed to the increase.

Our non-amortizable intangible asset impairment on a consolidated basis was \$98.1 million for the year ended December 31, 2013, which represented non-cash write-offs related to a decrease in value of our open-end funds in our Global Investment Management segment, primarily in Europe.

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Our gain on disposition of real estate on a consolidated basis was \$57.7 million for the year ended December 31, 2014 as compared to \$13.6 million for the year ended December 31, 2013. These gains resulted

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from activity within our Global Investment Management and Development Services segments. The increase over the prior-year period is largely due to our adoption of Accounting Standards Update, or ASU, 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* effective January 1, 2014 and as a result, no longer reporting discontinued operations in the ordinary course of our business. Prior to January 1, 2014, if in the ordinary course of business we disposed of real estate assets, or held real estate assets for sale, that were considered components of an entity in accordance with Topic 360, and if we did not have, or expect to have, significant continuing involvement with the operation of these real estate assets after disposition, we were required to recognize operating profits or losses and gains or losses on disposition of these assets as discontinued operations in our consolidated statements of operations in the periods in which they occurred.

Our equity income from unconsolidated subsidiaries on a consolidated basis increased by \$37.3 million, or 57.9%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This increase was primarily driven by higher equity earnings associated with gains on property sales within our Development Services segment and a gain on the sale of an equity investment in Canada within our Americas segment during the year ended December 31, 2014.

Our other income on a consolidated basis was relatively consistent at \$12.2 million for the year ended December 31, 2014 as compared to \$13.5 million for the year ended December 31, 2013.

Our consolidated interest income was \$6.2 million for the year ended December 31, 2014 versus \$6.3 million for the year ended December 31, 2013.

Our consolidated interest expense decreased by \$23.0 million, or 17.1%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, due to the effects of our refinancing activities in the first half of 2013. During the latter part of 2014, we completed three financing transactions, including the issuance in September 2014 and December 2014 of \$300.0 million and \$125.0 million, respectively, in aggregate principal amount of 5.25% senior notes due March 15, 2025 and the redemption in October 2014 of all of the then outstanding 6.625% senior notes (aggregate principal amount of \$350.0 million). Additionally, in January 2015 we entered into an amended and restated credit agreement with more favorable interest rate spreads than under our prior credit agreement.

Our write-off of financing costs on a consolidated basis was \$23.1 million for the year ended December 31, 2014 as compared to \$56.3 million for the year ended December 31, 2013. The write-off in 2014 related to costs associated with the redemption in full of our 6.625% senior notes, including a \$17.4 million early extinguishment premium and the write-off of \$5.7 million of previously deferred financing costs. The write-off in 2013 primarily related to costs associated with the redemption in full of our 11.625% senior subordinated notes, including a \$26.2 million early extinguishment premium and the write-off of \$16.1 million of unamortized original issue discount and previously deferred financing costs. In addition, during the year ended December 31, 2013, we wrote-off \$10.4 million of unamortized deferred financing costs associated with a previous credit agreement and incurred fees of \$3.6 million in connection with its replacement credit agreement and 5.00% senior notes.

Our provision for income taxes on a consolidated basis was \$263.8 million for the year ended December 31, 2014 as compared to \$187.2 million for the year ended December 31, 2013. This increase was driven by the significant growth in pre-tax income during the year ended December 31, 2014. Our effective tax rate from continuing operations, after adjusting pre-tax income to remove the portion attributable to non-controlling interests, decreased to 35.3% for the year ended December 31, 2014 as compared to 37.3% for the year ended December 31, 2013. This decrease was largely due to a favorable change in our mix, with 71% of our earnings, after removing the portion attributable to non-controlling interests, from the United States in 2013 as compared to 68% in 2014, partially due to the Norland Acquisition. Additionally, during the year ended December 31, 2014, we reversed accrued taxes, interest and penalties related to settled positions, which had a positive impact on the current year effective tax rate. These favorable items were partially offset by a reduction in foreign income tax credit benefits.

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Our consolidated income from discontinued operations, net of income taxes, was \$27.0 million for the year ended December 31, 2013. This income was reported in our Development Services and Global Investment Management segments and mostly related to gains from property sales, which were largely attributable to non-controlling interests. As previously mentioned, on January 1, 2014, we adopted ASU 2014-08 and as a result, no longer anticipate reporting discontinued operations in the ordinary course of our business.

Our net income attributable to non-controlling interests on a consolidated basis was \$29.0 million for the year ended December 31, 2014 as compared to \$32.3 million for the year ended December 31, 2013. This activity primarily reflects our non-controlling interests' share of income within our Global Investment Management and Development Services segments.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

We reported consolidated net income of \$316.5 million for the year ended December 31, 2013 on revenue of \$7.2 billion as compared to consolidated net income of \$315.6 million on revenue of \$6.5 billion for the year ended December 31, 2012.

Our revenue on a consolidated basis for the year ended December 31, 2013 increased by \$670.7 million, or 10.3%, as compared to the year ended December 31, 2012. This increase was primarily driven by higher worldwide sales (up 23.9%), property, facilities and project management (up 11.3%) and leasing (up 8.6%) activity. Carried interest revenue earned in our Global Investment Management segment also contributed to the positive variance. These items were partially offset by foreign currency translation, which had a \$73.4 million negative impact on total revenue during the year ended December 31, 2013. The negative impact of foreign currency was primarily driven by weakness in the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Indian rupee and Japanese yen, partially offset by strength in the Euro, during the year ended December 31, 2013 versus the year ended December 31, 2012.

Our cost of services on a consolidated basis increased by \$446.9 million, or 11.9%, during the year ended December 31, 2013 as compared to the year ended December 31, 2012. Our sales professionals generally are paid on a commission basis, which substantially correlates with our transaction revenue performance. Accordingly, the increase in sales and lease transaction revenue led to a corresponding increase in commission accruals. The increase in cost of services was also due to higher salaries and related costs associated with our global property, facilities and project management contracts as well as higher bonuses in the United States and the United Kingdom due to increased headcount and improved operating performance. Foreign currency translation had a \$41.9 million positive impact on cost of services during the year ended December 31, 2013. Cost of services as a percentage of revenue increased to 58.3% for the year ended December 31, 2013 from 57.5% for the year ended December 31, 2012, primarily attributable to a concentration of commissions among higher producing professionals in the United States and Asia Pacific. In addition, higher producer recruitment costs during the year ended December 31, 2013 increased this ratio.

Our operating, administrative and other expenses on a consolidated basis increased by \$101.4 million, or 5.1%, during the year ended December 31, 2013 as compared to the year ended December 31, 2012. The increase was primarily driven by strategic investments made during the year ended December 31, 2013, including increased headcount, as well as higher insurance, legal, consulting, marketing and travel costs. These increases were partially offset by \$32.3 million of impairment charges incurred during the year ended December 31, 2012 that did not recur during the year ended December 31, 2013 and \$25.1 million of lower transaction and integration costs attributable to acquisitions. Foreign currency translation had an \$18.4 million positive impact on total operating expenses during the year ended December 31, 2013. Operating expenses as a percentage of revenue decreased from 30.7% for the year ended December 31, 2012 to 29.3% for the year ended December 31, 2013, partially driven by the aforementioned lower costs associated with impairments and acquisitions during the year ended December 31, 2013. Excluding such costs, operating expenses were 29.1% of revenue for the year ended December 31, 2013 versus 29.6% for the year ended December 31, 2012. The decrease during the year

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ended December 31, 2013 was achieved despite incremental investments in our operating platform, and outside insurance costs, reflecting the operating leverage inherent in our business and proactive cost savings initiatives.

Our depreciation and amortization expense on a consolidated basis increased by \$20.7 million, or 12.2%, during the year ended December 31, 2013 as compared to the year ended December 31, 2012. An increase in depreciation expense during the year ended December 31, 2013 driven by technology-related capital expenditures and an increase in amortization expense related to mortgage servicing rights during the year ended December 31, 2013, were partially mitigated by \$9.6 million of intangible amortization expense related to ING REIM incentive fees in the year ended December 31, 2012, which did not recur during the year ended December 31, 2013.

Our non-amortizable intangible asset impairment on a consolidated basis was \$98.1 million for the year ended December 31, 2013 as compared to \$19.8 million for the year ended December 31, 2012. This activity represented non-cash write-offs related to a decrease in value of our open-end funds in our Global Investment Management segment, primarily in Europe, during the year ended December 31, 2013 and the discontinuation of the use of a trade name in the United Kingdom in our EMEA segment during the year ended December 31, 2012.

Our gain on disposition of real estate on a consolidated basis was \$13.6 million for the year ended December 31, 2013 as compared to \$5.9 million for the year ended December 31, 2012. These gains resulted from activity within our Development Services segment.

Our equity income from unconsolidated subsidiaries on a consolidated basis increased by \$3.7 million, or 6.1%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. This increase was primarily attributable to higher equity earnings reported in our Global Investment Management and Americas business segments, partially offset by lower equity earnings reported in our Development Services segment.

Our other income on a consolidated basis increased by \$2.4 million, or 21.9%, during the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily driven by increased net realized and unrealized gains related to co-investments in our real estate securities business within our Global Investment Management segment. This activity was partially offset by the impact of \$4.3 million of income associated with the sale of a cost method investment in our EMEA segment, which did not recur during the year ended December 31, 2013.

Our consolidated interest income was \$6.3 million for the year ended December 31, 2013 as compared to \$7.6 million for the year ended December 31, 2012.

Our interest expense on a consolidated basis decreased by \$40.0 million, or 22.8%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, reflecting the effects of our refinancing activities during the year ended December 31, 2013.

Our write-off of financing costs on a consolidated basis was \$56.3 million for the year ended December 31, 2013, primarily related to costs associated with the early redemption of the 11.625% senior subordinated notes, including a \$26.2 million early extinguishment premium and the write-off of \$16.1 million of unamortized original issue discount and previously deferred financing costs. In addition, during the year ended December 31, 2013, we wrote-off \$10.4 million of unamortized deferred financing costs associated with a previous credit agreement and incurred fees of \$3.6 million in connection with its replacement credit agreement and 5.00% senior notes.

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Our provision for income taxes on a consolidated basis was \$187.2 million for the year ended December 31, 2013 as compared to \$185.3 million for the year ended December 31, 2012. Our effective tax rate from continuing operations, after adjusting pre-tax income to remove the portion attributable to non-controlling interests, was relatively consistent at 37.3% for the year ended December 31, 2013 versus 37.1% for the year ended December 31, 2012.

Our consolidated income from discontinued operations, net of income taxes, was \$27.0 million for the year ended December 31, 2013 as compared to \$0.6 million for the year ended December 31, 2012. This income was reported in our Development Services and Global Investment Management segments and mostly related to gains from property sales, which were largely attributable to non-controlling interests.

Our net income attributable to non-controlling interests on a consolidated basis was \$32.3 million for the year ended December 31, 2013 as compared to a net loss attributable to non-controlling interests of \$10.8 million for the year ended December 31, 2012. This activity primarily reflects our non-controlling interests' share of income and losses within our Global Investment Management and Development Services segments.

Table of Contents**Segment Operations**

We report our operations through the following segments: (1) Americas, (2) EMEA, (3) Asia Pacific, (4) Global Investment Management and (5) Development Services. The Americas consists of operations located in the United States, Canada and key markets in Latin America. EMEA mainly consists of operations in Europe, while Asia Pacific includes operations in Asia, Australia and New Zealand. The Global Investment Management business consists of investment management operations in North America, Europe and Asia Pacific. The Development Services business consists of real estate development and investment activities primarily in the United States.

The following table summarizes our revenue, costs and expenses and operating income (loss) by our Americas, EMEA, Asia Pacific, Global Investment Management and Development Services operating segments for the years ended December 31, 2014, 2013 and 2012:

	2014		Year Ended December 31, 2013		2012	
	(Dollars in thousands)					
Americas						
Revenue	\$ 5,203,766	100.0%	\$ 4,504,520	100.0%	\$ 4,103,602	100.0%
Costs and expenses:						
Cost of services	3,398,443	65.3	2,911,168	64.6	2,607,029	63.5
Operating, administrative and other	1,111,091	21.4	1,008,518	22.4	929,950	22.7
Depreciation and amortization	149,214	2.8	116,564	2.6	82,841	2.0
Operating income	\$ 545,018	10.5%	\$ 468,270	10.4%	\$ 483,782	11.8%
EBITDA (1)	\$ 725,559	13.9%	\$ 603,191	13.4%	\$ 578,649	14.1%
EMEA						
Revenue	\$ 2,344,252	100.0%	\$ 1,217,109	100.0%	\$ 1,031,818	100.0%
Costs and expenses:						
Cost of services	1,605,859	68.5	721,461	59.3	624,498	60.5
Operating, administrative and other	582,182	24.8	425,189	34.9	358,696	34.8
Depreciation and amortization	64,628	2.8	20,496	1.7	14,198	1.4
Non-amortizable intangible asset impairment					19,826	1.9
Operating income	\$ 91,583	3.9%	\$ 49,963	4.1%	\$ 14,600	1.4%
EBITDA (1)	\$ 158,424	6.8%	\$ 71,267	5.9%	\$ 54,299	5.3%
Asia Pacific						
Revenue	\$ 967,777	100.0%	\$ 872,821	100.0%	\$ 817,241	100.0%
Costs and expenses:						
Cost of services	606,960	62.7	556,760	63.8	510,987	62.5
Operating, administrative and other	272,946	28.2	245,251	28.1	224,558	27.5
Depreciation and amortization	14,661	1.5	12,397	1.4	11,475	1.4
Operating income	\$ 73,210	7.6%	\$ 58,413	6.7%	\$ 70,221	8.6%
EBITDA (1)	\$ 87,871	9.1%	\$ 70,795	8.1%	\$ 80,630	9.9%
Global Investment Management						
Revenue	\$ 468,941	100.0%	\$ 537,102	100.0%	\$ 482,589	100.0%
Costs and expenses:						
Operating, administrative and other	373,977	79.7	352,395	65.6	387,592	80.3
Depreciation and amortization	32,802	7.0	36,194	6.7	51,290	10.6

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Non-amortizable intangible asset impairment			98,129	18.3		
Gain on disposition of real estate	23,028	4.9				
Operating income	\$ 85,190	18.2%	\$ 50,384	9.4%	\$ 43,707	9.1%
EBITDA (1) (2)	\$ 96,262	20.5%	\$ 194,609	36.2%	\$ 96,359	20.0%
Development Services						
Revenue	\$ 65,182	100.0%	\$ 53,242	100.0%	\$ 78,849	100.0%
Costs and expenses:						
Operating, administrative and other	98,764	151.5	72,957	137.0	102,118	129.5
Depreciation and amortization	3,796	5.8	4,739	8.9	9,841	12.5
Gain on disposition of real estate	34,631	53.1	13,552	25.4	5,881	7.5
Operating loss	\$ (2,747)	(4.2)%	\$ (10,902)	(20.5)%	\$ (27,229)	(34.5)%
EBITDA (1) (3)	\$ 74,136	113.7%	\$ 43,021	80.8%	\$ 51,684	65.5%

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- (1) See Note 20 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report for a reconciliation of segment EBITDA to the most comparable financial measure calculated and presented in accordance with GAAP, which is segment net income (loss) attributable to CBRE Group, Inc.
- (2) Includes EBITDA related to discontinued operations of \$1.4 million and \$0.5 million for the years ended December 31, 2013 and 2012, respectively.
- (3) Includes EBITDA related to discontinued operations of \$6.5 million and \$5.1 million for the years ended December 31, 2013 and 2012, respectively.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Americas

Revenue increased by \$699.2 million, or 15.5%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This improvement was primarily driven by higher property, facilities and project management fees, as well as improved leasing, sales and commercial mortgage brokerage activity. Foreign currency translation had a \$33.4 million negative impact on total revenue during the year ended December 31, 2014, primarily driven by weakness in the Brazilian real and Canadian dollar when converting to U.S. dollars during the year ended December 31, 2014 versus the year ended December 31, 2013.

Cost of services increased by \$487.3 million, or 16.7%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily due to increased commission expense resulting from higher sales and lease transaction revenue. Higher salaries and related costs associated with our property, facilities and project management contracts also contributed to an increase in cost of services during the year ended December 31, 2014. Foreign currency translation had a \$20.9 million positive impact on cost of services during the year ended December 31, 2014. Cost of services as a percentage of revenue increased to 65.3% for the year ended December 31, 2014 from 64.6% for the year ended December 31, 2013, primarily attributable to a concentration of commissions among higher producing professionals.

Operating, administrative and other expenses increased by \$102.6 million, or 10.2%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The increase was primarily driven by higher payroll-related costs (including bonuses), which resulted from increased headcount, as well as higher consulting costs. Also contributing to the variance was the previously mentioned asset impairment charge during the year ended December 31, 2014 of \$8.6 million. This non-cash write-off resulted from the decision (due to a change in strategy) to abandon a property database platform that was being developed in the U.S. Foreign currency translation had a \$9.4 million positive impact on total operating expenses during the year ended December 31, 2014.

EMEA

Revenue increased by \$1.1 billion, or 92.6%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The increase was in part due to contributions from the Norland Acquisition. Excluding Norland, revenue was up 21.2% and growth was strong in all major business lines. Foreign currency translation had a \$19.1 million positive impact on total revenue during the year ended December 31, 2014, primarily driven by strength in the British pound sterling when converting to U.S. dollars during the year ended December 31, 2014 versus the year ended December 31, 2013.

Cost of services increased by \$884.4 million, or 122.6%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily due to higher costs associated with our global property and facilities management businesses, particularly due to the Norland

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Acquisition. Foreign currency translation had a \$12.3 million negative impact on cost of services during the year ended December 31, 2014. Cost of services as a percentage of revenue increased to 68.5% for the year ended December 31, 2014 from 59.3% for the year ended December 31, 2013, mainly due to the Norland Acquisition. Excluding activity associated with Norland, cost of services as a percentage of revenue was 57.6% for the year ended December 31, 2014, an

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improvement over the 59.3% of revenue recorded in the prior year, primarily driven by higher transaction revenue during the year ended December 31, 2014 in certain countries that have a significant fixed cost compensation structure.

Operating, administrative and other expenses increased by \$157.0 million, or 36.9%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The increase was primarily driven by costs associated with the Norland Acquisition. Higher payroll-related costs (including bonuses), which resulted from improved operating performance, as well as increased consulting costs, also contributed to the increase for the year ended December 31, 2014. Foreign currency translation had a \$3.7 million negative impact on total operating expenses during the year ended December 31, 2014.

Asia Pacific

Revenue increased by \$95.0 million, or 10.9%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, reflecting improved overall performance in several countries, most notably in Australia, India and Japan, particularly in property, facilities and project management, sales and leasing activity. Contributions from the acquisition of our former affiliate company in Thailand in June 2014 also added to the increase during the year ended December 31, 2014. The increase was partially offset by foreign currency translation, which had a \$43.7 million negative impact on total revenue during the year ended December 31, 2014, primarily driven by weakness in the Australian dollar, Japanese yen and Indian rupee when converting to U.S. dollars during the year ended December 31, 2014 versus the year ended December 31, 2013.

Cost of services increased by \$50.2 million, or 9.0%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, driven by increased commission expense resulting from higher sales and lease transaction revenue as well as a concentration of commissions among higher producing professionals in Australia and Japan. Higher salaries and related costs associated with our property and facilities management contracts also contributed to an increase in cost of services during the year ended December 31, 2014. Foreign currency translation had a \$26.7 million positive impact on cost of services during the year ended December 31, 2014. Cost of services as a percentage of revenue decreased to 62.7% for the year ended December 31, 2014 from 63.8% for the year ended December 31, 2013, primarily driven by higher transaction revenue during the year ended December 31, 2014 in certain countries that have a significant fixed cost compensation structure.

Operating, administrative and other expenses increased by \$27.7 million, or 11.3%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. The increase was primarily driven by higher payroll-related (including bonuses), occupancy and consulting costs. Foreign currency translation had an \$11.2 million positive impact on total operating expenses during the year ended December 31, 2014.

Global Investment Management

Revenue decreased by \$68.2 million, or 12.7%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily driven by reduced carried interest revenue. Lower asset management fees, which reflect the sale of assets in 2013 to harvest gains for fund investors (which generated the carried interest in 2013), lower fees on some AUM in EMEA, and our exiting the management of a private REIT, also contributed to the decline during the year ended December 31, 2014. These reductions were partially offset by higher acquisitions fees during the year ended December 31, 2014 as well as foreign currency translation, which had a \$4.5 million positive impact on total revenue during the year ended December 31, 2014.

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Operating, administrative and other expenses increased by \$21.6 million, or 6.1%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily due to higher carried interest expense incurred in the current year. Foreign currency translation also had a \$2.7 million negative impact on total operating expenses during the year ended December 31, 2014. These increases were partially offset by lower costs due to the sale of assets and internalization of the management of the private REIT discussed above.

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This business transitioned from gain-harvesting in 2013 to capital-deployment in 2014. Total AUM as of December 31, 2014 rose to \$90.6 billion. A rollforward of our AUM by product type for the year ended December 31, 2014 is as follows (dollars in billions):

	Funds	Separate Accounts	Securities	Consolidated
Balance at January 1, 2014	\$ 32.8	\$ 33.5	\$ 22.8	\$ 89.1
Inflows	2.7	6.5	4.9	14.1
Outflows	(5.8)	(3.4)	(6.2)	(15.4)
Market (depreciation) appreciation	(0.9)	0.4	3.3	2.8
Balance at December 31, 2014	\$ 28.8	\$ 37.0	\$ 24.8	\$ 90.6

AUM generally refers to the properties and other assets with respect to which we provide (or participate in) oversight, investment management services and other advice, and which generally consist of real estate properties or loans, securities portfolios and investments in operating companies and joint ventures. Our AUM is intended principally to reflect the extent of our presence in the real estate market, not the basis for determining our management fees. Our material assets under management consist of:

- a) the total fair market value of the real estate properties and other assets either wholly-owned or held by joint ventures and other entities in which our sponsored funds or investment vehicles and client accounts have invested or to which they have provided financing. Committed (but unfunded) capital from investors in our sponsored funds is not included in this component of our AUM. The value of development properties is included at estimated completion cost. In the case of real estate operating companies, the total value of real properties controlled by the companies, generally through joint ventures, is included in AUM; and
- b) the net asset value of our managed securities portfolios, including investments (which may be comprised of committed but uncalled capital) in private real estate funds under our fund of funds program.

Our calculation of AUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers.

Development Services

Revenue increased by \$11.9 million, or 22.4%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily due to higher development fees during the year ended December 31, 2014 due to an increase in new projects started.

Operating, administrative and other expenses increased by \$25.8 million, or 35.4%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013. This increase was primarily driven by higher bonuses due to significantly improved operating performance.

As of December 31, 2014, development projects in process totaled \$5.4 billion, up 10.2% from year-end 2013, and the inventory of pipeline deals totaled \$4.0 billion, up 166.7% from year-end 2013.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Americas

Revenue increased by \$400.9 million, or 9.8%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. This improvement was primarily driven by higher sales, leasing and property,

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facilities and project management activity. The pullback in multi-housing lending from Government-Sponsored Entities, or GSEs, had an adverse impact on our performance, particularly in the second half of 2013. Foreign currency translation had a \$20.7 million negative impact on total revenue during the year ended December 31, 2013, primarily driven by weakness in the Brazilian real and Canadian dollar when converting to U.S. dollars during the year ended December 31, 2013 versus the year ended December 31, 2012.

Cost of services increased by \$304.1 million, or 11.7%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily due to increased commission expense resulting from higher sales and lease transaction revenue. Also contributing to the variance was higher salaries and related costs associated with our property, facilities and project management contracts and higher bonuses due to increased headcount and improved operating performance. Foreign currency translation had a \$10.6 million positive impact on cost of services during the year ended December 31, 2013. Cost of services as a percentage of revenue increased to 64.6% for the year ended December 31, 2013 from 63.5% for the year ended December 31, 2012, primarily attributable to a concentration of commissions among higher producing professionals as well as higher recruitment costs during the year ended December 31, 2013.

Operating, administrative and other expenses increased by \$78.6 million, or 8.4%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The increase was primarily driven by strategic investments made during the year ended December 31, 2013, including increased headcount, as well as higher insurance, legal, consulting, marketing and travel costs. Foreign currency translation had a \$6.0 million positive impact on total operating expenses during the year ended December 31, 2013.

EMEA

Revenue increased by \$185.3 million, or 18.0%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The increase was broad based, as every major business line showed growth, led by property sales and property, facilities and project management. Notable strength was evident in France, Spain and the United Kingdom. Foreign currency translation had a \$9.5 million positive impact on total revenue during the year ended December 31, 2013 primarily driven by strength in the Euro, partially offset by weakness in the British pound sterling, when converting to U.S. dollars during the year ended December 31, 2013 versus the year ended December 31, 2012.

Cost of services increased by \$97.0 million, or 15.5%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012 primarily due to an increase in bonuses in the United Kingdom due to improved operating performance. Higher salaries and related costs associated with our property, facilities and project management contracts and higher payroll-related costs due to increased headcount also contributed to the variance. Foreign currency translation had a \$6.2 million negative impact on cost of services during the year ended December 31, 2013. Cost of services as a percentage of revenue decreased to 59.3% for the year ended December 31, 2013 from 60.5% for the year ended December 31, 2012 primarily driven by an increase in transaction revenue in certain countries that have a significant fixed compensation structure.

Operating, administrative and other expenses increased by \$66.5 million, or 18.5%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The increase was primarily driven by higher payroll-related costs, which resulted from increased headcount and improved operating performance, as well as an increase in insurance, marketing and travel costs. Also contributing to the increase were higher transaction and integration costs related to acquisitions, primarily associated with the acquisition of Norland. Foreign currency translation had a \$2.8 million negative impact on total operating expenses during the year ended December 31, 2013.

Asia Pacific

Revenue increased by \$55.6 million, or 6.8%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. Improved overall performance in all countries within the region, most notably

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Australia, China, India and Japan, was partially muted by foreign currency translation, which had a \$63.9 million negative impact on total revenue during the year ended December 31, 2013 primarily driven by weakness in the Australian dollar, Japanese yen and Indian rupee when converting to U.S. dollars during the year ended December 31, 2013 versus the year ended December 31, 2012.

Cost of services increased by \$45.8 million, or 9.0%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, driven by increased commission expense resulting from higher sales transaction revenue and higher payroll-related costs due to increased headcount. Higher salaries and related costs associated with our property, facilities and project management contracts also contributed to the increase. Foreign currency translation had a \$37.5 million positive impact on cost of services during the year ended December 31, 2013. Cost of services as a percentage of revenue increased to 63.8% for the year ended December 31, 2013 from 62.5% for the year ended December 31, 2012, primarily attributable to a concentration of commissions among higher producing professionals during the year ended December 31, 2013.

Operating, administrative and other expenses increased by \$20.7 million, or 9.2%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The increase was primarily driven by higher payroll-related costs, which mainly resulted from increased headcount, primarily in Australia and China, as well as higher consulting, marketing and travel costs. Foreign currency translation had a \$16.6 million positive impact on total operating expenses during the year ended December 31, 2013.

Global Investment Management

Revenue increased by \$54.5 million, or 11.3%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily driven by carried interest revenue earned during the year ended December 31, 2013, partially offset by lower asset management fees and rental revenue from consolidated real estate assets. Foreign currency translation had a \$1.7 million positive impact on total revenue during the year ended December 31, 2013.

Operating, administrative and other expenses decreased by \$35.2 million, or 9.1%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. This decrease was primarily driven by \$36.9 million of lower transaction and integration costs associated with the REIM Acquisitions incurred during the year ended December 31, 2013 as well as the impact of \$9.3 million of impairment charges incurred during the year ended December 31, 2012, which did not recur during the year ended December 31, 2013. These items were partially offset by higher bonuses, which resulted from improved operating performance during the year ended December 31, 2013. Foreign currency translation had a \$1.4 million negative impact on total operating expenses during the year ended December 31, 2013.

Total AUM as of December 31, 2013 amounted to \$89.1 billion, down 3.2% from year-end 2012, primarily due to asset sales. A rollforward of our AUM by product type for the year ended December 31, 2013 is as follows (dollars in billions):

	Funds	Separate Accounts	Securities	Consolidated
Balance at January 1, 2013	\$ 35.8	\$ 32.6	\$ 23.6	\$ 92.0
Inflows	3.1	1.8	5.3	10.2
Outflows	(6.9)	(2.9)	(6.6)	(16.4)
Market appreciation	0.8	2.0	0.5	3.3
Balance at December 31, 2013	\$ 32.8	\$ 33.5	\$ 22.8	\$ 89.1

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Development Services

Revenue decreased by \$25.6 million, or 32.5%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily attributable to lower rental revenue as a result of property dispositions.

Operating, administrative and other expenses decreased by \$29.2 million, or 28.6%, for the year ended December 31, 2013 as compared to the year ended December 31, 2012. This decrease was primarily driven by the impact of a \$17.2 million impairment charge related to real estate assets incurred during the year ended December 31, 2012, which did not recur during the year ended December 31, 2013, as well as lower property operating expenses as a result of the property dispositions noted above in this segment's revenue discussion.

As of December 31, 2013, development projects in process totaled \$4.9 billion, up 16.7% from year-end 2012. The inventory of pipeline deals totaled \$1.5 billion, down 28.6% from year-end 2012.

Liquidity and Capital Resources

We believe that we can satisfy our working capital requirements and funding of investments with internally generated cash flow and, as necessary, borrowings under our revolving credit facility. Our expected capital requirements for 2015 include up to approximately \$180 million of anticipated net capital expenditures. As of December 31, 2014, we had committed to fund \$25.5 million of additional capital to unconsolidated subsidiaries within our Development Services business, which we may be required to fund at any time. Additionally, as of December 31, 2014, we had aggregate commitments of \$19.0 million to fund future co-investments in our Global Investment Management business, \$12.7 million of which is expected to be funded in 2015.

In December 2013, we fortified our real estate outsourcing platform in Europe with the acquisition of Norland for approximately \$474 million, which was financed with cash on hand and borrowings under our revolving credit facility. We also completed three financing transactions in recent years. These occurred in March 2013, September 2014 and December 2014, respectively, where we took advantage of market conditions to refinance our debt. In addition, in January 2015, we entered into an amended and restated credit agreement providing for a \$500 million tranche A term loan facility (in addition to a \$2.6 billion revolving credit facility). We historically have not sought external sources of financing and have relied on our internally generated cash flow and our revolving credit facility to fund our working capital, capital expenditure and investment requirements. In the absence of extraordinary events, we anticipate that our cash flow from operations and our revolving credit facility would be sufficient to meet our anticipated cash requirements for the foreseeable future, but at a minimum for the next 12 months. From time to time, we may again seek to take advantage of market opportunities to refinance existing debt securities with new debt securities at interest rates, maturities and terms we would deem attractive.

As evidenced above, from time to time, we consider potential strategic acquisitions. We believe that any future significant acquisitions that we may make could require us to obtain additional debt or equity financing. In the past, we have been able to obtain such financing for material transactions on terms that we believed to be reasonable. However, it is possible that we may not be able to find acquisition financing on favorable terms, or at all, in the future if we decide to make any further material acquisitions.

Our long-term liquidity needs, other than those related to ordinary course obligations and commitments such as operating leases, generally are comprised of three elements. The first is the repayment of the outstanding and anticipated principal amounts of our long-term indebtedness. We

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are unable to project with certainty whether our long-term cash flow from operations will be sufficient to repay our long-term debt when it comes due. If our cash flow is insufficient, then we expect that we would need to refinance such indebtedness or otherwise amend its terms to extend the maturity dates. We cannot make any assurances that such refinancing or amendments would be available on attractive terms, if at all.

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The second long-term liquidity need is the repayment of obligations under our pension plans in the United Kingdom. Our subsidiaries based in the United Kingdom maintain two contributory defined benefit pension plans to provide retirement benefits to existing and former employees participating in the plans. With respect to these plans, our historical policy has been to contribute annually, an amount to fund pension cost as actuarially determined and as required by applicable laws and regulations. Our contributions to these plans are invested and, if these investments do not perform in the future as well as we expect, we will be required to provide additional funding to cover any shortfall. During 2007, we reached agreements with the active members of these plans to freeze future pension plan benefits. In return, the active members became eligible to enroll in the CBRE Group Personal Pension plan, a defined contribution plan in the United Kingdom. The underfunded status of our defined benefit pension plans included in pension liability in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report was \$92.9 million and \$68.0 million at December 31, 2014 and 2013, respectively. We expect to contribute a total of \$6.1 million to fund our pension plans for the year ending December 31, 2015.

The third long-term liquidity need is the payment of obligations related to acquisitions. Our acquisition structures often include deferred and/or contingent purchase price payments in future periods that are subject to the passage of time or achievement of certain performance metrics and other conditions. As of December 31, 2014 and 2013, we had accrued for \$125.2 million and \$86.9 million, respectively, of deferred purchase consideration, which was included in accounts payable and accrued expenses and in other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

Historical Cash Flows

Operating Activities

Net cash provided by operating activities totaled \$661.8 million for the year ended December 31, 2014, a decrease of \$83.3 million as compared to the year ended December 31, 2013. This variance was primarily due to an increase in receivables during the year ended December 31, 2014 and greater sales of real estate held for sale and under development during the year ended December 31, 2013. In addition, higher bonuses, income taxes and commissions paid during the year ended December 31, 2014 also contributed to the decrease. These items were partially offset by an increase in bonus accruals and improved operating performance during the year ended December 31, 2014.

Net cash provided by operating activities totaled \$745.1 million for the year ended December 31, 2013, an increase of \$454.0 million as compared to the year ended December 31, 2012. This variance was primarily due to a decrease in real estate held for sale and under development and higher bonus accruals during the year ended December 31, 2013. In addition, improved operating performance and greater collections on receivables during the year ended December 31, 2013 contributed to the variance. These items were partially offset by higher bonus payments made during the year ended December 31, 2013.

Investing Activities

Net cash used in investing activities totaled \$151.6 million for the year ended December 31, 2014, a decrease of \$313.4 million as compared to the year ended December 31, 2013. This decrease was primarily driven by greater amounts paid for acquisitions during the year ended December 31, 2013 (including the Norland Acquisition) and lower proceeds received from the sale of real estate held for investment during the year ended December 31, 2014.

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Net cash used in investing activities totaled \$465.0 million for the year ended December 31, 2013, an increase of \$267.3 million as compared to the year ended December 31, 2012. This variance was primarily driven by greater amounts paid for acquisitions during the year ended December 31, 2013. This was partially offset by higher proceeds received from the sale of real estate held for investment during the year ended December 31, 2013 and a decrease in cash during the year ended December 31, 2012 as a result of the deconsolidation of CBRE

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Clarion U.S., L.P. in 2012. Higher contributions to unconsolidated subsidiaries in 2012, greater distributions from unconsolidated subsidiaries during the year ended December 31, 2013 and a decrease in restricted cash during the year ended December 31, 2013 versus an increase in restricted cash during the year ended December 31, 2012 also mitigated the increase in cash used in investing activities.

Financing Activities

Net cash used in financing activities totaled \$232.1 million for the year ended December 31, 2014, a decrease of \$634.2 million as compared to the year ended December 31, 2013. This variance was primarily due to our refinancing efforts during the year ended December 31, 2013, including the net repayment of \$924.0 million of senior secured term loans and the redemption of \$450.0 million in aggregate principal amount of 11.625% senior subordinated notes, partially offset by the issuance of \$800.0 million of 5.00% senior notes. Proceeds from the issuance of the 5.25% senior notes due in 2025 during the year ended December 31, 2014 and higher net repayments of notes payable on real estate within our Development Services segment and higher distributions to non-controlling interests during the year ended December 31, 2013 also contributed to the variance. These items were partially offset by the redemption of \$350.0 million in aggregate principal amount of 6.625% senior notes in 2014.

Net cash used in financing activities totaled \$866.3 million for the year ended December 31, 2013, an increase of \$765.6 million as compared to the year ended December 31, 2012. The increase in cash used in financing activities was primarily due to our refinancing efforts during the year ended December 31, 2013, including the net repayment of \$924.0 million of senior secured term loans and the redemption of \$450.0 million of 11.625% senior subordinated notes, partially offset by the issuance of \$800.0 million of 5.00% senior notes. In addition, higher net repayments of notes payable on real estate within our Development Services segment and higher distributions to non-controlling interests during the year ended December 31, 2013 also contributed to the increase.

Summary of Contractual Obligations and Other Commitments

The following is a summary of our various contractual obligations and other commitments as of December 31, 2014:

Contractual Obligations	Total	Payments Due by Period				
		Less than	1	3	3	More than
		1 year	years	years	5 years	5 years
		(Dollars in thousands)				
Total debt (1) (2)	\$ 2,381,259	\$ 548,457	\$ 323,076	\$ 82,425	\$ 1,427,301	
Operating leases (3)	1,207,086	203,974	344,574	243,327	415,211	
Pension liability (4) (5)	92,923				92,923	
Notes payable on real estate (non recourse) (6)	42,843	23,229	3,454	7,027	9,133	
Deferred purchase consideration (7)	125,153	65,924	23,223	36,006		
Total Contractual Obligations	\$ 3,849,264	\$ 841,584	\$ 694,327	\$ 368,785	\$ 1,944,568	
Other Commitments	Total	Amount of Other Commitments Expiration				
		Less than	1	3	3	More than
		1 year	years	years	5 years	5 years
		(Dollars in thousands)				
Letters of credit (3)	\$ 40,869	\$ 40,869	\$	\$	\$	

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Guarantees (3) (8)	13,800	13,800			
Co-investments (3) (9)	44,473	38,214	5,127	243	889
Tax liabilities (10)	40,667	28,818	11,849		
Other (11)	73,184	73,184			
Total Other Commitments	\$ 212,993	\$ 194,885	\$ 16,976	\$ 243	\$ 889

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- (1) See Note 12 of our Notes to the Consolidated Financial Statements set forth in Item 8 of this Annual Report. Figures do not include scheduled interest payments.
- (2) On January 9, 2015, we entered into an amended and restated credit agreement, which resulted in the pay off of the prior tranche A and tranche B term loans (balances were \$434.4 million and \$211.2 million, respectively, at December 31, 2014) and the previously outstanding balance on our prior revolving credit facility (\$4.8 million at December 31, 2014). The amended and restated credit agreement includes a \$2.6 billion revolving credit facility and a \$500.0 million tranche A term loan facility. Assuming each debt obligation is held until maturity (taking into consideration the above mentioned changes to our credit agreement in January 2015), we estimate that we will make the following interest payments (dollars in thousands): 2015 \$70,785; 2016 to 2017 \$140,614; 2018 to 2019 \$138,843 and thereafter \$249,922. The interest payments on the new tranche A term loan facility have been calculated based on the interest rate as of January 9, 2015.
- (3) See Note 13 of our Notes to the Consolidated Financial Statements set forth in Item 8 of this Annual Report.
- (4) See Note 14 of our Notes to the Consolidated Financial Statements set forth in Item 8 of this Annual Report.
- (5) Because these obligations are related, either wholly or partially, to the future retirement of our employees and such retirement dates are not predictable, an undeterminable portion of this amount will be paid in years one through five.
- (6) See Note 11 of our Notes to the Consolidated Financial Statements set forth in Item 8 of this Annual Report. Figures do not include scheduled interest payments. The notes (primarily construction loans) have either fixed or variable interest rates, ranging from 2.41% to 10.0% at December 31, 2014. In general, interest is drawn on the underlying loan and subsequently paid with proceeds received upon the sale of the real estate project.
- (7) Represents deferred obligations related to previous acquisitions, which are included in accounts payable and accrued expenses and other long-term liabilities in the consolidated balance sheets at December 31, 2014 set forth in Item 8 of this Annual Report.
- (8) Due to the nature of guarantees, payments could be due at any time upon the occurrence of certain triggering events including default. Accordingly, all guarantees are reflected as expiring in less than one year.
- (9) Includes \$19.0 million related to our Global Investment Management segment, \$12.7 million of which is expected to be funded in 2015 and \$25.5 million related to our Development Services segment (callable at any time).
- (10) As of December 31, 2014, our current and non-current tax liabilities, including interest and penalties, totaled \$74.8 million. Of this amount, we can reasonably estimate that \$28.8 million will require cash settlement in less than one year and \$11.8 million will require cash settlement in one to three years. We are unable to reasonably estimate the timing of the effective settlement of tax positions for the remaining \$34.2 million.
- (11) Represents outstanding reserves for claims under certain insurance programs, which are included in other current and other long-term liabilities in the consolidated balance sheets at December 31, 2014 set forth in Item 8 of this Annual Report. Due to the nature of this item, payments could be due at any time upon the occurrence of certain events. Accordingly, the entire balance has been reflected as expiring in less than one year.

Indebtedness

Our level of indebtedness increases the possibility that we may be unable to pay the principal amount of our indebtedness and other obligations when due. In addition, we may incur additional debt from time to time to finance strategic acquisitions, investments, joint ventures or for other purposes, subject to the restrictions contained in the documents governing our indebtedness. If we incur additional debt, the risks associated with our leverage, including our ability to service our debt, would increase.

Since 2001, we have maintained credit facilities to fund strategic acquisitions and to provide for our working capital needs. On March 28, 2013, we entered into a credit agreement (the 2013 Credit Agreement) with a syndicate of banks led by Credit Suisse Group AG, or CS, as administrative and collateral agent, to completely refinance a previous credit agreement, pursuant to which we completed a series of financing transactions, which

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included the repayment of \$1.6 billion of our senior secured term loans under the previous credit agreement. On January 9, 2015, we entered into an amended and restated credit agreement (the 2015 Credit Agreement) with a syndicate of banks jointly led by Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P Morgan Securities LLC and CS.

Our 2015 Credit Agreement currently provides for the following: (1) a \$2.6 billion revolving credit facility, including revolving credit loans, letters of credit and a swingline loan facility, maturing on January 9, 2020; and (2) a \$500.0 million tranche A term loan facility requiring quarterly principal payments, which begin on June 30, 2015 and continue through maturity on January 9, 2020.

The new revolving credit facility allows for borrowings outside of the United States, with a \$75.0 million sub-facility available to one of our Canadian subsidiaries, a \$100.0 million sub-facility available to one of our Australian subsidiaries and one of our New Zealand subsidiaries and a \$300.0 million sub-facility available to one of our U.K. subsidiaries. Additionally, outstanding borrowings under these sub-facilities may be up to 5.0% higher as allowed under the currency fluctuation provision in the 2015 Credit Agreement. Borrowings under the new revolving credit facility bear interest at varying rates, based at our option, on either the applicable fixed rate plus 1.175% to 1.50% or the daily rate plus 0.175% to 0.50% as determined by reference to our ratio of total debt less available cash to EBITDA (as defined in the 2015 Credit Agreement). Borrowings under the new tranche A term loan facility bear interest, based on our option, on either the applicable fixed rate plus 1.375% to 1.85% or the daily rate plus 0.375% to 0.85%, as determined by reference to our ratio of total debt less available cash to EBITDA (as defined in the 2015 Credit Agreement).

The 2015 Credit Agreement is jointly and severally guaranteed by us and substantially all of our material domestic subsidiaries. Borrowings under the 2015 Credit Agreement are secured by a pledge of substantially all of the capital stock of our U.S. subsidiaries and 65.0% of the capital stock of certain non-U.S. subsidiaries, in each case, held by CBRE and the U.S. guarantor subsidiaries. Also, the 2015 Credit Agreement requires us to pay a fee based on the total amount of the unused revolving credit facility commitment.

In January 2015, proceeds from the new tranche A term loan facility and from the \$125.0 million of 5.25% senior notes due 2025 issued in December 2014, along with cash on hand, were used to pay off the prior tranche A and tranche B term loans and the previously outstanding balance on our prior revolving credit facility.

As of December 31, 2014, our 2013 Credit Agreement provided for the following: (1) a \$1.2 billion revolving credit facility, which included revolving credit loans, letters of credit and a swingline loan facility, and would have matured on March 28, 2018; (2) a \$500.0 million tranche A term loan facility (of which \$300.0 million was on an optional delayed-draw basis for up to 120 days from March 28, 2013, which we drew down in June 2013 to partially fund the redemption of our 11.625% senior subordinated notes), which required quarterly principal payments, which began on June 30, 2013 and would have continued through maturity on March 28, 2018; and (3) a \$215.0 million tranche B term loan facility requiring quarterly principal payments, which began on June 30, 2013 and would have continued through December 31, 2020, with the balance payable at maturity on March 28, 2021.

The revolving credit facility under the 2013 Credit Agreement allowed for borrowings outside of the United States, with a \$10.0 million sub-facility available to one of our Canadian subsidiaries, a \$35.0 million sub-facility available to one of our Australian subsidiaries and one of our New Zealand subsidiaries and a \$150.0 million sub-facility available to one of our U.K. subsidiaries. Additionally, outstanding borrowings under these sub-facilities could have been up to 5.0% higher as allowed under the currency fluctuation provision in the 2013 Credit Agreement. Borrowings under the prior revolving credit facility bore interest at varying rates, based at our option, on either the applicable fixed rate plus 1.15% to 2.25% or the daily rate plus 0.125% to 1.25% as determined by reference to our ratio of total debt less available cash to EBITDA (as defined in the 2013 Credit Agreement). As of December 31, 2014 and 2013, we had \$4.8 million and \$142.5 million, respectively, of revolving credit facility principal outstanding with related weighted average interest rates of 1.4% and 2.2%,

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respectively, which were included in short-term borrowings in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report. As of December 31, 2014, letters of credit totaling \$7.4 million were outstanding under the revolving credit facility. These letters of credit, which reduce the amount we may borrow under the revolving credit facility, were primarily issued in the normal course of business as well as in connection with certain insurance programs.

Borrowings under the term loan facilities (under the 2013 Credit Agreement) as of December 31, 2014 bore interest, based at our option, on the following: for the tranche A term loan facility, on either the applicable fixed rate plus 1.50% to 2.75% or the daily rate plus 0.50% to 1.75%, as determined by reference to our ratio of total debt less available cash to EBITDA (as defined in the 2013 Credit Agreement) and for the tranche B term loan facility, on either the applicable fixed rate plus 2.75% or the daily rate plus 1.75%. As of December 31, 2014, we had \$645.6 million of term loan facilities principal outstanding (including \$434.4 million of tranche A term loan facility and \$211.2 million of tranche B term loan facility) under the 2013 Credit Agreement, which were included in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report. As of December 31, 2013, we had \$685.3 million of term loan facilities principal outstanding (including \$471.9 million of tranche A term loan facility and \$213.4 million of tranche B term loan facility) under the 2013 Credit Agreement, which were also included in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

The 2013 Credit Agreement was jointly and severally guaranteed by us and substantially all of our material domestic subsidiaries. Borrowings under the 2013 Credit Agreement were secured by a pledge of substantially all of the capital stock of our U.S. subsidiaries and 65.0% of the capital stock of certain non-U.S. subsidiaries, in each case, held by CBRE and the U.S. guarantor subsidiaries. Also, the 2013 Credit Agreement required us to pay a fee based on the total amount of the unused revolving credit facility commitment.

In March 2011, we entered into five interest rate swap agreements, all with effective dates in October 2011, and immediately designated them as cash flow hedges in accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 815, *Derivatives and Hedging*. The purpose of these interest rate swap agreements is to attempt to hedge potential changes to our cash flows due to the variable interest nature of our senior secured term loan facilities. The total notional amount of these interest rate swap agreements is \$400.0 million, with \$200.0 million expiring in October 2017 and \$200.0 million expiring in September 2019. There was no significant hedge ineffectiveness for the years ended December 31, 2014, 2013 and 2012. As of December 31, 2014 and 2013, the fair values of such interest rate swap agreements were reflected as a \$26.9 million liability and a \$29.0 million liability, respectively, and were included in other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

On September 26, 2014, CBRE, our wholly-owned subsidiary, issued \$300.0 million in aggregate principal amount of 5.25% senior notes due March 15, 2025. On December 12, 2014, CBRE issued an additional \$125.0 million in aggregate principal amount of 5.25% senior notes due March 15, 2025 at a price equal to 101.5% of their face value, plus interest deemed to have accrued from September 26, 2014. The 5.25% senior notes are unsecured obligations of CBRE, senior to all of its current and future subordinated indebtedness, but effectively subordinated to all of its current and future secured indebtedness. The 5.25% senior notes are jointly and severally guaranteed on a senior basis by us and each domestic subsidiary of CBRE that guarantees our 2015 Credit Agreement. Interest accrues at a rate of 5.25% per year and is payable semi-annually in arrears on March 15 and September 15, beginning on March 15, 2015. The 5.25% senior notes are redeemable at our option, in whole or in part, prior to December 15, 2024 at a redemption price equal to the greater of (1) 100% of the principal amount of the 5.25% senior notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon to December 15, 2024 (not including any portions of payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semi-annual basis at the Adjusted Treasury Rate (as defined in the indentures governing these notes). In addition, at any time on or after December 15, 2024, the 5.25% senior notes may be redeemed by us, in whole or in part, at a redemption price equal to 100.0% of the principal amount, plus accrued and unpaid interest, if any, to (but

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excluding) the date of redemption. If a change of control triggering event (as defined in the indenture governing these notes) occurs, we are obligated to make an offer to purchase the then outstanding 5.25% senior notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest, if any, to the date of purchase. The amount of the 5.25% senior notes included in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report was \$426.8 million at December 31, 2014.

On March 14, 2013, CBRE issued \$800.0 million in aggregate principal amount of 5.00% senior notes due March 15, 2023. The 5.00% senior notes are unsecured obligations of CBRE, senior to all of its current and future subordinated indebtedness, but effectively subordinated to all of its current and future secured indebtedness. The 5.00% senior notes are jointly and severally guaranteed on a senior basis by us and each domestic subsidiary of CBRE that guarantees our 2015 Credit Agreement. Interest accrues at a rate of 5.00% per year and is payable semi-annually in arrears on March 15 and September 15, beginning on September 15, 2013. The 5.00% senior notes are redeemable at our option, in whole or in part, on or after March 15, 2018 at a redemption price of 102.5% of the principal amount on that date and at declining prices thereafter. At any time prior to March 15, 2016, we may redeem up to 35.0% of the original principal amount of the 5.00% senior notes using the net cash proceeds from certain public offerings. In addition, at any time prior to March 15, 2018, the 5.00% senior notes may be redeemed by us, in whole or in part, at a redemption price equal to 100.0% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption, and an applicable premium (as defined in the indenture governing these notes), which is based on the excess of the present value of the March 15, 2018 redemption price plus all remaining interest payments through March 15, 2018, over the principal amount of the 5.00% senior notes on such redemption date. If a change of control triggering event (as defined in the indenture governing these notes) occurs, we are obligated to make an offer to purchase the then outstanding 5.00% senior notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest, if any. The amount of the 5.00% senior notes included in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report was \$800.0 million at both December 31, 2014 and 2013.

On October 8, 2010, CBRE issued \$350.0 million in aggregate principal amount of 6.625% senior notes due October 15, 2020. The 6.625% senior notes were unsecured obligations of CBRE, senior to all of its current and future subordinated indebtedness, but effectively subordinated to all of its current and future secured indebtedness. The 6.625% senior notes were jointly and severally guaranteed on a senior basis by us and each domestic subsidiary of CBRE that guarantees our 2015 Credit Agreement. Interest accrued at a rate of 6.625% per year and was payable semi-annually in arrears on April 15 and October 15, having commenced on April 15, 2011. The 6.625% senior notes were redeemable at our option, in whole or in part, on or after October 15, 2014 at a redemption price of 104.969% of the principal amount on that date and at declining prices thereafter. In addition, at any time prior to October 15, 2014, the 6.625% senior notes were redeemable by us, in whole or in part, at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest and an applicable premium (as defined in the indenture governing these notes), which was based on the greater of 1.00% of the principal amount of the 6.625% senior notes and the excess of the present value of the October 15, 2014 redemption price plus all remaining interest payments through October 15, 2014, over the principal amount of the 6.625% senior notes on such redemption date. We redeemed these notes in full on October 27, 2014 in accordance with the provisions of the notes and associated indenture. In connection with this early redemption, we incurred charges of \$23.1 million, including a premium of \$17.4 million and the write-off of \$5.7 million of unamortized deferred financing costs. The amount of the 6.625% senior notes included in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report was \$350.0 million at December 31, 2013.

Our 2015 Credit Agreement and the indentures governing our 5.00% senior notes and 5.25% senior notes contain numerous restrictive covenants that, among other things, limit our ability to incur additional indebtedness, pay dividends or make distributions to stockholders, repurchase capital stock or debt, make investments, sell assets or subsidiary stock, create or permit liens on assets, engage in transactions with affiliates, enter into sale/leaseback transactions, issue subsidiary equity and enter into consolidations or mergers. Our 2015 Credit Agreement also currently requires us to maintain a minimum coverage ratio of EBITDA (as defined in the 2015 Credit Agreement) to total interest expense of 2.00x and a maximum leverage ratio of total debt less

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available cash to EBITDA (as defined in the 2015 Credit Agreement) of 4.25x as of the end of each fiscal quarter. Our coverage ratio of EBITDA to total interest expense was 12.34x for the year ended December 31, 2014 and our leverage ratio of total debt less available cash to EBITDA was 1.02x as of December 31, 2014. We may from time to time, in our sole discretion, look for opportunities to refinance or reduce our outstanding debt under our 2015 Credit Agreement and under our 5.00% senior notes and 5.25% senior notes.

From time to time, our indebtedness is rated by certain nationally recognized statistical rating organizations. The interest rates under our 2015 Credit Agreement would be positively impacted if we had two issuer or long-term debt ratings of investment grade (as defined in the 2015 Credit Agreement). In addition, changes in these ratings could impact the terms and availability of any future indebtedness.

On June 18, 2009, CBRE issued \$450.0 million in aggregate principal amount of 11.625% senior subordinated notes due June 15, 2017 for approximately \$435.9 million, net of discount. The 11.625% senior subordinated notes were unsecured senior subordinated obligations of CBRE and were jointly and severally guaranteed on a senior subordinated basis by us and our domestic subsidiaries that guarantee our 2015 Credit Agreement. Interest accrued at a rate of 11.625% per year and was payable semi-annually in arrears on June 15 and December 15. As permitted by the indenture governing these notes, on June 15, 2013, we redeemed all of the 11.625% senior subordinated notes. In connection with this early redemption, we paid a premium of \$26.2 million and wrote off \$16.1 million of unamortized deferred financing costs and unamortized discount.

We had short-term borrowings of \$506.1 million and \$517.1 million as of December 31, 2014 and 2013, respectively, with related weighted average interest rates of 1.8% and 1.9%, respectively, which are included in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

On March 2, 2007, we entered into a \$50.0 million credit note with Wells Fargo Bank for the purpose of purchasing eligible investments, which include cash equivalents, agency securities, A1/P1 commercial paper and eligible money market funds. The proceeds of this note are not made generally available to us, but instead are deposited in an investment account maintained by Wells Fargo Bank and used and applied solely to purchase eligible investment securities. This agreement has been amended several times and currently provides for a \$5.0 million revolving credit note, bears interest at 0.25% and has a maturity date of May 31, 2015. As of December 31, 2014 and 2013, there were no amounts outstanding under this note.

On March 4, 2008, we entered into a \$35.0 million credit and security agreement with Bank of America, or BofA, for the purpose of purchasing eligible financial instruments, which include A1/P1 commercial paper, U.S. Treasury securities, Government Sponsored Enterprise, or GSE, discount notes (as defined in the credit and security agreement) and money market funds. The proceeds of this loan are not made generally available to us, but instead are deposited in an investment account maintained by BofA and used and applied solely to purchase eligible financial instruments. This agreement has been amended several times and currently provides for a \$5.0 million credit line, bears interest at 1% and has a maturity date of April 30, 2015. As of December 31, 2014 and 2013, there were no amounts outstanding under this agreement.

On August 19, 2008, we entered into a \$15.0 million uncommitted facility with First Tennessee Bank for the purpose of purchasing investments, which included cash equivalents, agency securities, A1/P1 commercial paper and eligible money market funds. The proceeds of this facility were not made generally available to us, but instead were held in a collateral account maintained by First Tennessee Bank. This agreement provided for a \$4.0 million credit line, bore interest at 0.25% and expired on August 31, 2014. As of both December 31, 2014 and 2013, there were no amounts outstanding under this agreement.

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Our wholly-owned subsidiary, CBRE Capital Markets, has the following warehouse lines of credit: credit agreements with JP Morgan Chase Bank, N.A., or JP Morgan, BofA, TD Bank, N.A., or TD Bank, and Capital

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One, N.A., or Capital One, for the purpose of funding mortgage loans that will be resold, and a funding arrangement with Federal National Mortgage Association, or Fannie Mae, for the purpose of selling a percentage of certain closed multifamily loans.

On November 15, 2005, CBRE Capital Markets entered into a secured credit agreement with JP Morgan to establish a warehouse line of credit. This agreement has been amended several times and as of December 31, 2014, provided for a \$275.0 million line of credit, \$100.0 million of which matured on January 15, 2015. This agreement currently provides for a \$175.0 million line of credit, bears interest at the daily one-month LIBOR plus 1.90% and has a maturity date of October 26, 2015.

On April 16, 2008, CBRE Capital Markets entered into a secured credit agreement with BofA to establish a warehouse line of credit. This agreement has been amended several times and currently provides for a \$400.0 million line of credit and bears interest at the daily one-month LIBOR plus 1.60%. A portion of the line of credit totaling \$200.0 million matures on March 23, 2015. The remainder, or \$200.0 million, has a maturity date of May 27, 2015.

In August 2009, CBRE Capital Markets entered into a funding arrangement with Fannie Mae under its Multifamily As Soon As Pooled Plus Agreement and its Multifamily As Soon As Pooled Sale Agreement, or ASAP Program. Under the ASAP Program, CBRE Capital Markets may elect, on a transaction by transaction basis, to sell a percentage of certain closed multifamily loans to Fannie Mae on an expedited basis. After all contingencies are satisfied, the ASAP Program requires that CBRE Capital Markets repurchase the interest in the multifamily loan previously sold to Fannie Mae followed by either a full delivery back to Fannie Mae via whole loan execution or a securitization into a mortgage backed security. Under this agreement, the maximum outstanding balance under the ASAP Program cannot exceed \$200.0 million and, between the sale date to Fannie Mae and the repurchase date by CBRE Capital Markets, the outstanding balance bears interest and is payable to Fannie Mae at the daily one-month LIBOR plus 1.35% with a LIBOR floor of 0.35%. This arrangement remains in place but is cancelable at any time by Fannie Mae with notice.

On December 21, 2010, CBRE Capital Markets entered into a secured credit agreement with TD Bank to establish a warehouse line of credit. The secured revolving line of credit has been amended several times and currently provides for a \$300.0 million line of credit, bears interest at the daily one-month LIBOR plus 1.50% and has a maturity date of June 30, 2015.

On July 30, 2012, CBRE Capital Markets entered into a secured credit agreement with Capital One to establish a warehouse line of credit. This agreement currently provides for a \$200.0 million senior secured revolving line of credit, bears interest at the daily one-month LIBOR plus 1.55% and has a maturity date of July 29, 2015.

On September 21, 2012, CBRE Capital Markets entered into a repurchase facility with JP Morgan for additional warehouse capacity pursuant to a Master Repurchase Agreement. This agreement provided for a \$200.0 million warehouse facility, bore interest at the daily one-month LIBOR plus 2.25% and expired on January 16, 2014.

On March 17, 2014, CBRE Capital Markets wholly-owned subsidiary, CBRE Business Lending, Inc., entered into a secured credit agreement with JP Morgan to establish a line of credit. This agreement currently provides for a \$25.0 million secured revolving line of credit, bears interest at daily one-month LIBOR plus 2.75% and has a maturity date of March 16, 2015.

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During the year ended December 31, 2014, we had a maximum of \$1.1 billion of warehouse lines of credit principal outstanding. As of December 31, 2014 and 2013, we had \$501.2 million and \$374.6 million, respectively, of warehouse lines of credit principal outstanding, which were included in short-term borrowings in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report. Additionally, we had

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\$506.3 million and \$381.5 million of mortgage loans held for sale (warehouse receivables), as of December 31, 2014 and 2013, respectively, which substantially represented mortgage loans funded through the lines of credit that, while committed to be purchased, had not yet been purchased and which were also included in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

Pension Liability

Our subsidiaries based in the United Kingdom maintain two contributory defined benefit pension plans to provide retirement benefits to existing and former employees participating in the plans. The underfunded status of our defined benefit pension plans included in pension liability in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report was \$92.9 million and \$68.0 million at December 31, 2014 and 2013, respectively. We expect to contribute a total of \$6.1 million to fund our pension plans for the year ending December 31, 2015.

Off-Balance Sheet Arrangements

In January 2008, CBRE Multifamily Capital, Inc., or CBRE MCI, a wholly-owned subsidiary of CBRE Capital Markets, entered into an agreement with Fannie Mae, under Fannie Mae's Delegated Underwriting and Servicing Lender Program, or DUS Program, to provide financing for multifamily housing with five or more units. Under the DUS Program, CBRE MCI originates, underwrites, closes and services loans without prior approval by Fannie Mae, and in selected cases, is subject to sharing up to one-third of any losses on loans originated under the DUS Program. CBRE MCI has funded loans subject to such loss sharing arrangements with unpaid principal balances of \$9.7 billion at December 31, 2014. Additionally, CBRE MCI has funded loans under the DUS Program that are not subject to loss sharing arrangements with unpaid principal balances of approximately \$293.7 million at December 31, 2014. CBRE MCI, under its agreement with Fannie Mae, must post cash reserves or other acceptable collateral under formulas established by Fannie Mae to provide for sufficient capital in the event losses occur. As of December 31, 2014 and 2013, CBRE MCI had a \$29.0 million letter of credit and \$16.6 million of cash deposited, respectively, under this reserve arrangement, and had provided approximately \$16.8 million and \$13.8 million, respectively, of loan loss accruals. Fannie Mae's recourse under the DUS Program is limited to the assets of CBRE MCI, which totaled approximately \$310.2 million (including \$165.9 million of warehouse receivables, a substantial majority of which are pledged against warehouse lines of credit and are therefore not available to Fannie Mae) at December 31, 2014.

We had outstanding letters of credit totaling \$40.9 million as of December 31, 2014, excluding letters of credit for which we have outstanding liabilities already accrued on our consolidated balance sheet related to our subsidiaries' outstanding reserves for claims under certain insurance programs as well as letters of credit related to operating leases. CBRE MCI's letter of credit totaling \$29.0 million referred to in the preceding paragraph represented the majority of the \$40.9 million outstanding letters of credit. The remaining letters of credit are primarily executed by us in the ordinary course of business and expire at varying dates through December 2015.

We had guarantees totaling \$13.8 million as of December 31, 2014, excluding guarantees related to pension liabilities, consolidated indebtedness and other obligations for which we have outstanding liabilities already accrued on our consolidated balance sheet, and operating leases. The \$13.8 million mainly represents guarantees of obligations of unconsolidated subsidiaries, which expire at varying dates through December 2018, as well as various guarantees of management contracts in our operations overseas, which expire at the end of each of the respective agreements.

In addition, as of December 31, 2014, we had numerous completion and budget guarantees relating to development projects. These guarantees are made by us in the ordinary course of our Development Services business. Each of these guarantees requires us to complete construction of the relevant project within a specified timeframe and/or within a specified budget, with us potentially being liable for costs to complete in excess of such timeframe or budget. However, we generally have guaranteed maximum price contracts with reputable

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general contractors with respect to projects for which we provide these guarantees. These contracts are intended to pass the risk to such contractors. While there can be no assurance, we do not expect to incur any material losses under these guarantees.

An important part of the strategy for our Global Investment Management business involves investing our capital in certain real estate investments with our clients. These co-investments typically range from 2.0% to 5.0% of the equity in a particular fund. As of December 31, 2014, we had aggregate commitments of \$19.0 million to fund future co-investments, \$12.7 million of which is expected to be funded in 2015. In addition to required future capital contributions, some of the co-investment entities may request additional capital from us and our subsidiaries holding investments in those assets and the failure to provide these contributions could have adverse consequences to our interests in these investments.

Additionally, an important part of our Development Services business strategy is to invest in unconsolidated real estate subsidiaries as a principal (in most cases co-investing with our clients). As of December 31, 2014, we had committed to fund \$25.5 million of additional capital to these unconsolidated subsidiaries, which we may be required to fund at any time.

Seasonality

A significant portion of our revenue is seasonal, which an investor should keep in mind when comparing our financial condition and results of operations on a quarter-by-quarter basis. Historically, our revenue, operating income, net income and cash flow from operating activities tend to be lowest in the first quarter, and highest in the fourth quarter of each year. Earnings and cash flow have generally been concentrated in the fourth quarter due to the focus on completing sales, financing and leasing transactions prior to calendar year-end.

Inflation

Our commissions and other variable costs related to revenue are primarily affected by real estate market supply and demand, which may be affected by general economic conditions including inflation. However, to date, we do not believe that general inflation has had a material impact upon our operations.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance under accounting principles generally accepted in the United States, or GAAP, when it becomes effective on January 1, 2017. This ASU permits the use of either the retrospective or cumulative effect transition method. Early adoption is not permitted. We are evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of this ASU on our ongoing financial reporting.

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In February 2015, the FASB issued ASU 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. This ASU provides consolidation guidance for legal entities such as limited partnerships, limited liability corporations and securitization structures. This ASU offers updated consolidation evaluation criteria and may require additional disclosure requirements. ASU 2015-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. We do not believe the adoption of this update will have a material impact on our consolidated financial position, results of operations or disclosure requirements of our consolidated financial statements.

Table of Contents**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Our exposure to market risk primarily consists of foreign currency exchange rate fluctuations related to our international operations and changes in interest rates on debt obligations. We manage such risk primarily by managing the amount, sources, and duration of our debt funding and by using derivative financial instruments. We apply the *Derivatives and Hedging* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) (Topic 815) when accounting for derivative financial instruments. In all cases, we view derivative financial instruments as a risk management tool and, accordingly, do not use derivatives for trading or speculative purposes.

Exchange Rates

Certain of our foreign operations expose us to fluctuations in foreign exchange rates. These fluctuations may impact the value of our cash receipts and payments in terms of our functional currency. During the year ended December 31, 2014, approximately 44% of our business was transacted in local currencies of foreign countries, the majority of which includes the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Chinese yuan, Euro, Indian rupee, Japanese yen and Singapore dollar. We enter into derivative financial instruments to attempt to protect the value or fix the amount of certain obligations in terms of our reporting currency, the U.S. dollar.

In March 2014, we began a foreign currency exchange forward hedging program by entering into 38 foreign currency exchange forward contracts, including agreements to buy U.S. dollars and sell Australian dollars, Canadian dollars, Japanese yen, Euros, and British pound sterling covering an initial notional amount of \$209.7 million. The purpose of these forward contracts is to attempt to mitigate the risk of fluctuations in foreign currency exchange rates that would adversely impact some of our foreign currency denominated EBITDA. Hedge accounting was not elected for any of these contracts. As such, changes in the fair values of these contracts are recorded directly in earnings. Included in the consolidated statement of operations set forth in Item 8 of this Annual Report were net gains of \$5.3 million for the year ended December 31, 2014 resulting from net gains on foreign currency exchange forward contracts. As of December 31, 2014, we had 52 foreign currency exchange forward contracts outstanding covering a notional amount of \$302.0 million. As of December 31, 2014, the fair value of forward contracts with two counterparties aggregated to a \$0.5 million asset position, which was included in other current assets in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report. As of December 31, 2014, the fair value of forward contracts with four counterparties aggregated to a \$1.3 million liability position, which was included in other current liabilities in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

We also routinely monitor our exposure to currency exchange rate changes in connection with certain transactions and sometimes enter into foreign currency exchange option and forward contracts to limit our exposure to such transactions, as appropriate. In the normal course of business, we also sometimes utilize derivative financial instruments in the form of foreign currency exchange contracts to attempt to mitigate foreign currency exchange exposure resulting from intercompany loans. Included in the consolidated statements of operations set forth in Item 8 of this Annual Report were net gains of \$4.3 million for the year ended December 31, 2014 and net losses of \$1.8 million for the year ended December 31, 2013, resulting from net gains/losses on foreign currency exchange option and forward contracts. As of December 31, 2014, the fair value of such contracts with one counterparty aggregated to a \$0.8 million asset position, which was included in other current assets in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report. As of December 31, 2014, the fair value of forward contracts with one counterparty aggregated to a \$0.1 million liability position, which was included in other current liabilities in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

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We manage our interest expense by using a combination of fixed and variable rate debt. Excluding notes payable on real estate, our fixed and variable rate long-term debt at December 31, 2014 consisted of the following (dollars in thousands):

Year of Maturity	Fixed Rate	LIBOR	LIBOR	(3)	30 day EUR LIBOR	Total
		+ 1.75%	+ 2.75%		+ 1.40%	
		(1) (2)	(1) (2)		(2) (4)	
2015	\$ 2,782	\$ 37,500	\$ 2,150	\$ 501,185	\$ 4,840	\$ 548,457
2016	26	65,625	2,150			67,801
2017		253,125	2,150			255,275
2018		78,125	2,150			80,275
2019			2,150			2,150
Thereafter	1,226,813		200,488			1,427,301
Total	\$ 1,229,621	\$ 434,375	\$ 211,238	\$ 501,185	\$ 4,840	\$ 2,381,259
Weighted Average Interest Rate	5.1%	1.9%	2.9%	1.8%	1.4%	3.6%

- (1) Consists of amounts due under our senior secured term loan facilities, including \$434.4 million of tranche A term loan facility and \$211.2 million of tranche B term loan facility.
- (2) On January 9, 2015, we entered into an amended and restated credit agreement (2015 Credit Agreement). The 2015 Credit Agreement provides for the following: (i) a \$2.6 billion revolving credit facility and (ii) a \$500.0 million tranche A term loan facility requiring quarterly principal payments, which begin on June 30, 2015 and continue through maturity on January 9, 2020. In January 2015, proceeds from the new tranche A term loan facility and from the \$125.0 million of 5.25% senior notes issued in December 2014, along with cash on hand, were used to pay off the tranche A and tranche B term loan facilities under our 2013 Credit Agreement, with balances of \$434.4 million and \$211.2 million, respectively, at December 31, 2014 and the previously outstanding balance on our prior revolving credit facility, with a balance of \$4.8 million at December 31, 2014.
- (3) Consists of amounts due under our warehouse lines of credit as follows (dollars in thousands): \$286,381 at daily one-month LIBOR + 1.60%; \$127,822 at daily one-month LIBOR + 1.90%; \$47,400 at daily one-month LIBOR + 1.55%; \$35,427 at daily one-month LIBOR + 1.35% with a LIBOR floor of 0.35% and \$4,155 at daily one-month LIBOR + 2.75%.
- (4) Consists of amounts due under our prior revolving credit facility. We extinguished this balance in full in January 2015.

In March 2011, we entered into five interest rate swap agreements, all with effective dates in October 2011, and immediately designated them as cash flow hedges in accordance with Topic 815. The purpose of these interest rate swap agreements is to attempt to hedge potential changes to our cash flows due to the variable interest nature of our senior secured term loan facilities. The total notional amount of these interest rate swap agreements is \$400.0 million, with \$200.0 million expiring in October 2017 and \$200.0 million expiring in September 2019. There was no significant hedge ineffectiveness for the years ended December 31, 2014 and 2013. As of December 31, 2014, the fair value of such interest rate swap agreements were reflected as a \$26.9 million liability and were included in other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

The estimated fair value of our senior secured term loans was approximately \$645.1 million at December 31, 2014. Based on dealers' quotes, the estimated fair values of our 5.00% senior notes and 5.25% senior notes were \$818.0 million and \$439.7 million, respectively, at December 31, 2014.

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We utilize sensitivity analyses to assess the potential effect of our variable rate debt. If interest rates were to increase by 10.0% on our outstanding variable rate debt, excluding notes payable on real estate, at December 31, 2014, the net impact of the additional interest cost would be a decrease of \$2.4 million on pre-tax income and a decrease of \$2.4 million on cash provided by operating activities for the year ended December 31, 2014.

We also have \$42.8 million of notes payable on real estate as of December 31, 2014. These notes have interest rates ranging from 2.41% to 10.0% with maturity dates extending through 2023. Interest costs relating to notes payable on real estate include both interest that is expensed and interest that is capitalized as part of the cost of real estate. If interest rates were to increase by 10.0%, our total estimated interest cost related to notes payable would increase by approximately \$0.2 million for the year ended December 31, 2014. From time to time, we enter into interest rate swap and cap agreements in order to limit our interest expense related to our notes payable on real estate. If any of these agreements are not designated as effective hedges, then they are marked to market each period with the change in fair value recognized in current period earnings. The net impact on our earnings resulting from gains and/or losses on interest rate swap and cap agreements associated with notes payable on real estate has not been significant.

We also enter into loan commitments that relate to the origination of commercial mortgage loans that will be held for resale. FASB ASC Topic 815 requires that these commitments be recorded at their fair values as derivatives. Included in the consolidated statements of operations set forth in Item 8 of this Annual Report were net gains of \$2.4 million for the year ended December 31, 2014, resulting from gains on these loan commitments. As of December 31, 2014, the fair value of such contracts with three counterparties aggregated to a \$2.4 million asset position, which was included in other current assets in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report. The net impact on our financial position and earnings resulting from loan commitments for years prior to 2014 was not significant.

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Item 8. Financial Statements and Supplementary Data

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All other schedules are omitted because they are either not applicable, not required or the information required is included in the Consolidated Financial Statements, including the notes thereto.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders

CBRE Group, Inc.:

We have audited the accompanying consolidated balance sheets of CBRE Group, Inc. (the Company) and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, cash flows and equity for each of the years in the three-year period ended December 31, 2014. In connection with our audits of the consolidated financial statements, we also have audited the related financial statement schedules. We also have audited the Company's internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these consolidated financial statements and financial statement schedules, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CBRE Group, Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole,

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present fairly, in all material respects, the information set forth therein. Also in our opinion, CBRE Group, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Note 2 to the financial statements, effective January 1, 2014, the Company adopted Financial Accounting Standards Board Accounting Standards Update No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*.

/s/ KPMG LLP

Los Angeles, California

March 2, 2015

Table of Contents**CBRE GROUP, INC.****CONSOLIDATED BALANCE SHEETS****(Dollars in thousands, except share data)**

	December 31,	
	2014	2013
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 740,884	\$ 491,912
Restricted cash	28,090	61,155
Receivables, less allowance for doubtful accounts of \$41,831 and \$40,262 at December 31, 2014 and 2013, respectively	1,736,229	1,486,489
Warehouse receivables	506,294	381,545
Trading securities	62,804	58,442
Income taxes receivable	12,709	
Prepaid expenses	142,719	125,151
Deferred tax assets, net	205,866	188,533
Real estate and other assets held for sale	3,845	
Real estate under development		19,133
Available for sale securities	663	
Other current assets	84,401	67,452
Total Current Assets	3,524,504	2,879,812
Property and equipment, net	497,926	458,596
Goodwill	2,333,821	2,290,474
Other intangible assets, net of accumulated amortization of \$463,400 and \$348,566 at December 31, 2014 and 2013, respectively	802,360	841,228
Investments in unconsolidated subsidiaries	218,280	198,696
Real estate under development	4,630	822
Real estate held for investment	37,129	106,999
Available for sale securities	59,512	56,800
Other assets, net	168,943	164,987
Total Assets	\$ 7,647,105	\$ 6,998,414
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 827,530	\$ 817,519
Compensation and employee benefits payable	623,814	486,993
Accrued bonus and profit sharing	788,858	612,114
Income taxes payable		11,111
Short-term borrowings:		
Warehouse lines of credit	501,185	374,597
Revolving credit facility	4,840	142,484
Other	25	16
Total short-term borrowings	506,050	517,097
Current maturities of long-term debt	42,407	42,245
Notes payable on real estate	23,229	62,017
Other current liabilities	63,746	56,644
Total Current Liabilities	2,875,634	2,605,740
Long-Term Debt:		
5.00% senior notes	800,000	800,000
Senior secured term loans	605,963	645,613
5.25% senior notes	426,813	
6.625% senior notes		350,000

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Other long-term debt	26	2,822
Total Long-Term Debt	1,832,802	1,798,435
Notes payable on real estate	19,614	68,455
Deferred tax liabilities, net	149,233	160,777
Non-current tax liabilities	46,003	65,520
Pension liability	92,923	68,012
Other liabilities	329,498	295,469
Total Liabilities	5,345,707	5,062,408
Commitments and contingencies		
Equity:		
CBRE Group, Inc. Stockholders' Equity:		
Class A common stock; \$0.01 par value; 525,000,000 shares authorized; 332,991,031 and 331,927,166 shares issued and outstanding at December 31, 2014 and 2013, respectively	3,330	3,319
Additional paid-in capital	1,039,425	981,997
Accumulated earnings	1,541,095	1,056,592
Accumulated other comprehensive loss	(324,020)	(146,123)
Total CBRE Group, Inc. Stockholders' Equity	2,259,830	1,895,785
Non-controlling interests	41,568	40,221
Total Equity	2,301,398	1,936,006
Total Liabilities and Equity	\$ 7,647,105	\$ 6,998,414

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**CBRE GROUP, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS**

(Dollars in thousands, except share data)

	Year Ended December 31,		
	2014	2013	2012
Revenue	\$ 9,049,918	\$ 7,184,794	\$ 6,514,099
Costs and expenses:			
Cost of services	5,611,262	4,189,389	3,742,514
Operating, administrative and other	2,438,960	2,104,310	2,002,914
Depreciation and amortization	265,101	190,390	169,645
Non-amortizable intangible asset impairment		98,129	19,826
Total costs and expenses	8,315,323	6,582,218	5,934,899
Gain on disposition of real estate	57,659	13,552	5,881
Operating income	792,254	616,128	585,081
Equity income from unconsolidated subsidiaries	101,714	64,422	60,729
Other income	12,183	13,523	11,093
Interest income	6,233	6,289	7,643
Interest expense	112,035	135,082	175,068
Write-off of financing costs	23,087	56,295	
Income from continuing operations before provision for income taxes	777,262	508,985	489,478
Provision for income taxes	263,759	187,187	185,322
Income from continuing operations	513,503	321,798	304,156
Income from discontinued operations, net of income taxes		26,997	631
Net income	513,503	348,795	304,787
Less: Net income (loss) attributable to non-controlling interests	29,000	32,257	(10,768)
Net income attributable to CBRE Group, Inc.	\$ 484,503	\$ 316,538	\$ 315,555
<i>Basic income per share attributable to CBRE Group, Inc. shareholders</i>			
Income from continuing operations attributable to CBRE Group, Inc.	\$ 1.47	\$ 0.95	\$ 0.97
Income from discontinued operations attributable to CBRE Group, Inc.		0.01	0.01
Net income attributable to CBRE Group, Inc.	\$ 1.47	\$ 0.96	\$ 0.98
Weighted average shares outstanding for basic income per share	330,620,206	328,110,004	322,315,576
<i>Diluted income per share attributable to CBRE Group, Inc. shareholders</i>			
Income from continuing operations attributable to CBRE Group, Inc.	\$ 1.45	\$ 0.94	\$ 0.96
Income from discontinued operations attributable to CBRE Group, Inc.		0.01	0.01

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Net income attributable to CBRE Group, Inc.	\$	1.45	\$	0.95	\$	0.97
Weighted average shares outstanding for diluted income per share		334,171,509		331,762,854		327,044,145
<i>Amounts attributable to CBRE Group, Inc. shareholders</i>						
Income from continuing operations, net of tax	\$	484,503	\$	314,229	\$	313,853
Income from discontinued operations, net of tax				2,309		1,702
Net income	\$	484,503	\$	316,538	\$	315,555

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**CBRE GROUP, INC.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Dollars in thousands)**

	Year Ended December 31,		
	2014	2013	2012
Net income	\$ 513,503	\$ 348,795	\$ 304,787
Other comprehensive (loss) income:			
Foreign currency translation (loss) gain	(148,589)	7,390	(997)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of \$4,710, \$4,695 and \$4,699 income tax for the years ended December 31, 2014, 2013 and 2012	7,279	7,151	6,977
Unrealized (losses) gains on interest rate swaps and interest rate caps, net of \$3,825 income tax benefit, \$2,862 income tax and \$8,015 income tax benefit for the years ended December 31, 2014, 2013 and 2012, respectively	(5,927)	4,361	(11,901)
Unrealized holding (losses) gains on available for sale securities, net of \$614 income tax benefit for the year ended December 31, 2014 and \$756 and \$43 income tax for the years ended December 31, 2013 and 2012, respectively	(941)	1,151	475
Pension liability adjustments, net of \$7,589, \$1,409 and \$1,131 income tax benefit for the years ended December 31, 2014, 2013 and 2012, respectively	(30,355)	(5,638)	(947)
Other, net	549	3,720	(598)
Total other comprehensive (loss) income	(177,984)	18,135	(6,991)
Comprehensive income	335,519	366,930	297,796
Less: Comprehensive income (loss) attributable to non-controlling interests	28,913	31,471	(11,154)
Comprehensive income attributable to CBRE Group, Inc.	\$ 306,606	\$ 335,459	\$ 308,950

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**CBRE GROUP, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Dollars in thousands)

	Year Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 513,503	\$ 348,795	\$ 304,787
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	265,101	191,270	170,905
Amortization and write-off of financing costs	13,155	28,871	9,518
Amortization of debt discount		9,477	
Non-amortizable intangible asset impairment		98,129	19,826
Write-down of impaired real estate and other assets	8,615		32,322
Gain on sale of loans, servicing rights and other assets	(95,636)	(93,613)	(112,613)
Net realized and unrealized gains from investments	(11,237)	(13,523)	(11,093)
Gain on disposition of real estate held for investment	(28,005)	(18,698)	(683)
Equity income from unconsolidated subsidiaries	(101,714)	(64,422)	(60,729)
Provision for doubtful accounts	8,165	9,579	6,509
Deferred income taxes	(28,469)	(11,591)	2,059
Compensation expense related to stock options and non-vested stock awards	59,757	48,429	51,712
Incremental tax benefit from stock options exercised	(1,218)	(9,891)	(2,930)
Distribution of earnings from unconsolidated subsidiaries	27,903	33,302	20,199
Tenant concessions received	18,343	14,627	23,260
Purchase of trading securities	(71,021)	(137,311)	(203,126)
Proceeds from sale of trading securities	74,237	191,121	190,220
Proceeds from securities sold, not yet purchased	2,271	52,472	151,145
Securities purchased to cover short sales	(453)	(110,588)	(151,282)
Increase in receivables	(307,979)	(76,946)	(142,786)
Increase in prepaid expenses and other assets	(47,015)	(33,355)	(22,097)
Decrease (increase) in real estate held for sale and under development	47,276	168,133	(759)
Increase in accounts payable and accrued expenses	31,526	40,200	43,475
Increase (decrease) in compensation and employee benefits payable and accrued bonus and profit sharing	344,987	102,439	(1,155)
(Increase) decrease in income taxes receivable/payable	(43,194)	3,077	(27,729)
Increase (decrease) in other liabilities	589	(6,808)	7,715
Other operating activities, net	(17,707)	(18,067)	(5,589)
Net cash provided by operating activities	661,780	745,108	291,081
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(171,242)	(156,358)	(150,232)
Acquisition of businesses, including net assets acquired, intangibles and goodwill, net of cash acquired	(147,057)	(504,147)	(52,578)
Contributions to unconsolidated subsidiaries	(59,177)	(49,594)	(65,440)
Distributions from unconsolidated subsidiaries	104,267	82,230	62,977
Net proceeds from disposition of real estate held for investment	77,278	113,241	60,805
Additions to real estate held for investment	(10,961)	(2,559)	(6,181)
Proceeds from the sale of servicing rights and other assets	25,541	32,016	40,206
Decrease (increase) in restricted cash	30,889	8,469	(16,205)
Decrease in cash due to deconsolidation of CBRE Clarion U.S., L.P. (see Note 3)			(73,187)
Purchase of available for sale securities	(89,885)	(65,111)	(36,355)
Proceeds from the sale of available for sale securities	88,214	69,688	31,751
Other investing activities, net	577	7,131	6,768
Net cash used in investing activities	(151,556)	(464,994)	(197,671)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from senior secured term loans		715,000	
Repayment of senior secured term loans	(39,650)	(1,639,017)	(68,146)
Proceeds from revolving credit facility	1,873,568	610,562	41,270
Repayment of revolving credit facility	(1,999,422)	(542,150)	(15,230)
Proceeds from issuance of 5.25% senior notes	426,875		

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Repayment of 6.625% senior notes	(350,000)		
Proceeds from issuance of 5.00% senior notes		800,000	
Repayment of 11.625% senior subordinated notes		(450,000)	
Proceeds from notes payable on real estate held for investment	5,022	2,762	4,652
Repayment of notes payable on real estate held for investment	(27,563)	(74,544)	(54,036)
Proceeds from notes payable on real estate held for sale and under development	8,274	9,526	22,276
Repayment of notes payable on real estate held for sale and under development	(80,218)	(136,528)	(21,345)
Shares repurchased for payment of taxes on stock awards	(16,685)	(16,628)	
Proceeds from exercise of stock options	6,203	5,780	20,324
Incremental tax benefit from stock options exercised	1,218	9,891	2,930
Non-controlling interests contributions	2,938	1,092	16,075
Non-controlling interests distributions	(33,971)	(128,168)	(48,162)
Payment of financing costs	(5,947)	(29,322)	(359)
Other financing activities, net	(2,711)	(4,537)	(938)
Net cash used in financing activities	(232,069)	(866,281)	(100,689)
Effect of currency exchange rate changes on cash and cash equivalents	(29,183)	(11,218)	3,3947
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	248,972	(597,385)	(3,885)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	491,912	1,089,297	1,093,182
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	\$ 740,884	\$ 491,912	\$ 1,089,297
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest	\$ 118,749	\$ 117,150	\$ 161,945
Income tax payments, net	\$ 331,257	\$ 203,402	\$ 217,956

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**CBRE GROUP, INC.****CONSOLIDATED STATEMENTS OF EQUITY**

(Dollars in thousands, except share data)

	CBRE Group, Inc. Shareholders				Accumulated other comprehensive loss		Non-Controlling Interests	Total
	Shares	Class A common stock	Additional paid-in capital	Accumulated earnings	Minimum pension liability	Foreign currency translation and other		
Balance at December 31, 2011	327,972,156	\$ 3,280	\$ 882,141	\$ 424,499	\$ (68,722)	\$ (89,717)	\$ 265,682	\$ 1,417,163
Net income (loss)				315,555			(10,768)	304,787
Pension liability adjustments, net of tax					(947)			(947)
Stock options exercised (including tax benefit)	1,930,092	19	23,235					23,254
Non-cash issuance of common stock	441,097	4	173					177
Compensation expense for stock options and non-vested stock awards			51,712					51,712
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of tax						6,977		6,977
Unrealized losses on interest rate swaps and interest rate caps, net of tax						(11,901)		(11,901)
Unrealized holding gains on available for sale securities, net of tax						475		475
Foreign currency translation loss						(611)	(386)	(997)
Cancellation of non-vested stock awards	(261,158)	(2)						(2)
Contributions from non-controlling interests							16,075	16,075
Distributions to non-controlling interests								