

CBRE GROUP, INC.
Form 10-K
March 03, 2014
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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, 2013

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 28, 2013, the aggregate market value of Class A Common Stock held by non-affiliates of the registrant was \$7.7 billion based upon the last sales price on June 28, 2013 on the New York Stock Exchange of \$23.36 for the registrant's Class A Common Stock.

As of February 14, 2014, the number of shares of Class A Common Stock outstanding was 331,964,913.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the registrant's 2014 Annual Meeting of Stockholders to be held May 16, 2014 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 2013 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, 2013, excluding independent affiliates, we operated in approximately 350 offices worldwide, with approximately 44,000 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, property sales, real estate investment management, valuation, commercial mortgage origination and servicing, capital markets (structured finance and debt) solutions, 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 facilities management, property management, mortgage loan servicing and investment management, represented approximately 41% of our 2013 revenue.

We generated revenue from a well-balanced, highly diversified base of clients. In 2013, our client roster included approximately 85 of the *Fortune 100* companies, and consisted of firms in a broad range of industries as follows:

corporations (44%);

insurance companies and banks (15%);

pension funds and advisors (11%);

individuals and partnerships (7%);

real estate investment trusts, or REITs, (5%);

government agencies (4%); and

others (14%).

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Property owners, occupiers and investors continue to consolidate their needs with fewer service providers, and are awarding their business to firms that have strong capabilities across major markets and service disciplines. We believe we are well positioned to capture a growing and disproportionate share of the business being awarded as a result of these trends.

In 2013, we were the highest ranked commercial real estate services company among the *Fortune* Most Admired Companies, and were also named the Global Real Estate Advisor of the Year by *Euromoney*. We have been the only commercial real estate services company included in the S&P 500 since 2006, and in the *Fortune 500* since 2008. Additionally, the International Association of Outsourcing Professionals has included us among the top 100 global outsourcing companies across all industries for eight consecutive years, including in 2013 when we ranked fourth overall and were the highest ranked commercial real estate services company.

CBRE History

CBRE marked its 107th year of continuous operations in 2013, 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 2013 revenue) through organic growth and a

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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, including regional firms with which we had previous affiliate relationships. We completed 10 such in-fill acquisitions in 2013 and they are an integral part of our growth strategy.

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 21 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 21 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, which license the use of the CBRE and CB Richard Ellis names in their local markets in return for payments of annual 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.

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Our Americas segment accounted for 62.7% of our 2013 revenue, 63.0% of our 2012 revenue and 62.2% of our 2011 revenue. Within our Americas segment, we organize our services into the following business areas:

Advisory Services

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 34.8% of our 2013 consolidated worldwide revenue, 35.0% of our 2012 consolidated worldwide revenue and 34.5% of our 2011 consolidated worldwide revenue.

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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 2013. 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 real estate services in most top U.S. metropolitan statistical areas (as defined by the U.S. Census Bureau), including Atlanta, Chicago, Dallas, 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 & Consulting 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 2013, we concluded approximately \$92.2 billion of capital markets transactions in the Americas, including \$65.8 billion of investment sales transactions and \$26.4 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 17% in 2013. 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 2013 was \$23.2 billion, representing an increase of approximately 21% from 2012. Approximately \$7.8 billion of loans in 2013 were originated for federal government-sponsored entities, most of which were financed through 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 \$2.5 billion of mortgages on behalf of financial institutions in 2013, compared with \$2.0 billion in 2012. In 2013, GEMSA Loan Services, a joint venture between CBRE Capital Markets and GE Capital Real Estate, serviced approximately \$111.5 billion of mortgage loans, \$76.5 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 and feasibility and fairness opinions. Our valuation business has developed proprietary systems for data management, analysis and valuation report preparation, which

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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 2013, we completed over 48,000 valuation, appraisal and advisory assignments in the Americas.

Outsourcing Services

Outsourcing commercial real estate services is a long-term trend in our industry, with 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 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 occupier outsourcing clients, which are generally 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 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, 2013, we managed approximately 1.7 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 27.9% of our 2013 consolidated worldwide revenue, 28.0% of our 2012 consolidated worldwide revenue and 27.7% of our 2011 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 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. Project management services are typically provided on a portfolio-wide or programmatic basis. Revenues for project management include fixed management fees, variable fees, and incentive fees if certain agreed-upon performance targets are met. Revenues may also include reimbursement of payroll and related costs for personnel providing the services. 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. 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, 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

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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.

Europe, Middle East and Africa (EMEA)

Our Europe, Middle East and Africa, or EMEA, reporting segment operates in 40 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 France, Spain and the United Kingdom. Within EMEA, our services are organized along the same lines as in the Americas, including brokerage, investment properties, occupier outsourcing, valuation/appraisal 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 16.9% of our 2013 revenue, 15.8% of our 2012 revenue and 18.2% of our 2011 revenue.

In France, we believe we are a market leader in Paris and also have operations in Aix en Provence, Bagnole, Bordeaux, Lille, Lyon, Marseille, Montreuil, Montrouge, Saint Denis and Toulouse. Our German operations are located in Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg and Munich. Our presence in Italy includes operations in Milan, Modena, Rome and Turin. Our operations in the Netherlands are located in Amsterdam, the Hague and Rotterdam. 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 six years, including in 2013. 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 2013 for the fourth year in a row. We also have regional offices in Birmingham, Bristol, Coleshill, Jersey, Leeds, Liverpool, Luton, Manchester, Sheffield, Southampton and Thames Valley as well as offices in Aberdeen, Belfast, Dublin, Edinburgh and Glasgow managed by our U.K. team.

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 to use the CBRE and CB Richard Ellis names in the relevant territory in return for payments of annual royalty fees to us. In addition, these agreements also 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 China, Hong Kong, India, Japan, Singapore, South Korea, Taiwan and Vietnam. In addition, we have agreements with independent affiliates in Cambodia, Malaysia, the Philippines and Thailand 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 12.2% of our 2013 revenue, 12.6% of our 2012 revenue and 13.4% of our 2011 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

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Global Investors. CBRE Global Investors provides investment management services to pension funds, insurance companies, sovereign wealth funds, foundations, endowments and other institutional investors seeking to 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 7.5% of our 2013 revenue, 7.4% of our 2012 revenue and 4.9% of our 2011 revenue.

CBRE Global Investors' investment programs are organized into four primary categories, which include direct real estate investments through separate accounts and sponsored equity and debt funds as well as indirect real estate investments through listed securities and multi manager funds of funds. The investment programs 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 team's 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 \$4.2 billion and \$3.9 billion of new acquisitions in 2013 and 2012, respectively. It liquidated \$8.9 billion and \$4.7 billion of investments in 2013 and 2012, respectively. Assets under management have increased from \$14.4 billion at December 31, 2003 to \$89.1 billion at December 31, 2013, representing an approximately 20% compound annual growth rate.

As of December 31, 2013, our portfolio of consolidated real estate held for investment consisted of two 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, of \$9.8 million and \$5.3 million, respectively, for the year ended December 31, 2013, \$20.2 million and \$18.4 million, respectively, for the year ended December 31, 2012 and \$32.8 million and \$14.2 million, respectively, for the year ended December 31, 2011.

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 2013 revenue, 1.2% of our 2012 revenue and 1.3% of our 2011 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 may pursue 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

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individual project basis or through programs with certain strategic capital partners) or for its own account (100% 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, 2013, our portfolio of consolidated real estate consisted of land, industrial, office and retail properties and mixed-use projects. These projects 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, of \$14.5 million and \$6.4 million, respectively, for the year ended December 31, 2013, \$35.4 million and \$17.1 million, respectively, for the year ended December 31, 2012 and \$41.1 million and \$20.7 million, respectively, for the year ended December 31, 2011.

At December 31, 2013, Trammell Crow Company had \$4.9 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 \$1.5 billion at December 31, 2013.

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 2013 revenue, our relative competitive position varies significantly across 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 local, regional, national or global 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. 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 multi-national firms, such as Cushman & Wakefield, Jones Lang LaSalle, FirstService Corporation (the publicly traded parent of Colliers International), Savills and DTZ; national firms such as Newmark Grubb Knight Frank and Cassidy Turley; market-segment specialists, such as HFF and Eastdil Secured; and large global firms that compete with our outsourcing business, such as Johnson Controls, Inc.

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 tends to be lower in the first two quarters and higher in the third and fourth quarters of each year. Earnings and cash flow have historically been particularly concentrated in the fourth quarter due to the focus on completing sales, financing and leasing transactions prior to calendar year-end. This has historically resulted in lower profits or a loss in the first quarter, with revenue and profitability improving in each subsequent quarter.

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Employees

At December 31, 2013, excluding our independent affiliates, we had approximately 44,000 employees worldwide, approximately 40% of which represent costs that are fully reimbursed by clients and are mostly in our outsourcing services lines of business. At December 31, 2013, 946 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. We believe that relations with our employees are generally good.

Intellectual Property

We hold various trademarks and trade names worldwide, which include the CBRE 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 obtained our most recent U.S. trademark registrations for the CBRE and CB Richard Ellis related marks in 2005, and these registrations would expire in 2015 if we failed to renew them.

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. While we 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

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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 us and the commercial real estate services industry 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 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.

Many of the world's largest 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 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

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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.

Most recently, in the United States, continued uncertainty over fiscal and tax policy has caused, and may continue to cause, our clients to delay or cancel commercial real estate transactions which may affect our revenues. 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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Fiscal 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

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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.

In 2008 and 2009, the credit markets experienced a disruption of unprecedented magnitude. This disruption reduced the availability and significantly increased the cost of most sources of funding. In some cases, these sources were eliminated. While the credit market has improved since the second half of 2009, liquidity remains constrained. This uncertainty may lead market participants to continue to act more conservatively, which may amplify decreases in demand and pricing in the markets we serve.

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, which 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. These funds have experienced a decline in assets under management, as the business mix shifts toward separate accounts, consistent with market movements following the extended financial crisis in Europe, which has resulted in project sales and planned liquidations of certain funds. 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.

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).

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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

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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 intense 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, including brokerage and property and investment management personnel. 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 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 2013, we generated approximately 39% 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 will expand 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;

arbitrary adverse changes in regulatory or tax requirements;

the responsibility of complying with multiple and potentially conflicting laws, *e.g.*, with respect to corrupt practices, employment and licensing;

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;

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.

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Although we maintain anti-corruption and anti-money laundering compliance programs throughout the company, violations of our compliance programs 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

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manage the risks associated with our global business or adequately manage operational fluctuations, our business, financial condition or results of operations could be harmed.

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 2013, approximately 39% of our revenue was transacted in foreign currencies, the majority of which included the Euro, the British pound sterling, the Canadian dollar, the Chinese yuan, the Hong Kong dollar, the Japanese yen, the Singapore dollar, the Australian dollar and the Indian rupee. 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 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 and the Euro 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 and the Euro may make it more difficult to perform period-to-period comparisons of our reported results of operations.

From time to time, our management uses currency hedging instruments, including foreign currency forward and option contracts and borrows in foreign currencies. 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, and unexpected changes in the underlying net asset position.

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

A significant component of our growth has occurred through acquisitions, including the REIM Acquisitions that we completed in the second half of 2011 and our acquisition of Norland in 2013. Any future growth through acquisitions will be partially dependent upon the continued 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 will 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 those of the acquired operations. The integration process itself may be disruptive to our business 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.

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

We completed the REIM Acquisitions as well as other acquisitions (such as the acquisition of Norland) 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. Achieving the anticipated benefits of the REIM Acquisitions 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 revenue, net income and cash flow generated by our Global Investment Management business can vary significantly as a result of market developments.

With the completion of the REIM Acquisitions, our Global Investment Management business significantly increased and became more globally diverse. With the addition of the REIM funds, a substantial part of our fees are more recurring in nature. However, the revenue, net income and cash flow generated by our Global Investment Management business are all somewhat 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 delay 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 absolute 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 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 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, 2013, we had committed \$9.4 million to fund future co-investments, \$8.1 million of which is expected to be funded during 2014. 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

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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 a very important part of our Global Investment

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Management business, which would suffer if we were unable to make these investments. Although our debt instruments contain restrictions that limit our ability to provide capital to the entities holding direct or indirect interests in co-investments, we may provide this capital in many instances.

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 investment. As of December 31, 2013, we had approximately 15 consolidated real estate projects with invested equity of \$2.8 million and \$4.0 million of notes payable on real estate that are recourse to us (in addition to being recourse to the single-purpose entity that holds the real estate asset and is the primary obligor on the note payable). In addition, at December 31, 2013, we were involved as a principal (in most cases, co-investing with our clients) in approximately 50 unconsolidated real estate subsidiaries with invested equity of \$80.3 million and had committed additional capital to these unconsolidated subsidiaries of \$25.0 million. We also guaranteed notes payable of these unconsolidated subsidiaries of \$3.2 million, excluding guarantees for which we have outstanding liabilities accrued on our consolidated balance sheet.

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 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

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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;

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. 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. However, we significantly reduced our cost structure during 2008 and 2009, and, as a result of these cost reductions as well as renewed growth in our business, we were and continue to be well within compliance with the minimum coverage ratio and the maximum leverage ratio under our credit agreement. Our coverage ratio of EBITDA to total interest expense was 8.97x for the year ended December 31, 2013 and our leverage ratio of total debt less available cash to EBITDA was 1.43x as of December 31, 2013. 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 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 domestic subsidiaries. Borrowings under our credit agreement are secured by a pledge of substantially all of the capital stock of our U.S. subsidiaries and 65% of the capital stock of certain non-U.S. 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.

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Our substantial 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 highly leveraged and have significant debt service obligations. Our credit agreement currently provides for a \$1.2 billion revolving credit facility; a \$500.0 million tranche A term loan facility; and a \$215.0 million tranche B term loan facility. As of December 31, 2013, 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 \$2.0 billion. For the year ended December 31, 2013, our interest expense was approximately \$135.1 million. 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 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, 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.

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

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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 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 and 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.

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

Security breaches and other disruptions could compromise our information and expose us to liability, which could cause our business and reputation to suffer. 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 hackers or breached due to employee error, malfeasance or other disruptions. A significant actual or potential theft, loss, fraudulent use or misuse of client, employee or other personally identifiable 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 a violation of our privacy and security policies with respect to such data could result in significant 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, and cause a loss of confidence in our services, which could adversely affect our business, revenues and competitive position. 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 may also be vulnerable to security breaches and compromised security systems, which could adversely affect us and our reputation.

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

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Our business requires the continued operation of information technology and communication systems and network infrastructure. Our ability to conduct our global business may be adversely affected by disruptions to these systems or infrastructure. Our information technology and communications systems are vulnerable to

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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, 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 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. 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 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.

Our business relies significantly on the use of commercial real estate data. We produce much of this data internally, but a significant portion is purchased 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 could damage our reputation, and our operating results could be adversely affected.

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, we and our licensed employees 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 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 the federal securities law and state law. 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.

Although some of these litigation risks may be mitigated by the commercial insurance we maintain in amounts we believe are appropriate, 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 company's insolvency, notwithstanding that we seek to limit this risk by placing our commercial insurance only with highly-rated companies. 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 global 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.

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.

We have utilized joint ventures for commercial investments and local brokerage and other affiliations both in the United States and internationally, and we may acquire minority interests in other joint ventures in the future. Under our affiliate program, we enter into contractual relationships with local brokerage, property management or other operations pursuant to which we license our name and make available certain of our resources, in exchange for economic participation in 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

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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.

We have numerous significant competitors and potential future competitors, some of which may have greater financial and operational resources than we do.

We compete across a variety of business disciplines within the commercial real estate services 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 2013 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 recently 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 than we do. In addition, future changes in laws could lead to the entry of other competitors, such as financial institutions. Although many of our competitors are local or regional firms and are substantially smaller than us, some of these competitors are larger on a local or regional basis. We are also subject to competition from other large national and multi-national firms that have similar service and investment competencies to ours. It is also possible that two or more of our competitors could combine to create a much larger and more formidable global competitor. In general, there can be no assurance that we will be able to compete effectively, to maintain current fee levels or margins, or maintain or increase our market share.

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 2013, 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, similar to recent downturns experienced in California, and 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 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 that involve 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 of foreign and local 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.

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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.

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 \$68.0 million and \$63.5 million at December 31, 2013 and 2012, 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.

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.

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.

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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 to maintain applicable licenses in each U.S. state and certain non-U.S. jurisdictions in which we perform these services. If we fail to maintain our licenses or conduct these

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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 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 and Section 21E of the Securities Exchange Act of 1934. The words anticipate, believe, could, should, propose, continue, estimate, expect, may, plan, predict, project, will and similar terms and phrases are used in this Annual Report on Form 10-K to identify 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

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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:

the sustainability of the recovery in our investment sales and leasing business in light of continuing European sovereign debt issues, the stagnant economy in many European countries as well as fiscal uncertainty in the United States;

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, particularly Europe, which is experiencing sovereign debt issues;

our ability to control costs relative to revenue growth;

our ability to retain and incentivize producers;

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;

continued high levels of, or increases in, unemployment and general slowdowns in commercial activity;

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

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

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

foreign currency fluctuations;

our ability to attract new user and investor clients;

our ability to retain major clients and renew related contracts;

the weakened financial condition of certain of our clients;

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

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

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;

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

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

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;

the ability of our Global Investment Management business to realize values in investment funds sufficient to offset incentive compensation expense related thereto, and the ability of that business to maintain and grow assets under management, and any potential related litigation, liabilities or reputational harm possible if we fail to do so;

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 of the U.S. and other countries;

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

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

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

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;

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

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

the other factors described elsewhere in this 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 SEC.

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 SEC.

Item 1B. Unresolved Staff Comments

Not applicable.

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We occupied the following offices, excluding affiliates, as of December 31, 2013:

| Location | Sales Offices | Corporate Offices | Total |
|---------------------------------------|---------------|-------------------|-------|
| Americas | 159 | 2 | 161 |
| Europe, Middle East and Africa (EMEA) | 106 | 1 | 107 |
| Asia Pacific | 80 | 1 | 81 |
| Total | 345 | 4 | 349 |

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 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 remote, 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 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 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 |
| Fiscal Year 2012 | | |
| Quarter ending March 31, 2012 | \$ 21.16 | \$ 15.56 |
| Quarter ending June 30, 2012 | \$ 20.46 | \$ 15.09 |
| Quarter ending September 30, 2012 | \$ 20.89 | \$ 14.97 |
| Quarter ending December 31, 2012 | \$ 20.55 | \$ 16.86 |

The closing share price for our Class A common stock on December 31, 2013, as reported by the New York Stock Exchange, was \$26.30. As of February 14, 2014, there were 298 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 reduce debt and finance future growth. 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

On December 23, 2013, we issued an aggregate of 362,916 shares of non-vested Class A common stock to certain members of senior management of Norland Managed Services Ltd (Norland) in connection with our acquisition of Norland. These shares may not be directly or

indirectly transferred until December 2018 and are subject to forfeiture if the holder thereof terminates employment with us prior to such date (with certain exceptions). These securities qualified for exemption under Section 4(2) of the Securities Act of 1933, or the Securities Act, since the issuance of securities by us did not involve a public offering. The offering was not a public offering as defined in Section 4(2) due to the number of persons involved in the transaction, size of the offering, manner of the offering and number of securities offered. In addition, these shareholders had the necessary investment intent as required by Section 4(2) since they agreed to and received share certificates bearing a legend stating that such securities are restricted pursuant to Rule 144 of the Securities Act. This restriction ensures that these securities would not be immediately redistributed into the market and therefore not be part of a public offering. Based on an analysis of the above factors, we have met the requirements to qualify for exemption under Section 4(2) of the Securities Act for this transaction.

Issuer Purchases of Equity Securities

None.

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Stock Performance Graph

The following graph shows our cumulative total stockholder return for the period beginning December 31, 2008 and ending on December 31, 2013. 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, 2008 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); Savills plc (SVL.L, traded on the London Stock Exchange); and UGL Limited (UGL, traded on the Australian Stock Exchange), which is the publicly traded parent of DTZ. These companies are or include divisions with business lines reasonably comparable to some or all of ours, and which represent our primary competitors.

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- (1) \$100 invested on 12/31/08 in stock or index-including reinvestment of dividends.

Fiscal year ending December 31.

- (2) Copyright© 2014 Standard & Poor's, a division of The McGraw-Hill Companies Inc. All rights reserved.
(www.researchdatagroup.com/S&P.htm)
- (3) Peer group contains companies with the following ticker symbols: JLL, HF, BGCP, FSRV, JCI, SVL.L (London) and UGL (Australia).

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 CBRE Group specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

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The following table sets forth our selected historical consolidated financial information for each of the five years in the period ended December 31, 2013. The statement of operations data, the statement of cash flows data and the other data for the years ended December 31, 2013, 2012 and 2011 and the balance sheet data as of December 31, 2013 and 2012 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, 2010 and 2009, and the balance sheet data as of December 31, 2011, 2010 and 2009 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, | | | | |
|---|---|--------------|--------------|--------------|--------------|
| | 2013 | 2012 | 2011 (1) | 2010 | 2009 |
| | (Dollars in thousands, except share data) | | | | |
| STATEMENTS OF OPERATIONS DATA: | | | | | |
| Revenue | \$ 7,184,794 | \$ 6,514,099 | \$ 5,905,411 | \$ 5,115,316 | \$ 4,165,820 |
| Operating income | 616,128 | 585,081 | 462,862 | 446,379 | 241,842 |
| Interest income | 6,289 | 7,643 | 9,443 | 8,416 | 6,129 |
| Interest expense | 135,082 | 175,068 | 150,249 | 191,151 | 189,146 |
| Write-off of financing costs | 56,295 | | | 18,148 | 29,255 |
| Income (loss) from continuing operations | 321,798 | 304,156 | 240,435 | 141,689 | (27,638) |
| Income from discontinued operations, net of income taxes | 26,997 | 631 | 49,890 | 14,320 | |
| Net income (loss) | 348,795 | 304,787 | 290,325 | 156,009 | (27,638) |
| Net income (loss) attributable to non-controlling interests | 32,257 | (10,768) | 51,163 | (44,336) | (60,979) |
| Net income attributable to CBRE Group, Inc. | 316,538 | 315,555 | 239,162 | 200,345 | 33,341 |
| EPS (2): | | | | | |
| <i>Basic income per share attributable to CBRE Group, Inc. shareholders</i> | | | | | |
| Income from continuing operations attributable to CBRE Group, Inc. | \$ 0.95 | \$ 0.97 | \$ 0.73 | \$ 0.61 | \$ 0.12 |
| Income from discontinued operations attributable to CBRE Group, Inc. | 0.01 | 0.01 | 0.02 | 0.03 | |
| Net income attributable to CBRE Group, Inc. | \$ 0.96 | \$ 0.98 | \$ 0.75 | \$ 0.64 | \$ 0.12 |
| <i>Diluted income per share attributable to CBRE Group, Inc. shareholders</i> | | | | | |
| Income from continuing operations attributable to CBRE Group, Inc. | \$ 0.94 | \$ 0.96 | \$ 0.72 | \$ 0.60 | \$ 0.12 |
| Income from discontinued operations attributable to CBRE Group, Inc. | 0.01 | 0.01 | 0.02 | 0.03 | |
| Net income attributable to CBRE Group, Inc. | \$ 0.95 | \$ 0.97 | \$ 0.74 | \$ 0.63 | \$ 0.12 |
| Weighted average shares: | | | | | |
| Basic | 328,110,004 | 322,315,576 | 318,454,191 | 313,873,439 | 277,361,783 |
| Diluted | 331,762,854 | 327,044,145 | 323,723,755 | 319,016,887 | 279,995,081 |
| STATEMENTS OF CASH FLOWS DATA: | | | | | |
| Net cash provided by operating activities | \$ 745,108 | \$ 291,081 | \$ 361,219 | \$ 616,587 | \$ 213,645 |
| Net cash used in investing activities | (464,994) | (197,671) | (480,255) | (62,503) | (119,362) |
| Net cash (used in) provided by financing activities | (866,281) | (100,689) | 711,325 | (784,222) | 476,768 |
| OTHER DATA: | | | | | |

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| | | | | | | | | | | |
|------------|----|---------|----|---------|----|---------|----|---------|----|---------|
| EBITDA (3) | \$ | 982,883 | \$ | 861,621 | \$ | 693,261 | \$ | 647,467 | \$ | 372,079 |
|------------|----|---------|----|---------|----|---------|----|---------|----|---------|

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| | As of December 31, | | | | |
|---|------------------------|--------------|--------------|------------|------------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| | (Dollars in thousands) | | | | |
| BALANCE SHEET DATA: | | | | | |
| Cash and cash equivalents | \$ 491,912 | \$ 1,089,297 | \$ 1,093,182 | \$ 506,574 | \$ 741,557 |
| Total assets | 6,998,414 | 7,809,542 | 7,219,143 | 5,121,568 | 5,039,406 |
| Long-term debt, including current portion | 1,840,680 | 2,427,605 | 2,472,686 | 1,428,322 | 2,120,803 |
| Notes payable on real estate (4) | 130,472 | 326,012 | 372,912 | 627,528 | 551,277 |
| Total liabilities | 5,062,408 | 6,127,730 | 5,801,980 | 4,055,773 | 4,255,111 |
| Total CBRE Group, Inc. stockholders' equity | 1,895,785 | 1,539,211 | 1,151,481 | 908,215 | 629,122 |

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 18 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 from 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.

EBITDA is calculated as follows (dollars in thousands):

| | Year Ended December 31, | | | | |
|---|-------------------------|------------|------------|------------|-----------|
| | 2013 | 2012 | 2011 | 2010 | 2009 |
| Net income attributable to CBRE Group, Inc. | \$ 316,538 | \$ 315,555 | \$ 239,162 | \$ 200,345 | \$ 33,341 |
| Add: | | | | | |
| Depreciation and amortization (i) | 191,270 | 170,905 | 116,930 | 108,962 | 99,473 |
| Non-amortizable intangible asset impairment | 98,129 | 19,826 | | | |
| Interest expense (ii) | 138,379 | 176,649 | 153,497 | 192,706 | 189,146 |
| Write-off of financing costs | 56,295 | | | 18,148 | 29,255 |
| Provision for income taxes (iii) | 188,561 | 186,333 | 193,115 | 135,723 | 26,993 |

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| | | | | | |
|-----------------|------------|------------|------------|------------|------------|
| Less: | | | | | |
| Interest income | 6,289 | 7,647 | 9,443 | 8,417 | 6,129 |
| EBITDA (iv) | \$ 982,883 | \$ 861,621 | \$ 693,261 | \$ 647,467 | \$ 372,079 |

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- (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 2013 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, 2013, excluding independent affiliates, we operated in approximately 350 offices worldwide, with approximately 44,000 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, property sales, real estate investment management, valuation, commercial mortgage origination and servicing, capital markets (structured finance and debt) solutions, development services and proprietary research. We generate revenue from management fees on a contractual and per-project basis, and from commissions on transactions. In 2013, we were the highest ranked commercial real estate services company among the *Fortune* Most Admired Companies, and were also named the Global Real Estate Advisor of the Year by *Euromoney*. We have been the only commercial real estate services company included in the S&P 500 since 2006, and in the *Fortune 500* since 2008. Additionally, the International Association of Outsourcing Professionals has included us among the top 100 global outsourcing companies across all industries for eight consecutive years, including in 2013 when we ranked fourth overall and were the highest ranked commercial real estate services company.

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, may negatively affect the performance of some or all of our business lines. The severe global economic downturn and financial market crisis in 2008 and 2009 had significant adverse effects on our operations, materially lowering both our fees from property and facilities management and valuations, and our commissions from property sales, leasing and financing, as well as reducing the funds available to invest in commercial real estate and related assets. Commercial real estate markets have been gradually recovering since 2010 in step with the slow improvement in global economic activity.

During the economic downturn and financial market crisis, weak economic conditions also affected our compensation expense, which is structured to generally decrease in line with a fall in revenue. Compensation is our largest expense and the sales and leasing professionals in our largest line of business, advisory services, 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 was partially mitigated by the inherent variability of our compensation cost structure. In addition, when negative economic conditions are particularly severe, as they were in 2008 and 2009, we have moved decisively to lower operating expenses to improve financial performance. As general economic conditions and our financial performance have improved over the

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past four years, we have restored certain expenses. Notwithstanding the gradual market recovery, challenges to the macro economy remain, and a return of adverse global and regional economic trends is one of the most significant risks to the performance of our operations and our financial condition.

The global capital markets disruption in late 2008 caused a significant and prolonged decline in property sales, leasing, financing and investment activity that adversely affected all our business lines. Commercial real estate fundamentals began to stabilize in early 2010 and have steadily improved for the past four years, most significantly in the United States. Reflecting a slow economic recovery, vacancy rates and rental rates in the United States have improved modestly and steadily, while the increased availability of low-cost credit and improved investor sentiment have sustained increases in property sales activity. Overall, however, occupiers and investors have remained cautious and both sales and leasing activity continue to be well below the peak levels experienced in 2006 and 2007.

In Europe, commercial real estate markets have been slower to recover than in the United States, due to the sovereign-debt crisis, which brought on a double dip recession. The European economies began to emerge from recession in 2013, with most countries returning to positive, though modest, economic growth. Reflecting the macro environment, investment sales across much of Europe were tepid from 2011 through late 2012. Sales activity began to improve in the fourth quarter of 2012 and the recovery continued in 2013. However, leasing activity has remained slow, and rents essentially flat, across many major markets in Europe, as occupiers have been reluctant to make long-term space commitments.

Following the global financial crisis, real estate transaction activities in Asia Pacific revived significantly from late 2009 through late 2011. However, leasing activity has been subdued since then, as multi-national corporations, in particular, have been hesitant to expand in the region. On the other hand, investment activity improved in 2013, following a softening in 2012.

Real estate investment management and property development activity were also adversely affected by the global financial crisis, which lowered property values, and constrained financing and disposition opportunities. However, the macro environment for these businesses has generally improved as the real estate credit and investment sales markets have gradually recovered since 2010.

The further recovery of our global sales, leasing, investment management and development services operations depends on the continued improvement of market fundamentals, including stronger economic growth and job creation; stable, healthy global credit markets; and 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 \$475 million (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. In 2011, we acquired the majority of the real estate investment management business of Netherlands-based ING Group N.V. (ING) for a total purchase price of approximately \$878 million, which bolstered our global real estate investment management business and further diversified our service offerings. The acquisitions of the former ING real estate management businesses (collectively referred to as the REIM 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, along with certain CRES co-investments from ING and additional interests in other funds managed by ING REIM Europe and ING REIM Asia.

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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 2013, we completed ten in-fill acquisitions, most notably a leading firm serving the London prime residential real estate market, a leading 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 serving the healthcare industry and based in Richmond, Virginia, and two property management specialist firms – one in the Czech Republic and Slovakia and one in Belgium. During 2012, we completed five in-fill acquisitions, including our former affiliate companies in Turkey and Vietnam, a niche real estate investment advisor and an independent commercial and residential property partnership in the United Kingdom, and a brokerage and property management firm in Atlanta, Georgia. In 2011, we completed five in-fill acquisitions, including a valuation business in Australia, a retail property management business in central and eastern Europe, our former affiliate company in Switzerland, a retail services business in the United Kingdom and a shopping center management business in the Netherlands.

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. For example, through December 31, 2013, we incurred \$111.8 million of transaction-related expenditures and integration costs in connection with the REIM Acquisitions.

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 management team generally seeks to mitigate our exposure by balancing assets and liabilities that are denominated in the same currency and by maintaining cash positions outside the United States only at levels necessary for operating purposes. 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 foreign currencies into U.S. dollars.

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 seen continuing sovereign debt issues resulting in a more pronounced 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.

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.

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Leverage

We are leveraged and have significant debt service obligations. As of December 31, 2013, 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 \$2.0 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 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 2013, we completed a series of financing transactions that have meaningfully extended debt maturities, lowered annual interest expense by approximately \$50 million when compared to annualized interest expense before these refinancing actions, and increased our financial flexibility. These transactions included the amendment and restatement of our credit agreement, which now provides for a \$715.0 million term loan facility and an expanded \$1.2 billion revolving credit facility (of which \$142.5 million was drawn at December 31, 2013), the issuance of \$800.0 million aggregate principal amount of 5.00% senior notes due March 15, 2023 and the redemption of all of the 11.625% senior subordinated notes totaling \$450.0 million. During the year ended December 31, 2013, in connection with all of these financing activities, we incurred approximately \$28.6 million of financing costs, of which \$3.6 million was expensed. In addition, we expensed \$17.8 million of previously-deferred financing costs as well as a \$26.2 million early extinguishment premium and \$8.7 million of unamortized original issue discount associated with the 11.625% senior subordinated notes.

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;

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.

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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 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 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 not recognized to the extent that such revenue is subject to future performance contingencies, but rather once the contingency has 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.

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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. 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 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.

We consolidate any VIE of which we are the primary beneficiary (see Note 4 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

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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.

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.

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.

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.

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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, 2013, 2012 and 2011, 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 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 5 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report.

Real Estate

As of December 31, 2013, the carrying value of our total real estate assets was \$127.0 million (1.8% of total assets). The significant accounting policies and estimates with regard to our real estate assets relate to classification and impairment evaluation, cost capitalization and allocation, disposition of real estate and discontinued operations.

Classification and Impairment Evaluation

With respect to our real estate assets, the *Property, Plant and Equipment*, Topic of FASB ASC, or Topic 360, establishes criteria to classify an asset as held for sale. Assets included in real estate held for sale consist of completed assets or land for sale in its present condition that meet all

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of Topic 360 s held for sale criteria. All other real estate assets are classified in one of the following line items in our consolidated balance

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sheet: (i) real estate under development (current), which includes real estate that we are in the process of developing that is expected to be completed and disposed of within one year of the balance sheet date; (ii) real estate under development (non-current), which includes real estate that we are in the process of developing that is expected to be completed and disposed of more than one year from the balance sheet date; or (iii) real estate held for investment, which consists of land on which development activities have not yet commenced and completed assets or land held for disposition that do not meet the held for sale criteria.

Real estate held for sale is recorded at the lower of cost or estimated fair value less cost to sell. If an asset's fair value less cost to sell, based on discounted future cash flows, management estimates or market comparisons, is less than its carrying amount, an allowance is recorded against the asset. Determining an asset's fair value and the related allowance to record requires us to utilize judgment and estimates.

Real estate under development and real estate held for investment are carried at cost less depreciation, as applicable. Buildings and improvements included in real estate held for investment are depreciated using the straight-line method over estimated useful lives, generally up to 39 years. Tenant improvements included in real estate held for investment are amortized using the straight-line method over the shorter of their estimated useful life or the terms of the respective leases. Land improvements included in real estate held for investment are depreciated over their estimated useful lives, up to 15 years.

When indicators of impairment are present, real estate under development and real estate held for investment are evaluated for impairment and losses are recorded when undiscounted cash flows estimated to be generated by an asset are less than the asset's carrying amount. The amount of the impairment loss is calculated as the excess of the asset's carrying value over its fair value, which is determined using a discounted cash flow analysis, management estimates or market comparisons. Impairment charges of \$26.5 million and \$1.7 million were recorded for the years ended December 31, 2012 and 2011, respectively. In addition, during the year ended December 31, 2011, we also recorded a provision for loss on real estate held for sale of \$2.6 million.

We evaluate each of our real estate assets on a quarterly basis in order to determine the classification of each asset in our consolidated balance sheet. This evaluation requires judgment by us in considering certain criteria that must be evaluated under Topic 360, such as the estimated time to complete assets that are under development and the timeframe in which we expect to sell our real estate assets. The classification of real estate assets determines which real estate assets are to be depreciated as well as what method is used to evaluate and measure impairment.

Cost Capitalization and Allocation

When acquiring, developing and constructing real estate assets, we capitalize recoverable costs. Capitalization begins when we determine that activities related to development have begun and ceases when activities are substantially complete and the asset is available for occupancy, which are timing decisions that require judgment. Recoverable costs capitalized include pursuit costs, or pre-acquisition/pre-construction costs, taxes and insurance, interest, development and construction costs and costs of incidental operations. We do not capitalize any internal costs when acquiring, developing and constructing real estate assets. We expense transaction costs for acquisitions that qualify as a business in accordance with the *Business Combinations* Topic of the FASB ASC, or Topic 805. Pursuit costs capitalized in connection with a potential development project that we have determined based on our judgment not to pursue are written off in the period that such determination is made.

At times, we purchase bulk land that we intend to sell or develop in phases. The land basis allocated to each phase is based on the relative estimated fair value of the phases before construction. We allocate construction costs incurred relating to more than one phase between the various phases; if the costs cannot be specifically attributed to a certain phase or the improvements benefit more than one phase, we allocate the costs between the phases based on their relative estimated sales values, where practicable, or other value methods as appropriate under the

circumstances. Relative allocations of the costs are revised as the sales value estimates are revised.

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When acquiring real estate with existing buildings, we allocate the purchase price between land, land improvements, building and intangibles related to in-place leases, if any, based on their relative fair values. The fair values of acquired land and buildings are determined based on an estimated discounted future cash flow model with lease-up assumptions as if the building was vacant upon acquisition. The fair value of in-place leases includes the value of lease intangibles for above or below-market rents and tenant origination costs, determined on a lease by lease basis using assumptions for market rates, absorption periods, lease commissions and tenant improvements. The capitalized values for both lease intangibles and tenant origination costs are amortized over the term of the underlying leases. Amortization related to lease intangibles is recorded as either an increase to or a reduction of rental income and amortization for tenant origination costs is recorded to amortization expense.

Disposition of Real Estate

Gains on disposition of real estate are recognized upon sale of the underlying project. We evaluate each real estate sale transaction to determine if it qualifies for gain recognition under the full accrual method. This evaluation requires us to make judgments and estimates in assessing whether a sale has been consummated, the adequacy of the buyer's investment, the subordination or collectability of any receivable related to the purchase, and whether we have transferred the usual risks and rewards of ownership to the buyer, with no substantial continuing involvement by us. If the transaction does not meet the criteria for the full accrual method of profit recognition based on our assessment, we account for the sale based on an appropriate deferral method determined by the nature and extent of the buyer's investment and our continuing involvement. In some cases, a deferral method could require the real estate asset and its related liabilities to remain on our balance sheet until the sale qualifies for a different deferral method or full accrual profit recognition.

Discontinued Operations

Topic 360 extends the reporting of a discontinued operation to a component of an entity, and further requires that a component be classified as a discontinued operation if the operations and cash flows of the component have been or will be eliminated from the ongoing operations of the entity in the disposal transaction and the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction. As defined in Topic 360, a component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. Because each of our consolidated real estate assets is generally accounted for in a discrete subsidiary, many constitute a component of an entity under Topic 360, increasing the likelihood that the disposition of assets are required to be recognized and reported as operating profits and losses on discontinued operations in the periods in which they occur. The evaluation of whether the component's cash flows have been eliminated and the level of our continuing involvement require judgment by us and a different assessment could result in items not being reported as discontinued operations.

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.

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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

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deferred tax assets that we believe will be realized in future periods. While we believe the resulting tax balances as of December 31, 2013 and 2012 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 16 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report for further information regarding income taxes.

Based on \$58.0 million repatriated in 2012, and an estimated \$133.0 million to be repatriated in 2013 to the United States, a \$28.8 million tax benefit was recorded in 2012. During 2013, we actually repatriated \$196.2 million. Additional tax benefit of \$14.5 million was recorded in 2013. We have not recorded a deferred tax liability for \$1.1 billion of remaining undistributed earnings of subsidiaries located outside of the United States. Although tax liabilities might result from the payment of dividends out of such 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 these earnings or to sell or liquidate any of these non-U.S. subsidiaries. To the extent that we are able to repatriate the unremitted 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. The determination of the tax liability upon repatriation is not practicable. Cash and cash equivalents owned by non-U.S. subsidiaries totaled \$325.0 million at December 31, 2013.

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The following table sets forth items derived from our consolidated statements of operations for the years ended December 31, 2013, 2012 and 2011:

| | 2013 | | Year Ended December 31, 2012 | | 2011 | |
|---|------------------------|--------|---------------------------------|--------|--------------|--------|
| | (Dollars in thousands) | | | | | |
| Revenue | \$ 7,184,794 | 100.0% | \$ 6,514,099 | 100.0% | \$ 5,905,411 | 100.0% |
| Costs and expenses: | | | | | | |
| Cost of services | 4,189,389 | 58.3 | 3,742,514 | 57.5 | 3,457,130 | 58.5 |
| Operating, administrative and other | 2,104,310 | 29.3 | 2,002,914 | 30.7 | 1,882,666 | 31.9 |
| Depreciation and amortization | 190,390 | 2.6 | 169,645 | 2.6 | 115,719 | 2.0 |
| Non-amortizable intangible asset impairment | 98,129 | 1.4 | 19,826 | 0.3 | | |
| Total costs and expenses | 6,582,218 | 91.6 | 5,934,899 | 91.1 | 5,455,515 | 92.4 |
| Gain on disposition of real estate | 13,552 | 0.2 | 5,881 | 0.1 | 12,966 | 0.2 |
| Operating income | 616,128 | 8.6 | 585,081 | 9.0 | 462,862 | 7.8 |
| Equity income from unconsolidated subsidiaries | 64,422 | 0.9 | 60,729 | 0.9 | 104,776 | 1.8 |
| Other income | 13,523 | 0.2 | 11,093 | 0.2 | 2,706 | 0.1 |
| Interest income | 6,289 | 0.1 | 7,643 | 0.1 | 9,443 | 0.2 |
| Interest expense | 135,082 | 1.9 | 175,068 | 2.7 | 150,249 | 2.6 |
| Write-off of financing costs | 56,295 | 0.8 | | | | |
| Income from continuing operations before provision for income taxes | 508,985 | 7.1 | 489,478 | 7.5 | 429,538 | 7.3 |
| Provision for income taxes | 187,187 | 2.6 | 185,322 | 2.8 | 189,103 | 3.2 |
| Income from continuing operations | 321,798 | 4.5 | 304,156 | 4.7 | 240,435 | 4.1 |
| Income from discontinued operations, net of income taxes | 26,997 | 0.4 | 631 | | 49,890 | 0.8 |
| Net income | 348,795 | 4.9 | 304,787 | 4.7 | 290,325 | 4.9 |
| Less: Net income (loss) attributable to non-controlling interests | 32,257 | 0.5 | (10,768) | (0.2) | 51,163 | 0.8 |
| Net income attributable to CBRE Group, Inc. | \$ 316,538 | 4.4% | \$ 315,555 | 4.9% | \$ 239,162 | 4.1% |
| EBITDA (1) | \$ 982,883 | 13.7% | \$ 861,621 | 13.2% | \$ 693,261 | 11.7% |
| EBITDA, as adjusted (1) | \$ 1,022,255 | 14.2% | \$ 918,439 | 14.1% | \$ 802,635 | 13.6% |

(1) Includes EBITDA related to discontinued operations of \$7.9 million, \$5.6 million and \$14.1 million for the years ended December 31, 2013, 2012 and 2011, 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 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 EBITDA, as

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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 unrelated to

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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 from 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, | | |
|---|-------------------------|----------------|----------------|
| | 2013 | 2012 | 2011 |
| | (Dollars in thousands) | | |
| Net income attributable to CBRE Group, Inc. | \$ 316,538 | \$ 315,555 | \$ 239,162 |
| Add: | | | |
| Depreciation and amortization (1) | 191,270 | 170,905 | 116,930 |
| Non-amortizable intangible asset impairment | 98,129 | 19,826 | |
| Interest expense (2) | 138,379 | 176,649 | 153,497 |
| Write-off of financing costs | 56,295 | | |
| Provision for income taxes (3) | 188,561 | 186,333 | 193,115 |
| Less: | | | |
| Interest income | 6,289 | 7,647 | 9,443 |
| EBITDA (4) | \$ 982,883 | \$ 861,621 | \$ 693,261 |
| Adjustments: | | | |
| Cost containment expenses | 17,621 | 17,578 | 31,139 |
| Integration and other costs related to acquisitions | 12,591 | 39,240 | 68,788 |
| Carried interest incentive compensation | 9,160 | | |
| Write-down of impaired assets | | | 9,447 |
| EBITDA, as adjusted (4) | \$ 1,022,255 | \$ 918,439 | \$ 802,635 |

- (1) Includes depreciation and amortization related to discontinued operations of \$0.9 million, \$1.3 million and \$1.2 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- (2) Includes interest expense related to discontinued operations of \$3.3 million, \$1.6 million and \$3.2 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- (3) Includes provision for income taxes related to discontinued operations of \$1.3 million, \$1.0 million and \$4.0 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- (4) Includes EBITDA related to discontinued operations of \$7.9 million, \$5.6 million and \$14.1 million for the years ended December 31, 2013, 2012 and 2011, respectively.

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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.

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 in the current year 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 in the current year, 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 in the prior year that did not recur in the current year 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 in the current year. 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 current year decrease 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 in the current year driven by technology-related capital expenditures and an increase in amortization expense related to mortgage servicing rights in the current year, 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 in the current year.

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, in the current year and the discontinuation of the use of a trade name in the United Kingdom in our EMEA segment in the prior year.

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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 in the current year.

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 in the current year.

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 our previous credit agreement and incurred fees of \$3.6 million in connection with our new credit agreement and 5.00% senior notes.

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.

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Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

We reported consolidated net income of \$315.6 million for the year ended December 31, 2012 on revenue of \$6.5 billion as compared to consolidated net income of \$239.2 million on revenue of \$5.9 billion for the year ended December 31, 2011.

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Our revenue on a consolidated basis for the year ended December 31, 2012 increased by \$608.7 million, or 10.3%, as compared to the year ended December 31, 2011. This increase was driven by contributions from the REIM Acquisitions (acquired in the second half of 2011) as well as higher worldwide sales transaction revenue (up 10.9%), increased commercial mortgage brokerage activity (up 31.3%) and greater outsourcing activity (up 10.1%) also contributed to the variance. Worldwide leasing transaction revenue was essentially flat when compared with 2011. Foreign currency translation had a \$108.2 million negative impact on total revenue during the year ended December 31, 2012.

Our cost of services on a consolidated basis increased by \$285.4 million, or 8.3%, during the year ended December 31, 2012 as compared to the year ended December 31, 2011. This increase was primarily due to higher salaries and related costs associated with our global property and facilities management contracts. 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 transaction revenue led to a corresponding increase in commission expense. Foreign currency translation had a \$58.2 million positive impact on cost of services during the year ended December 31, 2012. Cost of services as a percentage of revenue decreased from 58.5% for the year ended December 31, 2011 to 57.5% for the year ended December 31, 2012, primarily attributable to our mix of revenue, with a higher composition of revenue being non-commissionable in 2012 as a result of the REIM Acquisitions. In addition, all costs associated with the ING REIM businesses are included in operating, administrative and other expenses.

Our operating, administrative and other expenses on a consolidated basis increased by \$120.2 million, or 6.4%, during the year ended December 31, 2012 as compared to the year ended December 31, 2011. This increase was primarily driven by an increase in costs attributable to the REIM Acquisitions. Additionally, impairment charges of \$32.3 million were included in operating, administrative and other expenses for the year ended December 31, 2012, and were primarily incurred in our Global Investment Management and Development Services segments. Foreign currency translation had a \$39.7 million positive impact on total operating expenses during the year ended December 31, 2012. Operating expenses as a percentage of revenue decreased to 30.7% for the year ended December 31, 2012 from 31.9% for the year ended December 31, 2011, reflecting the operating leverage inherent in our business.

Our depreciation and amortization expense on a consolidated basis increased by \$53.9 million, or 46.6%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011. This increase was primarily attributable to higher amortization expense relative to intangibles acquired in the REIM Acquisitions. Higher depreciation expense in our Americas segment also contributed to the increase.

Our non-amortizable intangible asset impairment on a consolidated basis was \$19.8 million for the year ended December 31, 2012. This non-cash write-off related to the discontinuation of the use of a trade name in the United Kingdom.

Our gain on disposition of real estate on a consolidated basis was \$5.9 million for the year ended December 31, 2012 as compared to \$13.0 million for the year ended December 31, 2011. These gains resulted from activity within our Development Services and Global Investment Management segments.

Our equity income from unconsolidated subsidiaries on a consolidated basis decreased by \$44.0 million, or 42.0%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011. This decrease was primarily driven by higher equity earnings associated with gains on property sales within our Development Services segment in 2011, which did not occur to the same extent in 2012.

Our other income on a consolidated basis was \$11.1 million for the year ended December 31, 2012 as compared to \$2.7 million for the year ended December 31, 2011. This activity was primarily reported within our Global Investment Management segment and represented net realized and unrealized gains and losses related to trading securities, which we acquired in our acquisition of CRES. Also contributing to the increase in

2012 was \$4.3 million of income associated with the sale of a cost method investment in our EMEA segment.

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Our consolidated interest income decreased by \$1.8 million, or 19.1%, during the year ended December 31, 2012 as compared to the year ended December 31, 2011. This decrease was mainly driven by lower interest income reported in our Americas segment in 2012.

Our consolidated interest expense increased by \$24.8 million, or 16.5%, during the year ended December 31, 2012 as compared to the year ended December 31, 2011. The increase was primarily due to higher interest expense attributable to additional borrowings made to finance the REIM Acquisitions in the second and third quarters of 2011 and the British pound sterling A-1 term loan facility entered into in the fourth quarter of 2011.

Our provision for income taxes on a consolidated basis was \$185.3 million for the year ended December 31, 2012 as compared to \$189.1 million for the year ended December 31, 2011. Our effective tax rate from continuing operations, after adjusting pre-tax income to remove the portion attributable to non-controlling interests, decreased to 37.1% for the year ended December 31, 2012 as compared to 44.8% for the year ended December 31, 2011. The decreases in our provision for income taxes and our effective tax rate were primarily the result of non-deductible acquisition costs incurred in 2011 that did not recur in 2012 and the 2012 benefit from previously unavailable foreign income tax credits that can be utilized to offset U.S. federal income taxes on foreign-sourced earnings, partially offset by an increase in valuation allowance, tax expense on dividends and unremitted earnings and an increase in our mix of domestic to foreign earnings.

Our consolidated income from discontinued operations, net of income taxes, was \$0.6 million for the year ended December 31, 2012 compared to \$49.9 million for the year ended December 31, 2011. This income was reported in our Global Investment Management and Development Services segments and mostly related to gains from property sales, which were largely attributable to non-controlling interests.

Our net loss attributable to non-controlling interests on a consolidated basis was \$10.8 million for the year ended December 31, 2012 as compared to net income attributable to non-controlling interests of \$51.2 million for the year ended December 31, 2011. 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. 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, 2013, 2012 and 2011:

| | 2013 | | Year Ended December 31, 2012 | | 2011 | |
|---|------------------------|--------|---------------------------------|--------|--------------|--------|
| | (Dollars in thousands) | | | | | |
| Americas | | | | | | |
| Revenue | \$ 4,504,520 | 100.0% | \$ 4,103,602 | 100.0% | \$ 3,673,681 | 100.0% |
| Costs and expenses: | | | | | | |
| Cost of services | 2,911,168 | 64.6 | 2,607,029 | 63.5 | 2,325,964 | 63.3 |
| Operating, administrative and other | 1,008,518 | 22.4 | 929,950 | 22.7 | 898,675 | 24.5 |
| Depreciation and amortization | 116,564 | 2.6 | 82,841 | 2.0 | 62,238 | 1.7 |
| Operating income | \$ 468,270 | 10.4% | \$ 483,782 | 11.8% | \$ 386,804 | 10.5% |
| EBITDA (1) | \$ 603,191 | 13.4% | \$ 578,649 | 14.1% | \$ 462,167 | 12.6% |
| EMEA | | | | | | |
| Revenue | \$ 1,217,109 | 100.0% | \$ 1,031,818 | 100.0% | \$ 1,076,568 | 100.0% |
| Costs and expenses: | | | | | | |
| Cost of services | 721,461 | 59.3 | 624,498 | 60.5 | 638,351 | 59.3 |
| Operating, administrative and other | 425,189 | 34.9 | 358,696 | 34.8 | 351,304 | 32.6 |
| Depreciation and amortization | 20,496 | 1.7 | 14,198 | 1.4 | 10,945 | 1.0 |
| Non-amortizable intangible asset impairment | | | 19,826 | 1.9 | | |
| Operating income | \$ 49,963 | 4.1% | \$ 14,600 | 1.4% | \$ 75,968 | 7.1% |
| EBITDA (1) | \$ 71,267 | 5.9% | \$ 54,299 | 5.3% | \$ 87,527 | 8.1% |
| Asia Pacific | | | | | | |
| Revenue | \$ 872,821 | 100.0% | \$ 817,241 | 100.0% | \$ 788,754 | 100.0% |
| Costs and expenses: | | | | | | |
| Cost of services | 556,760 | 63.8 | 510,987 | 62.5 | 492,815 | 62.5 |
| Operating, administrative and other | 245,251 | 28.1 | 224,558 | 27.5 | 212,548 | 26.9 |
| Depreciation and amortization | 12,397 | 1.4 | 11,475 | 1.4 | 9,654 | 1.3 |
| Operating income | \$ 58,413 | 6.7% | \$ 70,221 | 8.6% | \$ 73,737 | 9.3% |
| EBITDA (1) | \$ 70,795 | 8.1% | \$ 80,630 | 9.9% | \$ 82,226 | 10.4% |
| Global Investment Management | | | | | | |
| Revenue | \$ 537,102 | 100.0% | \$ 482,589 | 100.0% | \$ 290,065 | 100.0% |
| Costs and expenses: | | | | | | |
| Operating, administrative and other | 352,395 | 65.6 | 387,592 | 80.3 | 313,120 | 107.9 |
| Depreciation and amortization | 36,194 | 6.7 | 51,290 | 10.6 | 21,271 | 7.4 |

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| | | | | | | |
|---|-------------|---------|-------------|---------|-------------|---------|
| Non-amortizable intangible asset impairment | 98,129 | 18.3 | | | | |
| Gain on disposition of real estate | | | | | 345 | 0.1 |
| Operating income (loss) | \$ 50,384 | 9.4% | \$ 43,707 | 9.1% | \$ (43,981) | (15.2)% |
| EBITDA (1) (2) | \$ 194,609 | 36.2% | \$ 96,359 | 20.0% | \$ (14,772) | (5.1)% |
| Development Services | | | | | | |
| Revenue | \$ 53,242 | 100.0% | \$ 78,849 | 100.0% | \$ 76,343 | 100.0% |
| Costs and expenses: | | | | | | |
| Operating, administrative and other | 72,957 | 137.0 | 102,118 | 129.5 | 107,019 | 140.2 |
| Depreciation and amortization | 4,739 | 8.9 | 9,841 | 12.5 | 11,611 | 15.2 |
| Gain on disposition of real estate | 13,552 | 25.4 | 5,881 | 7.5 | 12,621 | 16.5 |
| Operating loss | \$ (10,902) | (20.5)% | \$ (27,229) | (34.5)% | \$ (29,666) | (38.9)% |
| EBITDA (1) (3) | \$ 43,021 | 80.8% | \$ 51,684 | 65.5% | \$ 76,113 | 99.7% |

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- (1) See Note 21 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, \$0.5 million and \$4.0 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- (3) Includes EBITDA related to discontinued operations of \$6.5 million, \$5.1 million and \$10.1 million for the years ended December 31, 2013, 2012 and 2011, respectively.

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, 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.

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 in the current year.

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 in the current year, 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.

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

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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

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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 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.

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 in the current year.

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 in the current year, 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 in the current year as well as the impact of \$9.3 million of impairment charges incurred in the prior year, which did not recur in the current year. These items were partially offset by higher bonuses, which resulted from improved operating performance in the current year. 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. 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

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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 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 in the prior year, which did not recur in the current year, 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.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Americas

Revenue increased by \$429.9 million, or 11.7%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011. This improvement was primarily driven by higher sales, leasing and outsourcing activity as well as increased commercial mortgage brokerage revenue. Foreign currency translation had a \$23.8 million negative impact on total revenue during the year ended December 31, 2012.

Cost of services increased by \$281.1 million, or 12.1%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011, primarily due to higher salaries and related costs associated with our property and facilities management contracts. Increased commission expense resulting from higher sales and lease transaction revenue also contributed to an increase in cost of services in 2012. Foreign currency translation had an \$11.0 million positive impact on cost of services during the year ended December 31, 2012. Cost of services as a percentage of revenue were relatively consistent at 63.5% for the year ended December 31, 2012 versus 63.3% for the year ended December 31, 2011.

Operating, administrative and other expenses increased by \$31.3 million, or 3.5%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011. The increase was primarily driven by higher payroll-related costs, including bonuses, which resulted from increased headcount and improved operating performance. Foreign currency translation had a \$7.9 million positive impact on total operating expenses during the year ended December 31, 2012.

EMEA

Revenue decreased by \$44.8 million, or 4.2%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011. Foreign currency translation had a \$51.4 million negative impact on total revenue during the year ended December 31, 2012. Excluding the impact of foreign currency translation, revenue

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increased \$6.6 million driven by higher outsourcing and sales revenue, partially offset by lower leasing activity market-wide. Revenue grew modestly in the Netherlands, Switzerland and the United Kingdom, but this was offset by reduced revenue in other countries in the region, most notably in France, which had a particularly strong year in 2011.

Cost of services decreased by \$13.9 million, or 2.2%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011. Foreign currency translation had a \$32.8 million positive impact on cost of services during the year ended December 31, 2012. This was partially offset by higher costs primarily associated with increased headcount attributable to in-fill acquisitions completed in mid to late 2011. Cost of services as a percentage of revenue increased to 60.5% for the year ended December 31, 2012 from 59.3% for the year ended December 31, 2011, primarily driven by our mix of revenue, with outsourcing revenue comprising a greater portion of the total than in 2011, as well as a decline in transaction revenue in certain countries that have a significant fixed cost compensation structure.

Operating, administrative and other expenses increased by \$7.4 million, or 2.1%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011, primarily due to higher cost containment expenses incurred in 2012 and increased costs, including payroll-related and occupancy costs, partly stemming from in-fill acquisitions made in mid to late 2011. These costs were largely offset by foreign currency translation, which had a \$17.0 million positive impact on total operating expenses during the year ended December 31, 2012.

Asia Pacific

Revenue increased by \$28.5 million, or 3.6%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011, reflecting improved overall performance in several countries, particularly Australia, India and Singapore. Investment sales in the region saw less activity than in 2011. However, this was more than offset by growth in outsourcing, appraisal and lease revenue. Foreign currency translation had an \$18.7 million negative impact on total revenue during the year ended December 31, 2012.

Cost of services increased by \$18.2 million, or 3.7%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011, driven by higher salaries and related costs associated with our property and facilities management contracts throughout the region and increases in headcount, particularly in Australia (partially due to an in-fill acquisition completed in May 2011) as well as investments in China. These increases were partially offset by foreign currency translation, which had a \$14.4 million positive impact on cost of services during the year ended December 31, 2012 as well as lower commission expense attributable to the decrease in sales transaction revenue. Cost of services as a percentage of revenue was flat at 62.5% for both the years ended December 31, 2012 and 2011.

Operating, administrative and other expenses increased by \$12.0 million, or 5.7%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011. The increase was partially due to higher legal fees incurred in 2012, increased costs stemming from an in-fill acquisition completed in Australia as well as investments in China. Foreign currency translation had a \$1.3 million positive impact on total operating expenses during the year ended December 31, 2012.

Global Investment Management

Revenue increased by \$192.5 million, or 66.4%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011, driven by contributions from the REIM Acquisitions acquired in the second half of 2011. Foreign currency translation had a \$14.3 million negative impact on total revenue during the year ended December 31, 2012.

Operating, administrative and other expenses increased by \$74.5 million, or 23.8%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011. This increase was primarily driven by an

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increase in costs attributable to the REIM Acquisition and a \$9.3 million impairment charge on a real estate asset incurred in 2012. Foreign currency translation had a \$13.5 million positive impact on total operating expenses during the year ended December 31, 2012.

Total AUM as of December 31, 2012 amounted to \$92.0 billion, down 2.2% from year-end 2011.

Development Services

Revenue increased by \$2.5 million, or 3.3%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011, attributable to an increase in incentive fees, largely offset by lower rental revenue as a result of property dispositions in the later quarters of 2011.

Operating, administrative and other expenses decreased by \$4.9 million, or 4.6%, for the year ended December 31, 2012 as compared to the year ended December 31, 2011. This decrease was primarily driven by lower bonus expense partially due to higher gains on property sales in 2011 as well as lower property operating expenses as a result of the property dispositions noted above in this segment's revenue discussion. These decreases were mostly offset by higher impairment charges related to real estate assets incurred in 2012.

As of December 31, 2012, development projects in process totaled \$4.2 billion, down \$0.7 billion from year-end 2011. The inventory of pipeline deals totaled \$2.1 billion, up \$0.9 billion from year-end 2011.

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 2014 include up to approximately \$185 million of anticipated net capital expenditures. As of December 31, 2013, we had committed to fund \$25.0 million of additional capital to unconsolidated subsidiaries within our Development Services business, which may be called at any time. Additionally, as of December 31, 2013, we had aggregate commitments of \$9.4 million to fund future co-investments in our Global Investment Management business, \$8.1 million of which is expected to be funded in 2014. In recent years, the global credit markets have remained tight, which could affect both the availability and cost of our funding sources in the future.

In 2013, we fortified our real estate outsourcing platform in Europe with the acquisition of London-based Norland for approximately \$475 million, which was financed with cash on hand and borrowings under our revolving credit facility. During 2011, we required substantial amounts of debt financing to fund the REIM Acquisitions. The acquisitions included substantially all of the ING REIM operations in Europe and Asia, as well as substantially all of CRES, its U.S.-based global real estate listed securities business, as well as 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 acquired CRES for \$332.8 million and CRES co-investments from ING for an aggregate amount of \$58.6 million, using borrowings from our term loan facility under our credit agreement to finance these transactions. On October 3, 2011, we acquired ING REIM's operations in Asia for \$45.3 million and three ING REIM Asia co-investments from ING for an aggregate amount of \$13.9 million, using borrowings from our term loan facility under our credit agreement to finance these transactions. On October 31, 2011, we completed the ING REIM Europe portion of the REIM Acquisitions, acquiring ING REIM's operations in Europe for \$441.5 million and one co-investment from ING for \$7.4 million, using borrowings from our term loan facility under our credit agreement, cash on hand and borrowings under our revolving credit facility to finance

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these transactions. 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.

We also conducted three debt offerings in recent years. The first, in 2009, was part of a capital restructuring in response to the global economic recession, the second, in 2010, was to take advantage of low interest rates and term availability, and the third, in March 2013, was also to take advantage of market conditions to refinance

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other debt. Absent extraordinary transactions such as these and the equity offerings we completed during the unprecedented global capital markets disruption in 2008 and 2009 as well as the debt offerings we completed in 2009, 2010 and March 2013, 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 such 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 lower interest rates, with longer maturities or at better terms.

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 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.

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 \$68.0 million and \$63.5 million at December 31, 2013 and 2012, respectively. We expect to contribute a total of \$6.2 million to fund our pension plans for the year ending December 31, 2014.

The third long-term liquidity need is the payment of obligations related to acquisitions. As of December 31, 2013 and 2012, we had \$86.9 million and \$14.7 million, respectively, of deferred purchase consideration outstanding 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 \$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 in the current year. In addition, improved operating performance and greater collections on receivables in the current year contributed to the variance. These items were partially offset by higher bonus payments made in the current year.

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Net cash provided by operating activities totaled \$291.1 million for the year ended December 31, 2012, a decrease of \$70.1 million as compared to the year ended December 31, 2011. The decrease in cash provided by operating activities in 2012 was primarily due to higher bonuses, commissions and income taxes paid and activities associated with securities acquired in our acquisition of CRES. In addition, increases in receivables and real estate held for sale and under development in 2012 as well as higher tenant concessions received in 2011 also contributed to the variance. These items were partially offset by improved operating performance and an increase in accounts payable in 2012.

Investing Activities

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 in the current year. This was partially offset by higher proceeds received from the sale of real estate held for investment in the current year and a decrease in cash in the prior year as a result of the deconsolidation of CBRE Clarion U.S., L.P. in 2012. Higher contributions to unconsolidated subsidiaries in 2012, greater distributions from unconsolidated subsidiaries in the current year and a decrease in restricted cash in the current year versus an increase in restricted cash in the prior year also mitigated the increase in cash used in investing activities.

Net cash used in investing activities totaled \$197.7 million for the year ended December 31, 2012, a decrease of \$282.6 million as compared to the year ended December 31, 2011. The decrease in cash used in investing activities in 2012 was primarily driven by a greater amount of cash paid for the REIM Acquisitions in 2011. This was partially offset by higher net proceeds received from the disposition of real estate held for investment in 2011, a decrease in cash as a result of the deconsolidation of CBRE Clarion U.S., L.P. in 2012 and higher distributions from investments in unconsolidated subsidiaries in 2011.

Financing Activities

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 in the current year and higher distributions to non-controlling interests in the current year also contributed to the increase.

Net cash used in financing activities totaled \$100.7 million for the year ended December 31, 2012 versus net cash provided by financing activities of \$711.3 million for the year ended December 31, 2011. The increase in cash used in financing activities was primarily due to \$800.0 million of tranche C and D term loan facilities drawn in 2011 to finance the REIM Acquisitions and proceeds from the British pound sterling A-1 term loan facility received in 2011. This was partially offset by higher net repayments of notes payable on real estate in 2011, greater distributions to non-controlling interests in 2011 as well as more financing costs paid in 2011.

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The following is a summary of our various contractual obligations and other commitments as of December 31, 2013:

| Contractual Obligations | Total | Payments Due by Period | | | | More than 5 years |
|---|---------------------|------------------------|-------------------|-------------------|---------------------|-------------------|
| | | Less than 1 year | 1 3 years | 3 5 years | | |
| | | (Dollars in thousands) | | | | |
| Total debt (1) | \$ 2,357,777 | \$ 559,342 | \$ 110,247 | \$ 335,550 | \$ 1,352,638 | |
| Operating leases (2) | 1,154,833 | 188,435 | 317,987 | 244,642 | 403,769 | |
| Pension liability (3) (4) | 68,012 | 68,012 | | | | |
| Notes payable on real estate (recourse) (5) | 3,995 | 112 | 3,883 | | | |
| Notes payable on real estate (non recourse) (5) | 126,477 | 42,434 | 69,234 | 3,668 | 11,141 | |
| Deferred purchase consideration (6) | 86,925 | 52,539 | 11,592 | 21,795 | 999 | |
| Total Contractual Obligations | \$ 3,798,019 | \$ 910,874 | \$ 512,943 | \$ 605,655 | \$ 1,768,547 | |

| Other Commitments | Total | Amount of Other Commitments Expiration | | | | More than 5 years |
|--------------------------------|-------------------|--|------------------|-----------|-----------------|-------------------|
| | | Less than 1 year | 1 3 years | 3 5 years | | |
| | | (Dollars in thousands) | | | | |
| Letters of credit (2) | \$ 11,144 | \$ 11,144 | \$ | \$ | \$ | |
| Guarantees (2) (7) | 14,273 | 14,273 | | | | |
| Co-investments (2) (8) | 34,395 | 33,120 | 109 | | 1,166 | |
| Tax liabilities (9) | 47,204 | 32,404 | 14,800 | | | |
| Other (10) | 65,748 | 65,748 | | | | |
| Total Other Commitments | \$ 172,764 | \$ 156,689 | \$ 14,909 | \$ | \$ 1,166 | |

- (1) See Note 13 of our Notes to the Consolidated Financial Statements set forth in Item 8 of this Annual Report. Figures do not include scheduled interest payments. Assuming each debt obligation is held until maturity, we estimate that we will make the following interest payments (dollars in thousands): 2014 \$81,824; 2015 to 2016 \$154,694; 2017 to 2018 \$146,221 and thereafter \$227,017. The interest payments on the variable rate debt have been calculated at the interest rate in effect at December 31, 2013.
- (2) See Note 14 of our Notes to the Consolidated Financial Statements set forth in Item 8 of this Annual Report.
- (3) See Note 15 of our Notes to the Consolidated Financial Statements set forth in Item 8 of this Annual Report.
- (4) 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.
- (5) 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. The notes (primarily construction loans) have either fixed or variable interest rates, ranging from 2.42% to 6.04% at December 31, 2013. In general, interest is drawn on the underlying loan and subsequently paid with proceeds received upon the sale of the real estate project.
- (6) 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, 2013 set forth in Item 8 of this Annual Report.
- (7) 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.
- (8) Includes \$9.4 million related to our Global Investment Management segment, \$8.1 million of which is expected to be funded in 2014 and \$25.0 million related to our Development Services segment (callable at any time).

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- (9) As of December 31, 2013, our current and non-current tax liabilities, including interest and penalties, totaled \$97.9 million. Of this amount, we can reasonably estimate that \$32.4 million will require cash settlement in less than one year and \$14.8 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 \$50.7 million.
- (10) 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, 2013 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.

Significant 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 with Credit Suisse Group AG, or CS, and other lenders to fund strategic acquisitions and to provide for our working capital needs. On November 10, 2010, we entered into a credit agreement (as amended, the 2010 Credit Agreement) with a syndicate of banks led by CS, as administrative and collateral agent, to completely refinance our previous credit facilities. On March 4, 2011, we entered into an amendment to our 2010 Credit Agreement to, among other things, increase flexibility to various covenants to accommodate the REIM Acquisitions and to maintain the availability of the \$800.0 million incremental facility under the 2010 Credit Agreement. On March 4, 2011, we also entered into an incremental assumption agreement to allow for the establishment of new tranche C and tranche D term loan facilities. On November 10, 2011, we entered into an incremental assumption agreement led jointly by HSBC Bank USA, N.A. and J.P. Morgan Securities LLC to allow for the establishment of a new tranche A-1 term loan facility, which also reduced the \$800.0 million incremental facility under the 2010 Credit Agreement. During the year ended December 31, 2013, we completed a series of financing transactions, which included the repayment of \$1.6 billion of our senior secured term loans under our previous credit agreement. On March 28, 2013, we entered into a new credit agreement (the Credit Agreement) with a syndicate of banks led by CS, as administrative and collateral agent, to completely refinance our previous credit agreement.

Our Credit Agreement currently provides for the following: (1) a \$1.2 billion revolving credit facility, including revolving credit loans, letters of credit and a swingline loan facility, maturing 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 the 11.625% senior subordinated notes) requiring quarterly principal payments, which began on June 30, 2013 and continue 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 continue through December 31, 2020, with the balance payable at maturity on March 28, 2021.

The revolving credit facility allows 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 may be up to 5.0% higher as allowed under the currency fluctuation provision in the Credit Agreement. Borrowings under the revolving credit facility bear 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 Credit Agreement). As of December 31, 2013 and 2012, we had \$142.5 million and \$73.0 million, respectively, of revolving credit facility principal outstanding with related

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weighted average interest rates of 2.2% and 3.2%, respectively, which are included in short-term borrowings in the consolidated balance sheets set forth in Item 8 of this Annual Report. As of December 31, 2013, letters of credit totaling \$11.6 million were outstanding under the revolving credit facility. These letters of credit were primarily issued in the normal course of business as well as in connection with certain insurance programs and reduce the amount we may borrow under the revolving credit facility.

Borrowings under the term loan facilities bear 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 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, 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), which are included in the consolidated balance sheets set forth in Item 8 of this Annual Report. As of December 31, 2012, we had \$1.6 billion of term loan facilities principal outstanding under our previous credit agreement (including \$271.2 million, \$275.2 million, \$293.3 million, \$394.0 million, and \$394.0 million, respectively, of tranche A, tranche A-1, tranche B, tranche C and tranche D term loan facilities principal outstanding), which are also included in the consolidated balance sheets set forth in Item 8 of this Annual Report.

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 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, 2013 and 2012. As of December 31, 2013 and 2012, the fair values of such interest rate swap agreements were reflected as a \$29.0 million liability and a \$48.0 million liability, respectively, and were included in other long-term liabilities in the consolidated balance sheets set forth in Item 8 of this Annual Report.

The Credit Agreement is jointly and severally guaranteed by us and substantially all of our domestic subsidiaries. Borrowings under our 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. Also, the Credit Agreement requires us to pay a fee based on the total amount of the revolving credit facility commitment.

On March 14, 2013, CBRE Services, Inc., or CBRE, our wholly-owned subsidiary, 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 subsidiary of CBRE that guarantees our 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. The amount of the 5.00% senior notes included in the consolidated balance sheets set forth in Item 8 of this Annual Report was \$800.0 million at December 31, 2013.

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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 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 6.625% senior notes are jointly and severally guaranteed on a senior basis by us and each subsidiary of CBRE that guarantees our Credit Agreement. Interest accrues at a rate of 6.625% per year and is payable semi-annually in arrears on April 15 and October 15, having commenced on April 15, 2011. The 6.625% senior notes are 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. At any time prior to October 15, 2014, the 6.625% senior notes may be redeemed 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 is 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. In addition, prior to October 15, 2013, up to 35.0% of the original issued amount of the 6.625% senior notes may have been redeemed at a redemption price of 106.625% of the principal amount, plus accrued and unpaid interest, solely with the net cash proceeds from public equity offerings. If a change of control triggering event (as defined in the indenture governing our 6.625% senior notes) occurs, we are obligated to make an offer to purchase the then outstanding 6.625% senior notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest. The amount of the 6.625% senior notes included in the consolidated balance sheets set forth in Item 8 of this Annual Report was \$350.0 million at both December 31, 2013 and 2012.

Our Credit Agreement and the indentures governing our 5.00% senior notes and 6.625% 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 Credit Agreement also 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. Our coverage ratio of EBITDA to total interest expense was 8.97x for the year ended December 31, 2013 and our leverage ratio of total debt less available cash to EBITDA was 1.43x as of December 31, 2013. We may from time to time, in our sole discretion, look for opportunities to refinance or reduce our outstanding debt under our Credit Agreement and under our 5.00% senior notes and 6.625% senior notes.

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 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. The amount of the 11.625% senior subordinated notes included in the consolidated balance sheets set forth in Item 8 of this Annual Report, net of unamortized discount, was \$440.5 million at December 31, 2012.

From time to time, Moody's Investor Service, Inc., or Moody's, and Standard & Poor's Ratings Services, or Standard & Poor's, rate our senior debt. For example, on June 27, 2013, Standard & Poor's confirmed our BB long-term issuer credit rating with a positive outlook. They also confirmed our BB rating for our new Credit Agreement and B+ rating for the \$800.0 million of 5.00% senior notes. Neither the Moody's nor the Standard & Poor's ratings impact our ability to borrow under our Credit Agreement. However, these ratings would positively impact the interest rates under our Credit Agreement should our ratings improve to investment grade. In addition, these ratings may impact our ability to borrow under new agreements in the future and the interest rates of any such future borrowings.

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We had short-term borrowings of \$517.1 million and \$1.1 billion as of December 31, 2013 and 2012, respectively, with related weighted average interest rates of 1.9% and 2.4%, respectively, which are included in the 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 \$40.0 million revolving credit note, bears interest at 0.25% and has a maturity date of April 1, 2014. As of December 31, 2013 and 2012, 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, 2013 and 2012, 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 include cash equivalents, agency securities, A1/P1 commercial paper and eligible money market funds. The proceeds of this facility are not made generally available to us, but instead are held in a collateral account maintained by First Tennessee Bank. This agreement has been amended several times and currently provides for a \$4.0 million credit line, bears interest at 0.25% and has a maturity date of August 31, 2014. As of December 31, 2013 and 2012, there were no amounts outstanding under this facility.

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 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 currently provides for a \$200.0 million line of credit, bears interest at the daily LIBOR plus 1.90% and has a maturity date of October 27, 2014.

On April 16, 2008, CBRE Capital Markets entered into a secured credit agreement with BofA to establish a warehouse line of credit. The senior secured revolving line of credit currently provides for a \$200.0 million line of credit, bears interest at the daily one-month LIBOR plus 1.60% with a maturity date of May 28, 2014.

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

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Mae and the repurchase date by CBRE Capital Markets, the outstanding balance bears interest and is payable to Fannie Mae at the daily LIBOR rate plus 1.35% with a LIBOR floor of 0.35%. This arrangement is cancelable 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% with a maturity date of June 30, 2014.

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 provides for a \$200.0 million senior secured revolving line of credit and bears interest at the daily one-month LIBOR plus 1.65% with a maturity date of July 29, 2014.

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.

During the year ended December 31, 2013, we had a maximum of \$1.1 billion of warehouse lines of credit principal outstanding. As of December 31, 2013 and 2012, we had \$374.6 million and \$1.0 billion of warehouse lines of credit principal outstanding, respectively, which are included in short-term borrowings in the consolidated balance sheets set forth in Item 8 of this Annual Report. Additionally, we had \$381.5 million and \$1.0 billion of mortgage loans held for sale (warehouse receivables), as of December 31, 2013 and 2012, 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 are also included in the consolidated balance sheets set forth in Item 8 of this Annual Report.

A significant number of our subsidiaries in Europe have had a Euro cash pool loan since 2001, which is used to fund their short-term liquidity needs. The Euro cash pool loan is an overdraft line for our European operations issued by HSBC Bank. The Euro cash pool loan has no stated maturity date and bears interest at varying rates based on LIBOR plus 2.0%. As of December 31, 2013 and 2012, there were no amounts outstanding under this facility.

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 consolidated balance sheets set forth in Item 8 of this Annual Report was \$68.0 million and \$63.5 million at December 31, 2013 and 2012, respectively. We expect to contribute a total of \$6.2 million to fund our pension plans for the year ending December 31, 2014.

Off-Balance Sheet Arrangements

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We had outstanding letters of credit totaling \$11.1 million as of December 31, 2013, 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. These letters of credit are primarily executed by us in the ordinary course of business and expire at varying dates through December 2014.

We had guarantees totaling \$14.3 million as of December 31, 2013, 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 \$14.3 million partly consists of guarantees

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related to our defined benefit pension plans in the United Kingdom (in excess of our outstanding pension liability of \$68.0 million as of December 31, 2013), which are continuous guarantees that will not expire until all amounts have been paid out for our pension liabilities. The remainder of the guarantees mainly represents guarantees of obligations of unconsolidated subsidiaries, which expire at varying dates through June 2017, 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, 2013, 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 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.

In January 2008, CBRE Multifamily Capital, Inc., or CBRE MCI, a wholly-owned subsidiary of CBRE Capital Markets, Inc., 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 \$7.8 billion at December 31, 2013. Additionally, CBRE MCI has funded loans under the DUS Program that are not subject to loss sharing arrangements with unpaid principal balances of approximately \$369.0 million at December 31, 2013. CBRE MCI, under its agreement with Fannie Mae, must post cash reserves under formulas established by Fannie Mae to provide for sufficient capital in the event losses occur. As of December 31, 2013 and 2012, CBRE MCI had \$16.6 million and \$9.1 million, respectively, of cash deposited under this reserve arrangement, and had provided approximately \$13.8 million and \$10.6 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 \$367.4 million (including \$226.4 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, 2013.

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, 2013, we had aggregate commitments of \$9.4 million to fund future co-investments, \$8.1 million of which is expected to be funded in 2014. 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, 2013, we had committed to fund \$25.0 million of additional capital to these unconsolidated subsidiaries, which may be called 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 tends to be lower in the first two quarters and higher in the third and fourth quarters of each year. Earnings and cash flow have generally been concentrated in the

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fourth quarter due to the focus on completing sales, financing and leasing transactions prior to calendar year-end. This has historically resulted in lower profits or a loss in the first quarter, with revenue and profitability improving in each subsequent quarter.

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 March 2013, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2013-05, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*. This ASU states that when a reporting entity (parent) ceases to have a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity, the parent is required to apply the guidance in Subtopic 830-30 to release any related cumulative translation adjustment into net income. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. ASU 2013-05 is effective prospectively for fiscal years (and interim reporting periods within those years) beginning after December 15, 2013, with early adoption permitted. We do not believe the adoption of this update will have a material effect on our consolidated financial position or results of operations.

In July 2013, the FASB issued ASU 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. This ASU states that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows: To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This ASU applies to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, with early adoption permitted. This ASU should be applied prospectively to all unrecognized tax benefits that exist at the effective date, with retrospective application permitted. We do not believe the adoption of this update will have a material impact on our consolidated financial position.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk 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.

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During the year ended December 31, 2013, approximately 39% of our business was transacted in local currencies of foreign countries, the majority of which includes the Euro, the British pound sterling, the Canadian dollar, the Chinese yuan, the Hong Kong dollar, the Japanese yen, the Singapore dollar, the Australian dollar and the Indian rupee. We attempt to manage our exposure primarily by balancing assets and liabilities and maintaining cash positions in foreign currencies only at levels necessary for operating purposes. 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, 2013, foreign currency translation had a \$73.4 million negative impact on our total revenue and a \$60.3 million positive impact on our total costs of services and operating, administrative and other expenses.

We routinely monitor our exposure to currency exchange rate changes in connection with 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 mitigate foreign currency exchange exposure resulting from intercompany loans, expected cash flow and earnings. On March 22, 2013, we entered into three option agreements, including one to sell a notional amount of 9.5 million Euros, which expired on June 26, 2013, one to sell a notional amount of 4.5 million Euros, which expired on September 26, 2013 and one to sell a notional amount of 21.0 million Euros, which expired on December 27, 2013. On September 4, 2013, we entered into two option agreements, including one to sell a notional amount of 6.1 million British pounds sterling, which expired on September 26, 2013 and one to sell a notional amount of 13.7 million British pounds sterling, which expired on December 27, 2013. Included in the consolidated statement of operations set forth in Item 8 of this Annual Report were losses of \$1.8 million and \$4.4 million for the years ended December 31, 2013 and 2012, respectively, resulting from net losses on foreign currency exchange option agreements. As of December 31, 2013 and 2012, we did not have any foreign currency exchange contracts outstanding.

Interest Rates

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, 2013 consisted of the following (dollars in thousands):

| Year of Maturity | Fixed Rate | LIBOR | LIBOR | (2) | (3) | Total |
|--------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| | | + 1.75% | + 2.75% | | | |
| | | (1) | (1) | | | |
| 2014 | \$ 2,611 | \$ 37,500 | \$ 2,150 | \$ 374,597 | \$ 142,484 | \$ 559,342 |
| 2015 | 1,392 | 37,500 | 2,150 | | | 41,042 |
| 2016 | 1,430 | 65,625 | 2,150 | | | 69,205 |
| 2017 | | 253,125 | 2,150 | | | 255,275 |
| 2018 | | 78,125 | 2,150 | | | 80,275 |
| Thereafter | 1,150,000 | | 202,638 | | | 1,352,638 |
| Total | \$ 1,155,433 | \$ 471,875 | \$ 213,388 | \$ 374,597 | \$ 142,484 | \$ 2,357,777 |
| Weighted Average Interest Rate | 5.5% | 1.9% | 2.9% | 1.8% | 2.2% | 3.8% |

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- (1) Consists of amounts due under our senior secured term loan facilities.
- (2) Consists of amounts due under our warehouse lines of credit as follows (dollars in thousands): \$150,712 at daily one-month LIBOR + 1.60%; \$94,889 at daily one-month LIBOR + 1.50%; \$65,800 at daily Chase-London LIBOR + 1.90%; \$36,812 at daily one-month LIBOR + 1.65%; \$16,464 at daily one-month LIBOR + 2.25% and \$9,920 at daily LIBOR + 1.35% with a LIBOR floor of 0.35%.

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- (3) Consists of amounts due under our revolving credit facility as follows (dollars in thousands): \$90,772 at 30 day EUR LIBOR + 1.40%; \$18,230 at 30 day GBP LIBOR + 1.40%; \$18,000 at 30 day USD LIBOR + 1.40%; \$11,697 at Australia Bill Rate + 1.40% and \$3,785 at New Zealand Bill Rate + 1.63%.

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, 2013, the net impact of the additional interest cost would be a decrease of \$2.5 million on pre-tax income and a decrease of \$2.5 million on cash provided by operating activities for the year ended December 31, 2013.

The estimated fair value of our senior secured term loans was approximately \$687.6 million at December 31, 2013. Based on dealers' quotes, the estimated fair values of our 5.00% senior notes and 6.625% senior notes were \$769.4 million and \$372.8 million, respectively, at December 31, 2013.

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 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, 2013 and 2012. As of December 31, 2013, the fair values of these interest rate swap agreements were reflected as a \$29.0 million liability and were included in other long-term liabilities in the consolidated balance sheets set forth in Item 8 of this Annual Report.

We also have \$130.5 million of notes payable on real estate as of December 31, 2013. These notes have interest rates ranging from 2.42% to 6.04% 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 \$0.6 million for the year ended December 31, 2013. 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 or acquisition 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. The net impact on our financial position and earnings resulting from these derivatives contracts has not been significant.

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Item 8. Financial Statements and Supplementary Data

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES**

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| <u>Consolidated Balance Sheets at December 31, 2013 and 2012</u> | 73 |
| <u>Consolidated Statements of Operations for the years ended December 31, 2013, 2012 and 2011</u> | 74 |
| <u>Consolidated Statements of Comprehensive Income for the years ended December 31, 2013, 2012 and 2011</u> | 75 |
| <u>Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011</u> | 76 |
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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, 2013 and 2012, 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, 2013. 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, 2013, based on criteria established in *Internal Control – Integrated Framework (1992)* 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 audit 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.

CBRE Group, Inc. acquired London-based Norland Managed Services Ltd during 2013 (*Acquired Business*) as defined in Note 8 to the consolidated financial statements, and management excluded from its assessment of the effectiveness of CBRE Group, Inc.'s internal control over financial reporting as of December 31, 2013, the *Acquired Business*'s internal control over financial reporting associated with total assets of \$680.2 million included in the consolidated financial statements of CBRE Group, Inc. and subsidiaries as of December 31, 2013. Our audit of

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internal control over financial reporting of CBRE Group, Inc. also excluded an evaluation of the internal control over financial reporting of the Acquired Business.

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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, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, 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, 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, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ KPMG LLP

Los Angeles, California

March 3, 2014

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

| | December 31, | |
|---|---------------------|---------------------|
| | 2013 | 2012 |
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 491,912 | \$ 1,089,297 |
| Restricted cash | 61,155 | 73,676 |
| Receivables, less allowance for doubtful accounts of \$40,262 and \$35,492 at December 31, 2013 and 2012, respectively | 1,486,489 | 1,262,823 |
| Warehouse receivables | 381,545 | 1,048,340 |
| Trading securities | 58,442 | 101,331 |
| Income taxes receivable | | 17,847 |
| Prepaid expenses | 125,151 | 101,617 |
| Deferred tax assets, net | 188,533 | 205,746 |
| Real estate and other assets held for sale | | 130,499 |
| Real estate under development | 19,133 | |
| Available for sale securities | | 679 |
| Other current assets | 67,452 | 52,695 |
| Total Current Assets | 2,879,812 | 4,084,550 |
| Property and equipment, net | 458,596 | 379,176 |
| Goodwill | 2,290,474 | 1,889,602 |
| Other intangible assets, net of accumulated amortization of \$348,566 and \$273,631 at December 31, 2013 and 2012, respectively | 841,228 | 786,793 |
| Investments in unconsolidated subsidiaries | 198,696 | 206,798 |
| Real estate under development | 822 | 27,316 |
| Real estate held for investment | 106,999 | 235,045 |
| Available for sale securities | 56,800 | 57,121 |
| Other assets, net | 164,987 | 143,141 |
| Total Assets | \$ 6,998,414 | \$ 7,809,542 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 817,519 | \$ 582,294 |
| Compensation and employee benefits payable | 486,993 | 440,191 |
| Accrued bonus and profit sharing | 612,114 | 540,144 |
| Securities sold, not yet purchased | | 54,103 |
| Income taxes payable | 11,111 | |
| Short-term borrowings: | | |
| Warehouse lines of credit | 374,597 | 1,026,381 |
| Revolving credit facility | 142,484 | 72,964 |
| Other | 16 | 16 |
| Total short-term borrowings | 517,097 | 1,099,361 |
| Current maturities of long-term debt | 42,245 | 73,156 |
| Notes payable on real estate | 62,017 | 35,212 |
| Liabilities related to real estate and other assets held for sale | | 104,627 |
| Other current liabilities | 56,644 | 43,205 |
| Total Current Liabilities | 2,605,740 | 2,972,293 |
| Long-Term Debt: | | |
| 5.00% senior notes | 800,000 | |
| Senior secured term loans | 645,613 | 1,557,069 |

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| | | |
|--|---------------------|---------------------|
| 6.625% senior notes | 350,000 | 350,000 |
| 11.625% senior subordinated notes, net of unamortized discount of \$9,477 at December 31, 2012 | | 440,523 |
| Other long-term debt | 2,822 | 6,857 |
| Total Long-Term Debt | 1,798,435 | 2,354,449 |
| Notes payable on real estate | 68,455 | 189,258 |
| Deferred tax liabilities, net | 160,777 | 191,962 |
| Non-current tax liabilities | 65,520 | 81,875 |
| Pension liability | 68,012 | 63,528 |
| Other liabilities | 295,469 | 274,365 |
| Total Liabilities | 5,062,408 | 6,127,730 |
| Commitments and contingencies | | |
| Equity: | | |
| CBRE Group, Inc. Stockholders' Equity: | | |
| Class A common stock; \$0.01 par value; 525,000,000 shares authorized; 331,927,166 and 330,082,187 shares issued and outstanding at December 31, 2013 and 2012, respectively | 3,319 | 3,301 |
| Additional paid-in capital | 981,997 | 960,900 |
| Accumulated earnings | 1,056,592 | 740,054 |
| Accumulated other comprehensive loss | (146,123) | (165,044) |
| Total CBRE Group, Inc. Stockholders' Equity | 1,895,785 | 1,539,211 |
| Non-controlling interests | 40,221 | 142,601 |
| Total Equity | 1,936,006 | 1,681,812 |
| Total Liabilities and Equity | \$ 6,998,414 | \$ 7,809,542 |

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, | | |
|---|--------------------------------|--------------|--------------|
| | 2013 | 2012 | 2011 |
| Revenue | \$ 7,184,794 | \$ 6,514,099 | \$ 5,905,411 |
| Costs and expenses: | | | |
| Cost of services | 4,189,389 | 3,742,514 | 3,457,130 |
| Operating, administrative and other | 2,104,310 | 2,002,914 | 1,882,666 |
| Depreciation and amortization | 190,390 | 169,645 | 115,719 |
| Non-amortizable intangible asset impairment | 98,129 | 19,826 | |
| Total costs and expenses | 6,582,218 | 5,934,899 | 5,455,515 |
| Gain on disposition of real estate | 13,552 | 5,881 | 12,966 |
| Operating income | 616,128 | 585,081 | 462,862 |
| Equity income from unconsolidated subsidiaries | 64,422 | 60,729 | 104,776 |
| Other income | 13,523 | 11,093 | 2,706 |
| Interest income | 6,289 | 7,643 | 9,443 |
| Interest expense | 135,082 | 175,068 | 150,249 |
| Write-off of financing costs | 56,295 | | |
| Income from continuing operations before provision for income taxes | 508,985 | 489,478 | 429,538 |
| Provision for income taxes | 187,187 | 185,322 | 189,103 |
| Income from continuing operations | 321,798 | 304,156 | 240,435 |
| Income from discontinued operations, net of income taxes | 26,997 | 631 | 49,890 |
| Net income | 348,795 | 304,787 | 290,325 |
| Less: Net income (loss) attributable to non-controlling interests | 32,257 | (10,768) | 51,163 |
| Net income attributable to CBRE Group, Inc. | \$ 316,538 | \$ 315,555 | \$ 239,162 |
| <i>Basic income per share attributable to CBRE Group, Inc. shareholders</i> | | | |
| Income from continuing operations attributable to CBRE Group, Inc. | \$ 0.95 | \$ 0.97 | \$ 0.73 |
| Income from discontinued operations attributable to CBRE Group, Inc. | 0.01 | 0.01 | 0.02 |
| Net income attributable to CBRE Group, Inc. | \$ 0.96 | \$ 0.98 | \$ 0.75 |
| Weighted average shares outstanding for basic income per share | 328,110,004 | 322,315,576 | 318,454,191 |
| <i>Diluted income per share attributable to CBRE Group, Inc. shareholders</i> | | | |
| Income from continuing operations attributable to CBRE Group, Inc. | \$ 0.94 | \$ 0.96 | \$ 0.72 |
| Income from discontinued operations attributable to CBRE Group, Inc. | 0.01 | 0.01 | 0.02 |

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| | | | | | | |
|--|----|-------------|----|-------------|----|-------------|
| Net income attributable to CBRE Group, Inc. | \$ | 0.95 | \$ | 0.97 | \$ | 0.74 |
| Weighted average shares outstanding for diluted income per share | | 331,762,854 | | 327,044,145 | | 323,723,755 |
| <i>Amounts attributable to CBRE Group, Inc. shareholders</i> | | | | | | |
| Income from continuing operations, net of tax | \$ | 314,229 | \$ | 313,853 | \$ | 233,517 |
| Income from discontinued operations, net of tax | | 2,309 | | 1,702 | | 5,645 |
| Net income | \$ | 316,538 | \$ | 315,555 | \$ | 239,162 |

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, | | |
|--|--------------------------------|-------------|-------------|
| | 2013 | 2012 | 2011 |
| Net income | \$348,795 | \$304,787 | \$290,325 |
| Other comprehensive income (loss): | | | |
| Foreign currency translation gain (loss) | 7,390 | (997) | (24,165) |
| Unrealized gains (losses) on interest rate swaps and interest rate caps, net of \$7,557 income tax for the year ended December 31, 2013 and \$3,316 and \$16,278 income tax benefit for the years ended December 31, 2012 and 2011, respectively | 11,512 | (4,924) | (23,623) |
| Unrealized holding gains on available for sale securities, net of \$756, \$43 and \$42 income tax for the years ended December 31, 2013, 2012 and 2011, respectively | 1,151 | 475 | 77 |
| Pension liability adjustments, net of \$1,409, \$1,131 and \$6,639 income tax benefit for the years ended December 31, 2013, 2012 and 2011, respectively | (5,638) | (947) | (19,088) |
| Other, net | 3,720 | (598) | 2,022 |
| Total other comprehensive income (loss) | 18,135 | (6,991) | (64,777) |
| Comprehensive income | 366,930 | 297,796 | 225,548 |
| Less: Comprehensive income (loss) attributable to non-controlling interests | 31,471 | (11,154) | 50,223 |
| Comprehensive income attributable to CBRE Group, Inc. | \$ 335,459 | \$ 308,950 | \$ 175,325 |

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, | | |
|---|-------------------------|------------|------------|
| | 2013 | 2012 | 2011 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | \$ 348,795 | \$ 304,787 | \$ 290,325 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 191,270 | 170,905 | 116,930 |
| Amortization and write-off of financing costs | 28,871 | 9,518 | 7,453 |
| Amortization of debt discount | 9,477 | | |
| Non-amortizable intangible asset impairment | 98,129 | 19,826 | |
| Write-down of impaired real estate and other assets | | 32,322 | 4,337 |
| Gain on sale of loans, servicing rights and other assets | (93,613) | (112,613) | (74,449) |
| Net realized and unrealized gains from investments | (13,523) | (11,093) | (2,706) |
| Gain on disposition of real estate held for investment | (18,698) | (683) | (41,805) |
| Equity income from unconsolidated subsidiaries | (64,422) | (60,729) | (104,776) |
| Provision for doubtful accounts | 9,579 | 6,509 | 9,754 |
| Deferred income taxes | (11,591) | 2,059 | 6,147 |
| Compensation expense related to stock options and non-vested stock awards | 48,429 | 51,712 | 44,327 |
| Incremental tax benefit from stock options exercised | (9,891) | (2,930) | (14,936) |
| Distribution of earnings from unconsolidated subsidiaries | 33,302 | 20,199 | 20,794 |
| Tenant concessions received | 14,627 | 23,260 | 45,751 |
| Purchase of trading securities | (137,311) | (203,126) | (144,919) |
| Proceeds from sale of trading securities | 191,121 | 190,220 | 219,739 |
| Proceeds from securities sold, not yet purchased | 52,472 | 151,145 | 197,595 |
| Securities purchased to cover short sales | (110,588) | (151,282) | (189,456) |
| Increase in receivables | (76,946) | (142,786) | (123,669) |
| Increase in prepaid expenses and other assets | (33,355) | (22,097) | (13,238) |
| Decrease (increase) in real estate held for sale and under development | 168,133 | (759) | 84,731 |
| Increase (decrease) in accounts payable and accrued expenses | 40,200 | 43,475 | (62,850) |
| Increase (decrease) in compensation and employee benefits payable and accrued bonus and profit sharing | 102,439 | (1,155) | 81,380 |
| Decrease (increase) in income taxes receivable/payable | 3,077 | (27,729) | (4,891) |
| (Decrease) increase in other liabilities | (6,808) | 7,715 | 15,940 |
| Other operating activities, net | (18,067) | (5,589) | (6,289) |
| Net cash provided by operating activities | 745,108 | 291,081 | 361,219 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Capital expenditures | (156,358) | (150,232) | (147,980) |
| Acquisition of Clarion Real Estate Securities and substantially all of the ING Group N.V. operations in Europe and Asia (collectively the REIM Acquisitions), including net assets acquired, intangibles and goodwill, net of cash acquired | | (7,680) | (580,895) |
| Acquisition of businesses (other than the REIM Acquisitions), including net assets acquired, intangibles and goodwill, net of cash acquired | (504,147) | (44,898) | (49,790) |
| Contributions to unconsolidated subsidiaries | (49,594) | (65,440) | (51,463) |
| Distributions from unconsolidated subsidiaries | 82,230 | 62,977 | 109,547 |
| Net proceeds from disposition of real estate held for investment | 113,241 | 60,805 | 231,678 |
| Additions to real estate held for investment | (2,559) | (6,181) | (15,473) |
| Proceeds from the sale of servicing rights and other assets | 32,016 | 40,206 | 27,035 |
| Decrease (increase) in restricted cash | 8,469 | (16,205) | (1,696) |
| Decrease in cash due to deconsolidation of CBRE Clarion U.S., L.P. (see Note 3) | | (73,187) | |
| Purchase of available for sale securities | (65,111) | (36,355) | (45,281) |
| Proceeds from the sale of available for sale securities | 69,688 | 31,751 | 41,479 |
| Other investing activities, net | 7,131 | 6,768 | 2,584 |
| Net cash used in investing activities | (464,994) | (197,671) | (480,255) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from senior secured term loans | 715,000 | | 1,100,739 |

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| | | | |
|--|-------------------|---------------------|---------------------|
| Repayment of senior secured term loans | (1,639,017) | (68,146) | (47,503) |
| Proceeds from revolving credit facility | 610,562 | 41,270 | 1,032,624 |
| Repayment of revolving credit facility | (542,150) | (15,230) | (1,005,132) |
| 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 | 2,762 | 4,652 | 10,300 |
| Repayment of notes payable on real estate held for investment | (74,544) | (54,036) | (186,636) |
| Proceeds from notes payable on real estate held for sale and under development | 9,526 | 22,276 | 8,454 |
| Repayment of notes payable on real estate held for sale and under development | (136,528) | (21,345) | (79,271) |
| Stock and stock units repurchased for payment of taxes on stock awards | (16,628) | | |
| Proceeds from exercise of stock options | 5,780 | 20,324 | 7,136 |
| Incremental tax benefit from stock options exercised | 9,891 | 2,930 | 14,936 |
| Non-controlling interests contributions | 1,092 | 16,075 | 10,231 |
| Non-controlling interests distributions | (128,168) | (48,162) | (129,686) |
| Payment of financing costs | (29,322) | (359) | (24,738) |
| Other financing activities, net | (4,537) | (938) | (129) |
| Net cash (used in) provided by financing activities | (866,281) | (100,689) | 711,325 |
| Effect of currency exchange rate changes on cash and cash equivalents | (11,218) | 3,394 | (5,681) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (597,385) | (3,885) | 586,608 |
| CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD | 1,089,297 | 1,093,182 | 506,574 |
| CASH AND CASH EQUIVALENTS, AT END OF PERIOD | \$ 491,912 | \$ 1,089,297 | \$ 1,093,182 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | | | |
| Cash paid during the period for: | | | |
| Interest | \$ 117,150 | \$ 161,945 | \$ 138,035 |
| Income tax payments, net | \$ 203,402 | \$ 217,956 | \$ 189,917 |

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 | | | | | | | Total |
|---|-------------------------------|----------------------------|----------------------------------|-------------------------|---------------------------------|--|----------------------------------|--------------|
| | Shares | Class A common stock | Additional paid-in capital | Accumulated earnings | Minimum pension liability | Accumulated other comprehensive loss Foreign currency translation and other | Non- Controlling Interests | |
| Balance at December 31, 2010 | 323,594,919 | \$ 3,236 | \$ 814,244 | \$ 185,337 | \$ (49,634) | \$ (44,968) | \$ 157,580 | \$ 1,065,795 |
| Net income | | | | 239,162 | | | 51,163 | 290,325 |
| Pension liability adjustments, net of tax | | | | | (19,088) | | | (19,088) |
| Stock options exercised (including tax benefit) | 1,822,373 | 18 | 22,055 | | | | | 22,073 |
| Non-cash issuance of common stock | 7,670 | | 179 | | | | | 179 |
| Non-vested stock grants | 2,803,221 | 28 | | | | | | 28 |
| Compensation expense for stock options and non-vested stock awards | | | 44,327 | | | | | 44,327 |
| Unrealized losses on interest rate swaps and interest rate caps, net of tax | | | | | | (23,623) | | (23,623) |
| Unrealized holding gains on available for sale securities, net of tax | | | | | | 77 | | 77 |
| Foreign currency translation loss | | | | | | (23,225) | (940) | (24,165) |
| Cancellation of non-vested stock awards | (256,027) | (2) | | | | | | (2) |
| Contributions from non-controlling interests | | | | | | | 10,231 | 10,231 |
| Distributions to non-controlling interests | | | | | | | (129,686) | (129,686) |
| Acquisition of non-controlling interests | | | | | | | 182,898 | 182,898 |
| Other | | | 1,336 | | | 2,022 | (5,564) | (2,206) |
| 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 |
| Unrealized losses on interest rate swaps and interest rate caps, net of tax | | | | | | (4,924) | | (4,924) |
| 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 | | | | | | | (48,162) | (48,162) |
| Deconsolidation of CBRE Clarion U.S., L.P. (see Note 3) | | | | | | | (91,580) | (91,580) |
| Other | | | 3,639 | | | (598) | 11,740 | 14,781 |
| Balance at December 31, 2012 | 330,082,187 | \$ 3,301 | \$ 960,900 | \$ 740,054 | \$ (69,669) | \$ (95,375) | \$ 142,601 | \$ 1,681,812 |
| Net income | | | | 316,538 | | | 32,257 | 348,795 |
| Pension liability adjustments, net of tax | | | | | (5,638) | | | (5,638) |
| Stock options exercised (including tax benefit) | 1,620,515 | 16 | 15,655 | | | | | 15,671 |

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| | | | | | | | | |
|--|-------------|----------|------------|--------------|-------------|-------------|-----------|--------------|
| Non-cash issuance of common stock | 478,884 | 4 | 149 | | | | | 153 |
| Non-cash issuance of non-vested common stock related to acquisition | 362,916 | 4 | 9,201 | | | | | 9,205 |
| Non-vested stock grants | 72,580 | 1 | | | | | | 1 |
| Compensation expense for stock options and non-vested stock awards | | | 48,429 | | | | | 48,429 |
| Stock and stock units repurchased for payment of taxes on stock awards | (601,917) | (6) | (16,622) | | | | | (16,628) |
| Unrealized gains on interest rate swaps and interest rate caps, net of tax | | | | | | 11,512 | | 11,512 |
| Unrealized holding gains on available for sale securities, net of tax | | | | | | 1,151 | | 1,151 |
| Foreign currency translation gain (loss) | | | | | | 8,176 | (786) | 7,390 |
| Cancellation of non-vested stock awards | (87,999) | (1) | | | | | | (1) |
| Contributions from non-controlling interests | | | | | | | 1,092 | 1,092 |
| Distributions to non-controlling interests | | | | | | | (128,168) | (128,168) |
| Acquisition of non-controlling interests | | | (30,300) | | | | (9,530) | (39,830) |
| Other | | | (5,415) | | | 3,720 | 2,755 | 1,060 |
| Balance at December 31, 2013 | 331,927,166 | \$ 3,319 | \$ 981,997 | \$ 1,056,592 | \$ (75,307) | \$ (70,816) | \$ 40,221 | \$ 1,936,006 |

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

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations

CBRE Group, Inc., a Delaware corporation (which may be referred to in these financial statements as the company, we, us and our), was incorporated on February 20, 2001. We are the world's largest commercial real estate services and investment firm, based on 2013 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, 2013, excluding independent affiliates, we operated in approximately 350 offices worldwide, with approximately 44,000 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, property sales, real estate investment management, valuation, commercial mortgage origination and servicing, capital markets (structured finance and debt) solutions, development services and proprietary research. We generate revenue from management fees on a contractual and per-project basis, and from commissions on transactions. Our contractual, fee-for-services businesses, which generally involve facilities management, property management, mortgage loan servicing and investment management, represented approximately 41% of our 2013 revenue.

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and those of our majority-owned subsidiaries, as well as variable interest entities (VIEs) in which we are the primary beneficiary and other subsidiaries of which we have control. The equity attributable to non-controlling interests in subsidiaries is shown separately in the accompanying consolidated balance sheets. 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 (FASB) Accounting Standards Codification (ASC) (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.

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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.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 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.

We consolidate any VIE of which we are the primary beneficiary (see Note 4) 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.

Our determination of the appropriate accounting method for all other investments in subsidiaries is based on the amount of influence we have (including our ownership interest) in the underlying entity. Those other investments where we have the ability to exercise significant influence (but not control) over operating and financial policies of such subsidiaries (including certain subsidiaries where we have less than 20% ownership) are accounted for using the equity method. We eliminate transactions with such equity method subsidiaries to the extent of our ownership in such subsidiaries. Accordingly, our share of the earnings or losses of these equity method subsidiaries is included in consolidated net income. All of our remaining investments are carried at cost.

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.

Estimates, Risks and Uncertainties

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S.), which require management to make estimates and assumptions about future events. These estimates and assumptions affect the amounts of assets, liabilities, revenue and

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

expenses we report. Such estimates include the value of goodwill, intangibles and other long-lived assets, accounts receivable, investments in unconsolidated subsidiaries and assumptions used in the calculation of income taxes, retirement and other post-employment benefits, among others. These estimates and assumptions are based on management's best judgment, and are evaluated on an ongoing basis and adjusted, as needed, using historical experience and other factors, including consideration of the macroeconomic environment. The after-effects of the recent global financial crisis, including highly volatile credit, equity and foreign currency markets and a slow and uneven global economic recovery, have increased the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be forecast with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

The fair value of our goodwill and non-amortizable intangible assets is impacted by economic and capital market conditions as well as our stock price. Property sales and leasing activity is affected by economic and employment growth, capital markets liquidity, credit availability and pricing, business and investor confidence, and inflation levels. Adverse trends involving any or all of these factors could reduce transaction-based revenue as well as property values and sales and leasing volume. Such adverse economic conditions could cause declines in the estimated future discounted cash flows expected for our reporting units. A major or sustained decline in our future cash flows and/or the current economic conditions could result in impairment charges.

The recoverability of our investments in unconsolidated subsidiaries has been impacted by the global financial crisis. This was initially evident in sharply reduced property sales activity and decreasing property values throughout 2009. As liquidity subsequently improved, transaction activity has revived, to varying degrees and at a different pace in various regions around the world, over the past four years from the low levels of 2008 and 2009, but has remained well below the volume experienced in 2006 and 2007. Property values also have rebounded, but price appreciation has been most significant in top-tier assets and in the largest, most liquid markets. The assumptions utilized in our recoverability analysis reflect our belief that a gradual recovery will continue, but that a return to capital markets turmoil and negative economic growth could result in impairment charges.

The recoverability of the carrying value of our investments in real estate is impacted by general conditions in the U.S. economy and commercial real estate market. Market fundamentals in the primary property types that we develop or own weakened significantly in late 2008 and throughout 2009. Market conditions have improved, to varying degrees and at a different pace in various regions globally, over the past four years. Property sales have increased steadily as investor confidence and liquidity returned to the commercial real estate market. However, if conditions in the broader economy, capital markets, local, regional or global commercial real estate markets decline sharply once again, we may be required to record impairment charges.

Cash and Cash Equivalents

Cash and cash equivalents generally consist of cash and highly liquid investments with an original maturity of less than three months. Included in the accompanying consolidated balance sheets as of December 31, 2013 and 2012 is cash and cash equivalents of \$32.4 million and \$94.6 million, respectively, from consolidated funds and other entities, which is not available for general corporate use. We also manage certain cash and cash equivalents as an agent for our investment and property and facilities management clients. These amounts are not included in the accompanying consolidated balance sheets (see Note 19).

Restricted Cash

Included in the accompanying consolidated balance sheets as of December 31, 2013 and 2012 is restricted cash of \$61.2 million and \$73.7 million, respectively. The balances primarily include restricted cash set aside to cover funding obligations as required by contracts executed by us in the normal course of business.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Concentration of Credit Risk

Financial instruments that potentially subject us to credit risk consist principally of trade receivables and interest-bearing investments. Users of real estate services account for a substantial portion of trade receivables and collateral is generally not required. The risk associated with this concentration is limited due to the large number of users and their geographic dispersion.

We place substantially all of our interest-bearing investments with major financial institutions and limit the amount of credit exposure with any one financial institution.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation and amortization of property and equipment is computed primarily using the straight-line method over estimated useful lives ranging up to 15 years. Leasehold improvements are amortized over the term of their associated leases, excluding options to renew, since such leases generally do not carry prohibitive penalties for non-renewal. We capitalize expenditures that materially increase the life of our assets and expense the costs of maintenance and repairs.

We review property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If this review indicates that such assets are considered to be impaired, the impairment is recognized in the period the changes occur and represents the amount by which the carrying value exceeds the fair value of the asset.

Certain costs related to the development or purchase of internal-use software are capitalized. Internal computer software costs that are incurred in the preliminary project stage are expensed as incurred. Direct consulting costs as well as payroll and related costs, which are incurred during the development stage of a project are generally capitalized and amortized over a three-year period (except for enterprise software development platforms, which range from five to ten years) when placed into production.

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. The majority of our goodwill balance has resulted from our acquisition of CBRE Services, Inc. (CBRE) in 2001 (the 2001 Acquisition), our acquisition of Insignia Financial Group, Inc. (Insignia) in 2003 (the Insignia Acquisition), our acquisition of the Trammell

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Crow Company in 2006 (the Trammell Crow Company Acquisition), our acquisition of substantially all of the ING Group N.V. (ING) Real Estate Investment Management (REIM) operations in Europe and Asia, as well as substantially all of Clarion Real Estate Securities (CRES) in 2011 (collectively referred to as the REIM Acquisitions) and our acquisition of Norland Managed Services Ltd (Norland) 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, as well as a trade name separately identified as a result of the REIM Acquisitions. The remaining other intangible assets primarily include customer relationships, loan servicing rights and management contracts, 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

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

Deferred Financing Costs

Costs incurred in connection with financing activities are generally deferred and amortized over the terms of the related debt agreements ranging up to ten years. Amortization of these costs is charged to interest expense in the accompanying consolidated statements of operations. Total deferred financing costs, net of accumulated amortization, included in other assets in the accompanying consolidated balance sheets were \$42.3 million and \$42.2 million as of December 31, 2013 and 2012, respectively.

During 2013, we completed a series of financing transactions, including the amendment and restatement of our credit agreement, the issuance of \$800.0 million aggregate principal amount of 5.00% senior notes due March 15, 2023 and the redemption of all of the 11.625% senior subordinated notes totaling \$450.0 million. During the year ended December 31, 2013, in connection with all of these financing activities, we incurred approximately \$28.6 million of financing costs, of which \$3.6 million was expensed. In addition, we expensed \$17.8 million of previously-deferred financing costs as well as a \$26.2 million early extinguishment premium and \$8.7 million of unamortized original issue discount associated with the 11.625% senior subordinated notes. All of these write-offs were included in write-off of financing costs in the accompanying consolidated statements of operations. See Note 13 for additional information on activities associated with our debt.

Revenue Recognition

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.

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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 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.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We account for certain reimbursements (primarily salaries and related charges) mainly related to our facilities and property management operations as revenue. Reimbursement revenue is recognized when the underlying reimbursable costs are incurred.

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 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.

Appraisal fees are recorded after services have been rendered. Loan origination fees are recognized at the time a loan closes and we have no significant remaining obligations for performance in connection with the transaction, while loan servicing fees are recorded in revenue as monthly principal and interest payments are collected from mortgagors. Other commissions, consulting fees and referral fees are recorded as revenue at the time the related services have been performed, unless significant future contingencies exist.

Development services and project management services generate fees from development and construction management projects. Most development and construction management and project management assignments are subject to agreements that describe the calculation of fees and when we earn such fees. The earnings terms of these agreements dictate when we recognize the related revenue. Generally development fees are recognized based on the lower of the amount billed or the amount determined on a straight-line basis over the development period. We may earn incentive fees for project management services based upon achievement of certain performance criteria as set forth in the project management services agreement. We may earn incentive development fees by reaching specified timetable, leasing, budget or value creation targets, as defined in the relevant development services agreement. Certain incentive 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. We recognize such fees when the specified target is attained and fees are deemed collectible.

We record deferred income to the extent that cash payments have been received in accordance with the terms of underlying agreements, but such amounts have not yet met the criteria for revenue recognition in accordance with generally accepted accounting principles. We recognize such revenues when the appropriate criteria are met.

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.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Real Estate

Classification and Impairment Evaluation

We classify real estate in accordance with the criteria of the *Property, Plant and Equipment* Topic of the FASB ASC (Topic 360) as follows: (i) real estate held for sale, which includes completed assets or land for sale in its present condition that meet all of Topic 360's held for sale criteria, (ii) real estate under development (current), which includes real estate that we are in the process of developing that is expected to be completed and disposed of within one year of the balance sheet date; (iii) real estate under development (non-current), which includes real estate that we are in the process of developing that is expected to be completed and disposed of more than one year from the balance sheet date; or (iv) real estate held for investment, which consists of land on which development activities have not yet commenced and completed assets or land held for disposition that do not meet the held for sale criteria. Any asset reclassified from real estate held for sale to real estate under development (current or non-current) or real estate held for investment is recorded individually at the lower of its fair value at the date of the reclassification or its carrying amount before it was classified as held for sale, adjusted (in the case of real estate held for investment) for any depreciation that would have been recognized had the asset been continuously classified as real estate held for investment.

Real estate held for sale is recorded at the lower of cost or fair value less cost to sell. If an asset's fair value less cost to sell, based on discounted future cash flows, management estimates or market comparisons, is less than its carrying amount, an allowance is recorded against the asset.

Real estate under development and real estate held for investment are carried at cost less depreciation, as applicable. Buildings and improvements included in real estate held for investment are depreciated using the straight-line method over estimated useful lives, generally up to 39 years. Tenant improvements included in real estate held for investment are amortized using the straight-line method over the shorter of their estimated useful lives or terms of the respective leases. Land improvements included in real estate held for investment are depreciated over their estimated useful lives, up to 15 years.

Real estate under development and real estate held for investment are evaluated for impairment and losses are recorded when undiscounted cash flows estimated to be generated by an asset are less than the asset's carrying amount. The amount of the impairment loss, if any, is calculated as the excess of the asset's carrying value over its fair value, which is determined using a discounted cash flow analysis, management estimates or market comparisons.

Cost Capitalization and Allocation

When acquiring, developing and constructing real estate assets, we capitalize recoverable costs. Capitalization begins when the activities related to development have begun and ceases when activities are substantially complete and the asset is available for occupancy. Recoverable costs

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capitalized include pursuit costs, or pre-acquisition/pre-construction costs, taxes and insurance, interest, development and construction costs and costs of incidental operations. We do not capitalize any internal costs when acquiring, developing and constructing real estate assets. We expense transaction costs for acquisitions that qualify as a business in accordance with the *Business Combinations* Topic of the FASB ASC (Topic 805). Pursuit costs capitalized in connection with a potential development project that we have determined not to pursue are written off in the period that determination is made.

At times, we purchase bulk land that we intend to sell or develop in phases. The land basis allocated to each phase is based on the relative estimated fair value of the phases before construction. We allocate construction costs incurred relating to more than one phase between the various phases; if the costs cannot be specifically

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

attributed to a certain phase or the improvements benefit more than one phase, we allocate the costs between the phases based on their relative estimated sales values, where practicable, or other value methods as appropriate under the circumstances. Relative allocations of the costs are revised as the sales value estimates are revised.

When acquiring real estate with existing buildings, we allocate the purchase price between land, land improvements, building and intangibles related to in-place leases, if any, based on their relative fair values. The fair values of acquired land and buildings are determined based on an estimated discounted future cash flow model with lease-up assumptions as if the building was vacant upon acquisition. The fair value of in-place leases includes the value of lease intangibles for above or below-market rents and tenant origination costs, determined on a lease by lease basis. The capitalized values for both lease intangibles and tenant origination costs are amortized over the term of the underlying leases. Amortization related to lease intangibles is recorded as either an increase to or a reduction of rental income and amortization for tenant origination costs is recorded to amortization expense.

Disposition of Real Estate

Gains on disposition of real estate are recognized upon sale of the underlying project. We evaluate each real estate sale transaction to determine if it qualifies for gain recognition under the full accrual method. If the transaction does not meet the criteria for the full accrual method of profit recognition based on our assessment, we account for a sale based on an appropriate deferral method determined by the nature and extent of the buyer's investment and our continuing involvement.

Discontinued Operations

Topic 360 extends the reporting of a discontinued operation to a component of an entity, and further requires that a component be classified as a discontinued operation if the operations and cash flows of the component have been or will be eliminated from the ongoing operations of the entity in the disposal transaction and the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction. As defined in Topic 360, a component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. Because each of our consolidated real estate assets is generally accounted for in a discrete subsidiary, many constitute a component of an entity under Topic 360, increasing the likelihood that the disposition of assets that we hold for sale in the ordinary course of business must be reported as a discontinued operation unless we have significant continuing involvement in the operations of the asset after its disposition. Furthermore, operating profits and losses on such assets are required to be recognized and reported as operating profits and losses on discontinued operations in the periods in which they occur.

Business Promotion and Advertising Costs

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The costs of business promotion and advertising are expensed as incurred. Business promotion and advertising costs of \$49.4 million, \$43.7 million and \$42.5 million were included in operating, administrative and other expenses for the years ended December 31, 2013, 2012 and 2011, respectively.

Foreign Currencies

The financial statements of subsidiaries located outside the U.S. are generally measured using the local currency as the functional currency. The assets and liabilities of these subsidiaries are translated at the rates of exchange at the balance sheet date, and income and expenses are translated at the average monthly rate. The resulting translation adjustments are included in the accumulated other comprehensive loss component of equity.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Gains and losses resulting from foreign currency transactions are included in the results of operations. The aggregate transaction losses included in the accompanying consolidated statements of operations for the years ended December 31, 2013, 2012 and 2011 were \$12.6 million, \$3.6 million and \$0.4 million, respectively.

Derivative Financial Instruments and Hedging Activities

As required by FASB ASC Topic 815 *Derivatives and Hedging*, we record all derivatives on the balance sheet at fair value. We do not net derivatives on our balance sheet. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have elected to designate a derivative in a hedging relationship and apply hedge accounting and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to changes in the fair value of an asset, liability, or firm commitment attributable to a particular risk, such as interest rate risk, are considered fair value hedges. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Derivatives may also be designated as hedges of the foreign currency exposure of a net investment in a foreign operation. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedging instrument with the recognition of the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk in a fair value hedge or the earnings effect of the hedged forecasted transactions in a cash flow hedge. We may enter into derivative contracts that are intended to economically hedge certain of our risk, even though hedge accounting does not apply or we elect not to apply hedge accounting. In all cases, we view derivative financial instruments as a risk management tool and, accordingly, do not use derivatives for trading or speculative purposes.

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income (loss). In the accompanying consolidated balance sheets, accumulated other comprehensive loss consists of foreign currency translation adjustments, unrealized gains (losses) on interest rate swaps and interest rate caps, unrealized holding gains on available for sale securities and other pension liability adjustments. Foreign currency translation adjustments exclude any income tax effect given that earnings of non-U.S. subsidiaries are deemed to be reinvested for an indefinite period of time (see Note 16).

Marketable Securities

We account for investments in marketable debt and equity securities in accordance with the *Investments Debt and Equity Securities* Topic of the FASB ASC (Topic 320). We determine the appropriate classification of debt and equity securities at the time of purchase and reevaluate such designation as of each balance sheet date. Marketable securities we acquire with the intent to generate a profit from short-term movements in market prices are classified as trading securities. Debt securities are classified as held to maturity when we have the positive intent and ability to hold the securities to maturity. Marketable equity and debt securities not classified as trading or held to maturity are classified as available for sale.

Trading securities are carried at their fair value with realized and unrealized gains and losses included in net income. Available for sale securities are carried at their fair value and any difference between cost and fair value is recorded as unrealized gain or loss, net of income taxes, and is reported as accumulated other comprehensive loss in the consolidated statement of equity. Premiums and discounts are recognized in interest income using the effective interest method. Realized gains and losses and declines in value expected to be other-than-temporary on available for sale securities have not been significant. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available for sale are included in interest income.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Warehouse Receivables*

Our wholly-owned subsidiary CBRE Capital Markets is a Federal Home Loan Mortgage Corporation (Freddie Mac) approved Multifamily Program Plus Seller/Servicer and an approved Federal National Mortgage Association (Fannie Mae) Aggregation and Negotiated Transaction Seller/Servicer. In addition, CBRE Capital Markets wholly-owned subsidiary Multifamily Capital is an approved Fannie Mae Delegated Underwriting and Servicing (DUS) Seller/Servicer and CBRE Capital Markets wholly-owned subsidiary CBRE HMF is a U.S. Department of Housing and Urban Development (HUD) approved Non-Supervised Federal Housing Authority (FHA) Title II Mortgagee, an approved Multifamily Accelerated Processing (MAP) lender and an approved Government National Mortgage Association (Ginnie Mae) issuer of mortgage-backed securities (MBS). Under these arrangements, before loans are originated through proceeds from warehouse lines of credit, we obtain either a contractual loan purchase commitment from either Freddie Mac or Fannie Mae or a confirmed forward trade commitment for the issuance and purchase of a Fannie Mae or Ginnie Mae MBS that will be secured by the loans. The warehouse lines of credit are generally repaid within a one-month period when Freddie Mac or Fannie Mae buys the loans or upon settlement of the Fannie Mae or Ginnie Mae MBS, while we retain the servicing rights. Loans are funded at the prevailing market rates. We elect the fair value option for all warehouse receivables. At December 31, 2013 and 2012, all of the warehouse receivables included in the accompanying consolidated balance sheets were either under commitment to be purchased by Freddie Mac or had confirmed forward trade commitments for the issuance and purchase of Fannie Mae or Ginnie Mae mortgage backed securities that will be secured by the underlying loans.

Mortgage Servicing Rights

In connection with the origination and sale of mortgage loans with servicing rights retained, we record servicing assets or liabilities based on the fair value of the mortgage servicing rights on the date the loans are sold. We also assume or purchase certain servicing assets. Servicing assets are carried at the lower of amortized cost or fair value in other intangible assets in the accompanying consolidated balance sheets and are amortized in proportion to and over the estimated period that net servicing income is expected to be received based on projections and timing of estimated future net cash flows.

Our recording of mortgage servicing rights at their fair value resulted in net gains, which have been reflected in the accompanying consolidated statements of operations. The amount of mortgage servicing rights recognized during the years ended December 31, 2013 and 2012 was as follows (dollars in thousands):

| | Year Ended December 31, | |
|--|------------------------------------|-------------|
| | 2013 | 2012 |
| Beginning balance, mortgage servicing rights | \$ 144,955 | \$ 95,343 |
| Mortgage servicing rights recognized | 75,269 | 83,721 |
| Mortgage servicing rights sold | (820) | (10,297) |
| Amortization expense | (38,921) | (23,812) |
| Ending balance, mortgage servicing rights | \$ 180,483 | \$ 144,955 |

Mortgage servicing rights do not actively trade in an open market with readily available observable prices; therefore, fair value is determined based on certain assumptions and judgments, including the estimation of the present value of future cash flows realized from servicing the underlying mortgage loans. Management's assumptions include the benefits of servicing (servicing fee income and interest on escrow deposits), inflation, the cost of servicing, prepayment rates, delinquencies, discount rate and the estimated life of servicing cash

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

flows. The assumptions used are subject to change based on management's judgments and estimates of changes in future cash flows and interest rates, among other things. The key assumptions used during the years ended December 31, 2013, 2012 and 2011 in measuring fair value were as follows:

| | Year Ended December 31, | | |
|-----------------------------|-------------------------|--------|--------|
| | 2013 | 2012 | 2011 |
| Discount rate | 14.81% | 15.00% | 15.00% |
| Conditional prepayment rate | 7.00% | 7.00% | 7.00% |
| Inflation | 2.00% | 2.50% | 2.50% |
| Delinquencies | | | |

The estimated fair value of our mortgage servicing rights was \$203.6 million and \$165.4 million as of December 31, 2013 and 2012, respectively. We did not incur any impairment charges related to our servicing rights during the years ended December 31, 2013, 2012 or 2011.

Included in revenue in the accompanying consolidated statements of operations are contractually specified servicing fees from loans serviced for others of \$55.2 million, \$40.0 million and \$28.2 million for the years ended December 31, 2013, 2012 and 2011, respectively and late fees/ancillary income earned from loans serviced for others of \$1.9 million, \$0.8 million and \$1.5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Accounting for Broker Draws

As part of our recruitment efforts relative to new U.S. brokers, we offer a transitional broker draw arrangement. Our broker draw arrangements generally last until such time as a broker's pipeline of business is sufficient to allow him or her to earn sustainable commissions. This program is intended to provide the broker with a minimal amount of cash flow to allow adequate time for his or her training as well as time for him or her to develop business relationships. Similar to traditional salaries, the broker draws are paid irrespective of the actual revenues generated by the broker. Often these broker draws represent the only form of compensation received by the broker. Furthermore, it is not our general policy to pursue collection of unearned broker draws paid under this arrangement. As a result, we have concluded that broker draws are economically equivalent to salaries paid and accordingly charge them to compensation as incurred. The broker is also entitled to earn a commission on completed revenue transactions. This amount is calculated as the commission that would have been payable under our full commission program, less any amounts previously paid to the broker in the form of a draw.

Stock-Based Compensation

We account for all employee awards under the fair value recognition provisions of the *Compensation - Stock Compensation* Topic of the FASB ASC (Topic 718). Topic 718 requires the measurement of compensation cost at the grant date, based upon the estimated fair value of the award,

and requires amortization of the related expense over the employee's requisite service period. See Note 15 for additional information on our stock-based compensation plans.

Income Per Share

Basic income per share attributable to CBRE Group, Inc. is computed by dividing net income attributable to CBRE Group, Inc. shareholders by the weighted average number of common shares outstanding during each period. The computation of diluted income per share attributable to CBRE Group, Inc. generally further assumes the dilutive effect of potential common shares, which include stock options and certain contingently issuable shares. Contingently issuable shares consist of non-vested stock awards.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 (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.

Self-Insurance

Our wholly-owned captive insurance company, which is subject to applicable insurance rules and regulations, insures our exposure related to workers' compensation insurance provided to employees and we purchase excess coverage from an unrelated insurance carrier. We purchase general liability and automotive insurance through an unrelated insurance carrier. The captive insurance company reinsures the related deductibles. The captive insurance company also insures deductibles relating to professional indemnity claims. Given the nature of these types of claims, it may take several years for resolution and determination of the cost of these claims. We are required to estimate the cost of these claims in our financial statements.

The estimates that we utilize to record our potential losses on claims are inherently subjective, and actual claims could differ from amounts recorded, which could result in increased or decreased expense in future periods. As of December 31, 2013 and 2012, our reserves for claims under these insurance programs were \$65.7 million and \$48.4 million, respectively, which were included in other current and other long-term liabilities in the accompanying consolidated balance sheets. Of these amounts, \$2.2 million and \$11.9 million, respectively, represented our estimated current liabilities as of December 31, 2013 and 2012.

Non-Controlling Interests in Consolidated Limited Life Subsidiaries

As of December 31, 2013, the estimated settlement value of non-controlling interests in our consolidated limited life subsidiaries was \$5.4 million, which approximates the carrying value, and which was included in non-controlling interests in the accompanying consolidated balance sheets. As of December 31, 2012, the estimated settlement value of non-controlling interests in our consolidated limited life subsidiaries was \$68.4 million, as compared to the carrying value of \$61.7 million, which was included in non-controlling interests in the accompanying consolidated balance sheets.

New Accounting Pronouncements

In March 2013, the FASB issued Accounting Standards Update (ASU) 2013-05, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*. This ASU states that when a reporting entity (parent) ceases to have a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business (other than a sale of in substance real estate or conveyance of oil and gas mineral rights) within a foreign entity, the parent is required to apply the guidance in Subtopic 830-30 to release any related cumulative translation adjustment into net income. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. ASU 2013-05 is effective prospectively for fiscal years (and interim reporting periods within those

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

years) beginning after December 15, 2013, with early adoption permitted. We do not believe the adoption of this update will have a material effect on our consolidated financial position or results of operations.

In July 2013, the FASB issued ASU 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. This ASU states that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward, except as follows: To the extent a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This ASU applies to all entities that have unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists at the reporting date. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, with early adoption permitted. This ASU should be applied prospectively to all unrecognized tax benefits that exist at the effective date, with retrospective application permitted. We do not believe the adoption of this update will have a material impact on our consolidated financial position.

Reclassifications

Certain reclassifications have been made to the 2011 and 2012 financial statements to conform with the 2013 presentation.

3. REIM Acquisitions

In 2011, we acquired the majority of the real estate investment management business of Netherlands-based ING. The acquisitions included substantially all of ING's REIM operations in Europe and Asia, as well as substantially all of 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. Upon completion of the acquisitions (collectively referred to as the REIM Acquisitions), ING REIM became part of our Global Investment Management segment (which conducts business through our indirect wholly-owned subsidiary, CBRE Global Investors, an independently operated business segment). We completed the REIM Acquisitions in order to significantly enhance our ability to meet the needs of institutional investors across global markets with a full spectrum of investment programs and strategies.

We secured borrowings of \$800.0 million of term loans to finance the REIM Acquisitions (see Note 13). Of this amount, \$400.0 million was drawn on June 30, 2011 to finance the CRES portion of the REIM Acquisitions, which closed on July 1, 2011. On August 31, 2011, we drew down the remaining \$400.0 million, part of which was used to finance the ING REIM Asia portion of the REIM Acquisitions, which closed on October 3, 2011, and the remainder, along with cash on hand and borrowings under our revolving credit facility, was used to finance the ING REIM Europe portion of the REIM Acquisitions, which closed on October 31, 2011.

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The following represents a summary of the purchase price for the REIM Acquisitions (dollars in thousands):

| | |
|---|-------------------|
| Purchase of CRES on July 1, 2011 | \$ 332,845 |
| Purchase of CRES co-investments on July 1, 2011 | 58,566 |
| Purchase of ING REIM Asia on October 3, 2011 | 45,315 |
| Purchase of ING REIM Europe on October 31, 2011 | 441,515 |
| Total purchase price | \$ 878,241 |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In connection with our acquisition of CRES, we acquired CRES co-investments from ING in three funds (CRES Funds) for an aggregate purchase price of \$58.6 million, which has been included above. We determined that the CRES Funds were not VIEs and accordingly determined the method of accounting based upon voting control. The limited partners/members of the CRES Funds lack substantive rights that would overcome our presumption of control. Accordingly, we began consolidating the CRES Funds as of the acquisition date of July 1, 2011. In connection with the REIM Acquisitions, we also acquired three ING REIM Asia co-investments from ING for an aggregate amount of \$13.9 million on October 3, 2011 and several ING REIM Europe co-investments, including one for \$7.4 million on October 31, 2011, and nine additional co-investments for an aggregate amount of \$34.5 million during the year ended December 31, 2012.

In January 2012, one of the CRES Funds (CBRE Clarion U.S., L.P.) was converted to a registered mutual fund, the CBRE Clarion Long/Short Fund (the Fund). As a result of this triggering event, we determined that the Fund became a VIE and that we were not the primary beneficiary. Accordingly, in the first quarter of 2012, the Fund was deconsolidated from our consolidated financial statements and we recorded an investment in available for sale securities of \$14.3 million. No gain or loss was recognized in our consolidated statement of operations as a result of this deconsolidation. We continue to act as the Fund's adviser, make investment decisions for the Fund and review, supervise and administer the Fund's investment program.

The consolidated statement of operations for the year ended December 31, 2011 includes revenue, operating income and net income attributable to CBRE Group, Inc. of \$84.6 million, \$15.7 million and \$9.1 million, respectively, attributable to the REIM Acquisitions. This does not include direct transaction and integration costs incurred during the year ended December 31, 2011 of \$66.7 million in connection with the REIM Acquisitions.

Unaudited pro forma results, assuming the REIM Acquisitions had occurred as of January 1, 2011 for purposes of the 2011 pro forma disclosures, are presented below. They include certain adjustments, including \$17.2 million of increased amortization expense as a result of intangible assets acquired in the REIM Acquisitions, \$19.2 million of additional interest expense as a result of debt incurred to finance the REIM Acquisitions, the removal of \$73.0 million of direct costs incurred by us and ING related to the REIM Acquisitions, and the tax impact of the pro forma adjustments. These unaudited pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what operating results would have been had the REIM Acquisitions occurred on January 1, 2011 and may not be indicative of future operating results (dollars in thousands, except share data):

| | Year Ended |
|--|--------------------------|
| | December 31, 2011 |
| Revenue | \$ 6,138,194 |
| Operating income | \$ 555,687 |
| Net income attributable to CBRE Group, Inc. | \$ 258,751 |
| Basic income per share | \$ 0.81 |
| Weighted average shares outstanding for basic income per share | 318,454,191 |
| Diluted income per share | \$ 0.80 |
| Weighted average shares outstanding for diluted income per share | 323,723,755 |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****4. Variable Interest Entities (VIEs)**

A consolidated subsidiary (the Venture) in our Global Investment Management segment has sponsored investments by third-party investors in certain commercial properties through the formation of tenant-in-common limited liability companies and Delaware Statutory Trusts (collectively referred to as the Entities) that are owned by the third-party investors. The Venture also has formed and is a member of a limited liability company for each property that serves as master tenant (Master Tenant). Each Master Tenant leases the property from the Entities through a master lease agreement. Pursuant to the master lease agreements, the Master Tenant has the power to direct the day-to-day asset management activities that most significantly impact the economic performance of the Entities. As a result, the Entities were deemed to be VIEs since the third-party investors holding the equity investment at risk in the Entities do not direct the day-to-day activities that most significantly impact the economic performance of the properties held by the Entities. The Venture has made and may continue to make voluntary contributions to each of these properties to support their operations beyond the cash flow generated by the properties themselves. As of the most recent reconsideration date, such financial support has been significant enough that the Venture was deemed to be the primary beneficiary of each Entity.

No financial support was provided by the Venture to the Entities during the year ended December 31, 2013. During both the years ended December 31, 2012 and 2011, the Venture funded \$0.2 million of financial support to the Entities.

The Entities were initially consolidated by the Venture upon adoption of ASU 2009-17, *Consolidations (Topic 810): Improvements to Financial Reporting by Enterprises Involved With Variable Interest Entities*, on January 1, 2010. The Entities' assets and associated mortgage notes payable aggregated \$251.0 million and \$221.5 million, respectively, and were recorded based on their fair value at adoption. We did not recognize a gain or loss on the initial consolidation of these Entities. The assets of the Entities are the sole collateral for the mortgage notes payable and other liabilities of the Entities and as such, the creditors and equity investors of these Entities have no recourse to our assets held outside of these Entities. During the year ended December 31, 2011, five of the original eight commercial properties were sold. During the year ended December 31, 2012, an additional Entity was consolidated during the first quarter and subsequently sold in the fourth quarter. During the year ended December 31, 2013, another one of the original eight commercial properties was sold.

Operating results relating to the Entities for the years ended December 31, 2013, 2012 and 2011 include the following (dollars in thousands):

| | Year Ended December 31, | | |
|---|-------------------------|------------|-----------|
| | 2013 | 2012 | 2011 |
| Revenue | \$ 8,222 | \$ 13,359 | \$ 25,708 |
| Operating, administrative and other expenses | \$ 4,289 | \$ 7,961 | \$ 13,137 |
| Income (loss) from discontinued operations, net of income taxes | \$ 15,236 | \$ (1,408) | \$ 36,548 |
| Net income (loss) attributable to non-controlling interests | \$ 13,805 | \$ (5,227) | \$ 30,124 |

Investments in real estate of \$39.9 million and \$58.8 million and nonrecourse mortgage notes payable of \$41.7 million (\$0.9 million of which is current) and \$61.7 million (\$1.3 million of which is current) are included in real estate assets held for investment and notes payable on real

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estate, respectively, in the accompanying consolidated balance sheets as of December 31, 2013 and 2012, respectively. In addition, non-controlling deficits of \$1.8 million and \$2.7 million in the accompanying consolidated balance sheets as of December 31, 2013 and 2012, respectively, are attributable to the Entities.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We hold variable interests in certain VIEs in our Global Investment Management and Development Services segments which are not consolidated as it was determined that we are not the primary beneficiary. As of December 31, 2013 and 2012, our maximum exposure to loss related to the VIEs which are not consolidated was as follows (dollars in thousands):

| | December 31, | |
|--|---------------------|-------------|
| | 2013 | 2012 |
| Investments in unconsolidated subsidiaries | \$ 33,787 | \$ 47,869 |
| Other assets, current | 3,547 | 3,185 |
| Available for sale securities | | 17,281 |
| Co-investment commitments | 200 | 9,202 |
| Maximum exposure to loss | \$ 37,534 | \$ 77,537 |

5. Fair Value Measurements

The *Fair Value Measurements and Disclosures* Topic of the FASB ASC (Topic 820) defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

There were no significant transfers in and out of Level 1 and Level 2 during the years ended December 31, 2013 and 2012.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following tables present the fair value of assets and liabilities measured at fair value on a recurring basis as of December 31, 2013 and 2012:

| | As of December 31, 2013 | | | Total |
|---|--|------------|---------|------------|
| | Fair Value Measured and Recorded Using | | | |
| | Level 1 | Level 2 | Level 3 | |
| <i>Assets</i> | | | | |
| Available for sale securities: | | | | |
| U.S. treasury securities | \$ 3,688 | \$ | \$ | \$ 3,688 |
| Debt securities issued by U.S. federal agencies | | 6,528 | | 6,528 |
| Corporate debt securities | | 17,456 | | 17,456 |
| Asset-backed securities | | 3,381 | | 3,381 |
| Collateralized mortgage obligations | | 2,720 | | 2,720 |
| Total debt securities | 3,688 | 30,085 | | 33,773 |
| Equity securities | 23,027 | | | 23,027 |
| Total available for sale securities | 26,715 | 30,085 | | 56,800 |
| Trading securities | 58,442 | | | 58,442 |
| Warehouse receivables | | 381,545 | | 381,545 |
| Total assets at fair value | \$ 85,157 | \$ 411,630 | \$ | \$ 496,787 |
| <i>Liabilities</i> | | | | |
| Interest rate swaps | \$ | \$ 29,034 | \$ | \$ 29,034 |
| Total liabilities at fair value | \$ | \$ 29,034 | \$ | \$ 29,034 |

| | As of December 31, 2012 | | | Total |
|---|--|---------|---------|----------|
| | Fair Value Measured and Recorded Using | | | |
| | Level 1 | Level 2 | Level 3 | |
| <i>Assets</i> | | | | |
| Available for sale securities: | | | | |
| U.S. treasury securities | \$ 9,827 | \$ | \$ | \$ 9,827 |
| Debt securities issued by U.S. federal agencies | | 1,914 | | 1,914 |
| Corporate debt securities | | 8,347 | | 8,347 |
| Asset-backed securities | | 5,050 | | 5,050 |
| Collateralized mortgage obligations | | 2,771 | | 2,771 |
| Total debt securities | 9,827 | 18,082 | | 27,909 |
| Equity securities | 29,891 | | | 29,891 |
| Total available for sale securities | 39,718 | 18,082 | | 57,800 |
| Trading securities | 101,331 | | | 101,331 |

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| | | | | |
|--|-------------------|---------------------|-----------|---------------------|
| Warehouse receivables | | 1,048,340 | | 1,048,340 |
| Total assets at fair value | \$ 141,049 | \$ 1,066,422 | \$ | \$ 1,207,471 |
| <i>Liabilities</i> | | | | |
| Securities sold, not yet purchased | \$ 54,103 | \$ | \$ | \$ 54,103 |
| Interest rate swaps | | 48,022 | | 48,022 |
| Total liabilities at fair value | \$ 54,103 | \$ 48,022 | \$ | \$ 102,125 |

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Fair value measurements for our available for sale securities are obtained from independent pricing services which utilize observable market data that may include quoted market prices, dealer quotes, market spreads, cash flows, the U.S. treasury yield curve, trading levels, market consensus prepayment speeds, credit information and the instrument's terms and conditions.

The trading securities and securities sold, not yet purchased are primarily in the U.S. and are generally valued at the last reported sales price on the day of valuation or, if no sales occurred on the valuation date, at the mean of the bid and asked prices on such date.

The fair values of the warehouse receivables are calculated based on already locked in security buy prices. At December 31, 2013 and 2012, all of the warehouse receivables included in the accompanying consolidated balance sheets were either under commitment to be purchased by Freddie Mac or had confirmed forward trade commitments for the issuance and purchase of Fannie Mae or Ginnie Mae mortgage backed securities that will be secured by the underlying loans (See Note 2). These assets are classified as Level 2 in the fair value hierarchy as all inputs are readily observable.

The valuation of interest rate swaps is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate forward curves. To comply with the provisions of Topic 820, we incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees. In conjunction with our adoption of ASU 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, we made an accounting policy election to measure the credit risk of our derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio. Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties. However, as of December 31, 2013, we have determined that the credit valuation adjustments are not significant to the overall valuation of our derivatives. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 in the fair value hierarchy.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following tables are a summary of our available for sale securities (dollars in thousands):

| | December 31, 2013 | | | |
|---|---------------------------|---------------------------------------|--|---------------------------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Available for sale securities: | | | | |
| U.S. treasury securities | \$ 3,679 | \$ 20 | \$ (11) | \$ 3,688 |
| Debt securities issued by U.S. federal agency obligations | 6,654 | 29 | (155) | 6,528 |
| Corporate debt securities | 17,347 | 341 | (232) | 17,456 |
| Asset-backed securities | 3,336 | 45 | | 3,381 |
| Collateralized mortgage obligations | 2,671 | 53 | (4) | 2,720 |
| Total debt securities | 33,687 | 488 | (402) | 33,773 |
| Equity securities | 19,405 | 3,821 | (199) | 23,027 |
| Total available for sale securities | \$ 53,092 | \$ 4,309 | \$ (601) | \$ 56,800 |

| | December 31, 2012 | | | |
|---|---------------------------|---------------------------------------|--|---------------------------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| Available for sale securities: | | | | |
| U.S. treasury securities | \$ 9,733 | \$ 95 | \$ (1) | \$ 9,827 |
| Debt securities issued by U.S. federal agency obligations | 1,893 | 30 | (9) | 1,914 |
| Corporate debt securities | 7,890 | 457 | | 8,347 |
| Asset-backed securities | 5,033 | 52 | (35) | 5,050 |
| Collateralized mortgage obligations | 2,682 | 107 | (18) | 2,771 |
| Total debt securities | 27,231 | 741 | (63) | 27,909 |
| Equity securities | 29,469 | 849 | (427) | 29,891 |
| Total available for sale securities | \$ 56,700 | \$ 1,590 | \$ (490) | \$ 57,800 |

The net carrying value and estimated fair value of debt securities at December 31, 2013, by contractual maturity, are shown below. Actual repayment dates may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations.

December 31, 2013
Amortized Cost **Estimated Fair Value**
(Dollars in thousands)

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| Debt securities: | | |
|--|---------------|---------------|
| Due in one year or less | \$ | \$ |
| Due after one year through five years | 13,337 | 13,506 |
| Due after five years through ten years | 8,128 | 8,091 |
| Due after ten years | 6,215 | 6,075 |
| Asset-backed securities | 3,336 | 3,381 |
| Collateralized mortgage obligations | 2,671 | 2,720 |
| Total debt securities | \$ 33,687 | \$ 33,773 |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We did not record any significant dividends or interest income related to marketable securities for the years ended December 31, 2013, 2012 and 2011.

The portion of net gains and losses for the year ended December 31, 2013 relating to trading securities still held at December 31, 2013 is calculated as follows (dollars in thousands):

| | |
|--|--------------|
| Net gains recognized during the year ended December 31, 2013 on trading securities | \$ 6,845 |
| Less: Net realized gains recognized on trading securities sold during the year ended December 31, 2013 | 7,627 |
| Net unrealized losses recognized during the year ended December 31, 2013 on trading securities still held at December 31, 2013 | \$ (782) |

The portion of net gains and losses for the year ended December 31, 2012 relating to trading securities still held at December 31, 2012 is calculated as follows (dollars in thousands):

| | |
|---|--------------|
| Net gains recognized during the year ended December 31, 2012 on trading securities | \$ 5,318 |
| Less: Net realized gains recognized on trading securities sold during the year ended December 31, 2012 | 4,313 |
| Net unrealized gains recognized during the year ended December 31, 2012 on trading securities still held at December 31, 2012 | \$ 1,005 |

The portion of net gains and losses for the year ended December 31, 2011 relating to trading securities still held at December 31, 2011 is calculated as follows (dollars in thousands):

| | |
|---|--------------|
| Net gains recognized during the year ended December 31, 2011 on trading securities | \$ 1,706 |
| Less: Net realized losses recognized on trading securities sold during the year ended December 31, 2011 | (1,917) |
| Net unrealized gains recognized during the year ended December 31, 2011 on trading securities still held at December 31, 2011 | \$ 3,623 |

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The following non-recurring fair value measurements were recorded for the years ended December 31, 2013, 2012 and 2011 (dollars in thousands):

| | Net Carrying Value as of December 31, 2013 | Fair Value Measured and Recorded Using | | | Total Impairment Charges for the Year Ended December 31, 2013 |
|--|---|---|-----------|-----------|--|
| | | Level 1 | Level 2 | Level 3 | |
| Other intangible assets | \$ 78,950 | \$ | \$ | \$ 78,950 | \$ 98,129 |
| Investments in unconsolidated subsidiaries | \$ 24,742 | \$ | \$ 24,742 | \$ | 4,139 |
| Total impairment charges | | | | | \$ 102,268 |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

| | Net Carrying Value as of December 31, 2012 | Fair Value Measured and Recorded Using | | | Total Impairment Charges for the Year Ended December 31, 2012 |
|--|---|---|-----------|---------|--|
| | | Level 1 | Level 2 | Level 3 | |
| | | | | | |
| Property and equipment | \$ | \$ | \$ | \$ | \$ 5,841 |
| Other intangible assets | \$ | \$ | \$ | \$ | 19,826 |
| Investments in unconsolidated subsidiaries | \$ 10,701 | \$ | \$ 10,701 | \$ | 3,907 |
| Real estate | \$ 74,115 | \$ | \$ 74,115 | \$ | 26,481 |
| Total impairment charges | | | | | \$ 56,055 |

| | Net Carrying Value as of December 31, 2011 | Fair Value Measured and Recorded Using | | | Total Impairment Charges for the Year Ended December 31, 2011 |
|--|---|---|---------|-----------|--|
| | | Level 1 | Level 2 | Level 3 | |
| | | | | | |
| Investments in unconsolidated subsidiaries | \$ 24,084 | \$ | \$ | \$ 24,084 | \$ 5,550 |
| Real estate | \$ 37,322 | \$ | \$ | \$ 37,322 | 4,337 |
| Total impairment charges | | | | | \$ 9,887 |

The fair value measurements employed for our impairment evaluations were generally based on third-party information available in non-active markets (such as third-party appraisals and offers received from third parties) as well as a discounted cash flow approach and/or review of comparable activities in the market place. Inputs used in these evaluations included risk-free rates of return, estimated risk premiums as well as other economic variables.

Other Intangible Assets

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 related to a decrease in value of our open-end funds, primarily in Europe. These funds have experienced a decline in assets under management, as the business mix shifts toward separate accounts, consistent with market movements following the extended financial crisis in Europe, which has resulted in project sales and planned liquidations of certain funds.

During the year ended December 31, 2012, we recorded a non-amortizable intangible asset impairment of \$19.8 million in our EMEA segment. This non-cash write-off related to the discontinuation of the use of a trade name in the United Kingdom (U.K.).

All of our impairment charges related to non-amortizable intangible assets were included as a separate line item in the accompanying consolidated statements of operations.

Property and Equipment

During the year ended December 31, 2012, we recorded an asset impairment of \$5.8 million in our Americas segment. This non-cash write-off resulted from the decision to abandon certain modules of a software platform that were being developed in the U.S. as a result of a change in strategy. This impairment charge was included within operating, administrative and other expenses in the accompanying consolidated statements of operations.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Investments in Unconsolidated Subsidiaries

During the year ended December 31, 2013, we recorded write-downs in our Global Investment Management of \$4.1 million, of which \$1.0 million were attributable to non-controlling interests. These write-downs were primarily driven by a decrease in the estimated holding period of certain assets.

During the year ended December 31, 2012, we recorded write-downs of \$3.9 million, of which \$0.6 million were attributable to non-controlling interests. During the year ended December 31, 2012, \$3.8 million of the investment write-downs were reported in our Global Investment Management segment and \$0.1 million were reported in our Development Services segment. These write-downs were primarily driven by a decrease in the estimated holding period of certain assets and continued challenging market conditions.

During the year ended December 31, 2011, we recorded write-downs of \$5.6 million, of which \$0.1 million were attributable to non-controlling interests. During the year ended December 31, 2011, \$5.5 million of the investment write-downs were reported in our Global Investment Management segment and \$0.1 million were reported in our Development Services segment. These write-downs were primarily driven by a decrease in the estimated holding period of certain assets.

All of our impairment charges related to investments in unconsolidated subsidiaries were included in equity income from unconsolidated subsidiaries in the accompanying consolidated statements of operations. When we performed our impairment analysis, the assumptions utilized reflected our outlook for the commercial real estate industry and the expected impact on our business.

Real Estate

During the year ended December 31, 2012, we recorded impairment charges of \$26.5 million on real estate held for investment. Of this amount, \$15.9 million was attributable to non-controlling interests. These impairment charges were driven by a decrease in the estimated holding period of certain assets and continued challenging market conditions.

During the year ended December 31, 2011, we recorded charges of \$4.3 million, including provisions for losses on real estate held for sale and impairment charges on real estate held for investment. Of this amount, \$0.3 million was attributable to non-controlling interests. During the year ended December 31, 2011, we recorded provisions for losses on real estate held for sale of \$2.6 million. These charges reduced the carrying value of certain assets to their fair value, less cost to sell, primarily due to reduced selling prices resulting from a decrease in the estimated holding period of certain assets. Additionally, during the year ended December 31, 2011, we recorded impairment charges of \$1.7 million related to real estate held for investment, which were attributable to continued challenging market conditions.

All of the abovementioned charges were reported in our Development Services segment, with the exception of a \$9.3 million impairment charge reported in our Global Investment Management segment during the year ended December 31, 2012. All of the abovementioned charges were included within operating, administrative and other expenses in the accompanying consolidated statements of operations, with the exception of a \$1.3 million provision for loss on real estate for the year ended December 31, 2011, which was included within activity from discontinued operations. If conditions in the broader economy, commercial real estate industry, specific markets or product types in which we operate worsen, we may be required to evaluate additional projects or re-evaluate previously impaired projects for potential impairment. These evaluations could result in additional impairment charges.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

FASB ASC Topic 825, *Financial Instruments* requires disclosure of fair value information about financial instruments, whether or not recognized in the accompanying consolidated balance sheets. Our financial instruments, excluding those included in the preceding fair value tables above, are as follows:

Cash and Cash Equivalents and Restricted Cash: These balances include cash and cash equivalents as well as restricted cash with maturities of less than three months. The carrying amount approximates fair value due to the short-term maturities of these instruments.

Receivables, less Allowance for Doubtful Accounts: Due to their short-term nature, fair value approximates carrying value.

Warehouse Receivables: These balances are carried at fair value based on market prices at the balance sheet date.

Trading and Available for Sale Securities: These investments are carried at their fair value.

Securities Sold, not yet Purchased: These liabilities are carried at their fair value.

Short-Term Borrowings: The majority of this balance represents our warehouse lines of credit and our revolving credit facility outstanding for CBRE Capital Markets. Due to the short-term nature and variable interest rates of these instruments, fair value approximates carrying value (see Note 13).

Senior Secured Term Loans: Based upon information from third-party banks, the estimated fair value of our senior secured term loans was approximately \$687.6 million and \$1.6 billion at December 31, 2013 and 2012, respectively. Their actual carrying value totaled \$685.3 million and \$1.6 billion at December 31, 2013 and 2012, respectively (see Note 13).

Interest Rate Swaps: These liabilities are carried at their fair value as calculated by using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative (see Note 6).

5.00% Senior Notes: Based on dealers quotes, the estimated fair value of our 5.00% senior notes was \$769.4 million at December 31, 2013. Their actual carrying value totaled \$800.0 million at December 31, 2013 (see Note 13).

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6.625% Senior Notes: Based on dealers' quotes, the estimated fair value of our 6.625% senior notes was \$372.8 million and \$385.0 million at December 31, 2013 and 2012, respectively. Their actual carrying value totaled \$350.0 million at both December 31, 2013 and 2012 (see Note 13).

11.625% Senior Subordinated Notes: Based on dealers' quotes, the estimated fair value of our 11.625% senior subordinated notes was \$488.8 million at December 31, 2012. Their actual carrying value totaled \$440.5 million at December 31, 2012. We redeemed these notes in full on June 15, 2013 (see Note 13).

Notes Payable on Real Estate: As of December 31, 2013 and 2012, the carrying value of our notes payable on real estate was \$130.5 million and \$326.0 million, respectively (see Note 12). These borrowings generally have floating interest rates at spreads over a market rate index. It is likely that some portion of our notes payable on real estate have fair values lower than actual carrying values. Given our volume of notes payable and the cost involved in estimating their fair value, we determined it was not practicable to do so. Additionally, only \$4.0 million and \$13.9 million of these notes payable were recourse to us as of December 31, 2013 and 2012, respectively.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****6. Derivative Financial Instruments**

We are exposed to certain risks arising from both our business operations and economic conditions. We manage economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of our debt funding and by using derivative financial instruments. Specifically, we enter into derivative financial instruments to manage exposures that arise from business activities that result in the payment of future known and uncertain cash amounts, the value of which are determined by interest rates. Our derivative financial instruments are used to manage differences in the amount, timing, and duration of our known or expected cash payments principally related to our borrowings. We do not net derivatives on the balance sheet. Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish this objective, we primarily use interest rate swaps as part of our interest rate risk management strategy.

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. The purpose of these interest rate swap agreements is 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. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. There was no significant hedge ineffectiveness for the years ended December 31, 2013, 2012 and 2011. The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges is recorded in accumulated other comprehensive loss on the balance sheet and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. As of December 31, 2013 and 2012, there was \$29.0 million and \$48.0 million, respectively, included in accumulated other comprehensive loss in the accompanying consolidated balance sheets related to these interest rate swaps, which will be reclassified to interest expense as interest payments are made on our senior secured term loan facilities. During the next twelve months, we estimate that \$11.7 million will be reclassified as an increase to interest expense.

The following table presents the fair value of our interest rate swaps as well as their classification on the consolidated balance sheets as of December 31, 2013 and 2012 (dollars in thousands):

| | Balance Sheet Location | Asset Derivatives | | Liability Derivatives | | |
|---------------------|------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|----------|
| | | Fair Value as of December 31, 2013 | Fair Value as of December 31, 2012 | Fair Value as of December 31, 2013 | Fair Value as of December 31, 2012 | |
| Interest rate swaps | Other assets | \$ | \$ | Other liabilities | \$29,034 | \$48,022 |

The following table presents the effect of our interest rate swaps on our consolidated statement of operations for the year ended December 31, 2013 (dollars in thousands):

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| | Amount of Gain Recognized in Other Comprehensive Loss on Derivative (Effective Portion) | Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income Statement (Effective Portion) | Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income Statement (Effective Portion) | Location of Loss Recognized in Income on Derivative (Ineffective Portion) | Amount of Loss Recognized on Derivative (Ineffective Portion) |
|---------------------|--|--|--|--|--|
| Interest rate swaps | \$7,149 | Interest expense | \$(11,846) | Other income (loss) | \$(6) |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table presents the effect of our interest rate swaps on our consolidated statement of operations for the year ended December 31, 2012 (dollars in thousands):

| | Amount of Loss Recognized in Other Comprehensive Loss on Derivative (Effective Portion) | Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income Statement (Effective Portion) | Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income Statement (Effective Portion) | Location of Loss Recognized in Income on Derivative (Ineffective Portion) | Amount of Loss Recognized on Derivative (Ineffective Portion) |
|---------------------|--|--|--|--|--|
| Interest rate swaps | \$(19,826) | Interest expense | \$(11,676) | Other income (loss) | \$ |

The following table presents the effect of our interest rate swaps on our consolidated statement of operations for the year ended December 31, 2011 (dollars in thousands):

| | Amount of Loss Recognized in Other Comprehensive Loss on Derivative (Effective Portion) | Location of Loss Reclassified from Accumulated Other Comprehensive Loss into Income Statement (Effective Portion) | Amount of Loss Reclassified from Accumulated Other Comprehensive Loss into Income Statement (Effective Portion) | Location of Loss Recognized in Income on Derivative (Ineffective Portion) | Amount of Loss Recognized on Derivative (Ineffective Portion) |
|---------------------|--|--|--|--|--|
| Interest rate swaps | \$(42,732) | Interest expense | \$(2,860) | Other income (loss) | \$ |

We have agreements with some of our derivative counterparties that contain a provision where (1) if we default on any of our indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then we could also be declared in default on our derivative obligations; or (2) we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to our default on the indebtedness.

As of December 31, 2013, the fair value of derivatives related to these agreements was a net liability position of \$30.0 million, which includes accrued interest but excludes any adjustment for nonperformance risk. As of December 31, 2013, we have not posted any collateral related to these agreements and had not breached any of the provisions discussed above. Had we breached any of the provisions discussed above at December 31, 2013, we may have been required to settle our obligations under the agreements at their termination value of \$30.1 million.

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From time to time, we also 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 routinely monitor our exposure to currency exchange rate changes in connection with 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 mitigate foreign currency exchange exposure resulting from intercompany loans, expected cash flow and earnings. Included in the consolidated statements of operations were net losses of \$1.8 million, \$4.4 million and \$1.5 million for the years ended December 31, 2013,

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

2012 and 2011, respectively, resulting from net losses on foreign currency exchange option and forward contracts. As of December 31, 2013 and 2012, we did not have any foreign currency exchange contracts outstanding.

We also enter into loan commitments that relate to the origination or acquisition 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. The net impact on our financial position and earnings resulting from these derivatives contracts has not been significant.

7. Property and Equipment

Property and equipment consists of the following (dollars in thousands):

| | Useful Lives | December 31, | |
|---|--------------|--------------|------------|
| | | 2013 | 2012 |
| Computer hardware and software | 3-10 years | \$ 471,237 | \$ 366,935 |
| Leasehold improvements | 1-15 years | 248,359 | 226,337 |
| Furniture and equipment | 1-10 years | 211,893 | 202,819 |
| Equipment under capital leases | 3-5 years | 10,697 | 10,713 |
| Total cost | | 942,186 | 806,804 |
| Accumulated depreciation and amortization | | (483,590) | (427,628) |
| Property and equipment, net | | \$ 458,596 | \$ 379,176 |

Depreciation and amortization expense associated with property and equipment was \$98.1 million, \$76.2 million and \$54.2 million for the years ended December 31, 2013, 2012 and 2011, respectively.

We did not recognize an impairment loss related to property and equipment in 2013 or 2011. During the year ended December 31, 2012, we recorded an impairment loss related to property and equipment of \$5.8 million (see Note 5 for additional information).

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****8. Goodwill and Other Intangible Assets**

The following table summarizes the changes in the carrying amount of goodwill for the years ended December 31, 2013 and 2012 (dollars in thousands):

| | Americas | EMEA | Asia Pacific | Global Investment Management | Development Services | Total |
|---|--------------|------------|--------------|------------------------------|----------------------|--------------|
| Balance as of December 31, 2011 | | | | | | |
| Goodwill | \$ 1,641,748 | \$ 494,116 | \$ 160,197 | \$ 514,189 | \$ 86,663 | \$ 2,896,913 |
| Accumulated impairment losses | (798,290) | (138,631) | | (44,922) | (86,663) | (1,068,506) |
| | 843,458 | 355,485 | 160,197 | 469,267 | | 1,828,407 |
| Purchase accounting entries related to acquisitions | 15,980 | 31,440 | 1,175 | (2,277) | | 46,318 |
| Foreign exchange movement | 585 | 8,140 | (636) | 6,788 | | 14,877 |
| Balance as of December 31, 2012 | | | | | | |
| Goodwill | 1,658,313 | 533,696 | 160,736 | 518,700 | 86,663 | 2,958,108 |
| Accumulated impairment losses | (798,290) | (138,631) | | (44,922) | (86,663) | (1,068,506) |
| | 860,023 | 395,065 | 160,736 | 473,778 | | 1,889,602 |
| Purchase accounting entries related to acquisitions | 60,552 | 342,035 | (3,169) | | | 399,418 |
| Foreign exchange movement | (1,228) | 14,407 | (19,074) | 7,349 | | 1,454 |
| Balance as of December 31, 2013 | | | | | | |
| Goodwill | 1,717,637 | 890,138 | 138,493 | 526,049 | 86,663 | 3,358,980 |
| Accumulated impairment losses | (798,290) | (138,631) | | (44,922) | (86,663) | (1,068,506) |
| | \$ 919,347 | \$ 751,507 | \$ 138,493 | \$ 481,127 | \$ | \$ 2,290,474 |

On December 23, 2013, we acquired 100% of the outstanding stock of London-based Norland, which fortified our real estate outsourcing platform in Europe within our EMEA segment (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. The purchase price for the Norland Acquisition was approximately \$475 million, with \$433.9 million paid at closing and the remaining contingent consideration payable in 2014. The Norland Acquisition was financed with cash on hand and borrowings under our revolving credit facility. On December 23, 2013, we also issued an aggregate of 362,916 shares of non-vested Class A common stock to certain members of senior management of Norland in connection with this acquisition.

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The acquisition agreement provides for a contingent payment of up to 50 million British pounds sterling if certain performance criteria are met post-acquisition. In measuring the fair value of the contingent consideration, we assigned probabilities to the performance criteria, based on the nature of the performance criteria and our due diligence performed at the time of the acquisition. The fair value of this contingent consideration was based on the weighted probability of achievement of a certain earnings before interest, taxes, depreciation and

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

amortization (EBITDA) level for the 12-months ending March 31, 2014, which ranged from 22.1 million to 35.0 million British pounds sterling. We valued this contingent payment at 25.5 million British pounds sterling (or \$41.8 million) at acquisition date, which has been recorded within accounts payable and accrued expenses in the accompanying consolidated balance sheets.

The preliminary purchase accounting adjustments related to the Norland Acquisition have been recorded in the accompanying consolidated financial statements. The excess purchase price over the estimated fair value of net assets acquired has been recorded to goodwill. The goodwill arising from the Norland Acquisition consists largely of the synergies and economies of scale expected from combining the operations acquired from Norland with ours. No goodwill recorded in connection with the Norland Acquisition is deductible for tax purposes. Given the complexity of the transaction, the calculation of the fair value of certain assets and liabilities acquired, primarily intangible assets and income tax items, is still preliminary. The purchase price allocation is expected to be completed as soon as practicable, but no later than one year from the acquisition date. The following table summarizes the aggregate estimated fair values of the assets acquired and the liabilities assumed in the Norland Acquisition (dollars in thousands):

| | |
|---|-------------------|
| Cash and cash equivalents | \$ 48,132 |
| Receivables, net | 138,509 |
| Prepaid expenses | 14,072 |
| Deferred tax assets, current | 2,912 |
| Other current assets | 12,698 |
| Property and equipment | 4,164 |
| Other intangible assets | 108,974 |
| Other assets | 668 |
| Total assets acquired | \$ 330,129 |
| Accounts payable and accrued expenses | \$ 142,467 |
| Compensation and employee benefits payable | 11,777 |
| Accrued bonus and profit sharing | 1,862 |
| Deferred tax liabilities, long-term | 21,795 |
| Other liabilities | 8,804 |
| Total liabilities assumed | \$ 186,705 |
| Estimated fair value of net assets acquired | \$ 143,424 |

The following is a summary of the preliminary estimate of the amortizable intangible assets acquired in connection with the Norland Acquisition (dollars in thousands):

Intangible Asset Class

At December 31, 2013

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| | Weighted Average Amortization Period | Amount Assigned At Acquisition Date | Accumulated Amortization and Foreign Currency Translation | Net Carrying Amount |
|--|---|--|--|--------------------------------|
| Customer relationships | 5 years | \$ 68,807 | \$ 890 | \$ 69,697 |
| Trade name | 2 years | 35,177 | 454 | 35,631 |
| Non-compete agreements | 2 years | 4,990 | 65 | 5,055 |
| Total amortizable intangibles acquired | 4 years | \$ 108,974 | \$ 1,409 | \$ 110,383 |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Norland did not contribute to our statement of operations during the year ended December 31, 2013, with the exception of \$9.2 million of direct transaction and integration costs incurred in connection with the Norland Acquisition, which have been included in operating, administrative and other expenses in the accompanying consolidated statements of operations.

Unaudited pro forma results, assuming the Norland Acquisition had occurred as of January 1, 2012 for purposes of the 2013 and 2012 pro forma disclosures, are presented below. They include certain adjustments for the years ended December 31, 2013 and 2012, including \$33.8 million of increased amortization expense in both years as a result of intangible assets acquired in the Norland Acquisition, \$1.1 million and \$1.2 million, respectively, of additional interest expense as a result of debt incurred to finance the Norland Acquisition, the removal of \$9.2 million of direct costs incurred by us related to the Norland Acquisition for the year ended December 31, 2013, and the tax impact in both years of the pro forma adjustments. These unaudited pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what operating results would have been had the Norland Acquisition occurred on January 1, 2012 and may not be indicative of future operating results (dollars in thousands, except share data):

| | Year Ended December 31, | |
|--|-------------------------|--------------|
| | 2013 | 2012 |
| | (Unaudited) | |
| Revenue | \$ 7,792,992 | \$ 7,012,318 |
| Operating income | \$ 614,163 | \$ 567,201 |
| Net income attributable to CBRE Group, Inc. | \$ 313,567 | \$ 296,345 |
| Basic income per share | \$ 0.96 | \$ 0.92 |
| Weighted average shares outstanding for basic income per share | 328,110,004 | 322,315,576 |
| Diluted income per share | \$ 0.95 | \$ 0.91 |
| Weighted average shares outstanding for diluted income per share | 331,762,854 | 327,044,145 |

During 2013, we completed ten in-fill acquisitions, most notably a leading firm serving the London prime residential real estate market, a leading 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 serving the healthcare industry and based in Richmond, Virginia, and two property management specialist firms – one in the Czech Republic and Slovakia and one in Belgium. During 2012, we completed five in-fill acquisitions, including our former affiliate companies in Turkey and Vietnam, a niche real estate investment advisor and an independent commercial and residential property partnership in the U.K., and a brokerage and property management firm in Atlanta.

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. We performed the 2013, 2012 and 2011 assessments as of October 1. When we performed our required annual goodwill impairment review as of October 1, 2013, 2012 and 2011, we determined that no impairment existed as the estimated fair value of our reporting units was in excess of their carrying value.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Other intangible assets totaled \$841.2 million and \$786.8 million, net of accumulated amortization of \$348.6 million and \$273.6 million, as of December 31, 2013 and 2012, respectively, and are comprised of the following (dollars in thousands):

| | 2013 | | December 31, | | 2012 | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
| Unamortizable intangible assets | | | | | | |
| Management contracts | \$ 127,050 | | \$ 219,132 | | | |
| Trademarks | 56,800 | | 56,800 | | | |
| Trade names | 20,400 | | 20,400 | | | |
| | \$ 204,250 | | \$ 296,332 | | | |
| Amortizable intangible assets | | | | | | |
| Customer relationships | \$ 362,810 | \$ (102,429) | \$ 259,256 | \$ (84,628) | | |
| Mortgage servicing rights | 259,931 | (79,448) | 195,813 | (50,858) | | |
| Management contracts | 180,981 | (49,785) | 178,561 | (32,005) | | |
| Backlog and incentive fees | 61,507 | (61,507) | 58,478 | (57,739) | | |
| Trade name | 35,631 | | | | | |
| Other | 84,684 | (55,397) | 71,984 | (48,401) | | |
| | \$ 985,544 | \$ (348,566) | \$ 764,092 | \$ (273,631) | | |
| Total intangible assets | \$ 1,189,794 | \$ (348,566) | \$ 1,060,424 | \$ (273,631) | | |

Management contracts with indefinite useful lives primarily represent intangible assets identified as a result of the REIM Acquisitions relating to relationships with open-end funds. During the year ended December 31, 2013, we recorded a non-amortizable intangible asset impairment of \$98.1 million, which related to a decrease in value of our open-end funds, primarily in Europe (see Note 5). Trademarks of \$56.8 million were separately identified as a result of the 2001 Acquisition. In connection with the REIM Acquisitions, a trade name of \$20.4 million was separately identified, which represented the Clarion Partners trade name in the U.S. These intangible assets have indefinite useful lives and accordingly are not being amortized. As a result of the Insignia Acquisition, a \$19.8 million trade name was separately identified, which represented the Richard Ellis trade name in the U.K. During the year ended December 31, 2012, this trade name was written off as a result of the discontinuation of its use (see Note 5).

Customer relationships primarily represent intangible assets identified in the Trammell Crow Company Acquisition and the Norland Acquisition relating to existing relationships primarily in the brokerage, property management, project management and facilities management lines of business. These intangible assets are being amortized over useful lives of up to 20 years.

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Mortgage servicing rights represent the carrying value of servicing assets in our mortgage brokerage line of business in the U.S. The mortgage servicing rights are being amortized over the estimated period that net servicing income is expected to be received, which is typically up to ten years.

Management contracts consist primarily of asset management contracts relating to relationships with closed-end funds and separate accounts in the U.S., Europe and Asia that were separately identified as a result of the REIM Acquisitions. These management contracts are being amortized over useful lives of up to 13 years.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Backlog and incentive fees mostly represented the fair value of net revenue backlog and incentive fees acquired as part of the Trammell Crow Company Acquisition as well as other in-fill acquisitions. These intangible assets were amortized over useful lives of up to one year.

The trade name was separately identified as a result of the Norland Acquisition and will be amortized over two years.

Other amortizable intangible assets mainly represent transition costs, non-compete agreements acquired as a result of the REIM Acquisitions and other intangible assets acquired as a result of the Trammell Crow Company Acquisition and the Insignia Acquisition. Other intangible assets are being amortized over useful lives of up to 20 years.

Amortization expense related to intangible assets was \$85.4 million, \$78.6 million and \$41.9 million for the years ended December 31, 2013, 2012 and 2011, respectively. The estimated annual amortization expense for each of the years ending December 31, 2014 through December 31, 2018 approximates \$115.5 million, \$107.7 million, \$77.2 million, \$70.0 million and \$66.0 million, respectively.

9. Investments in Unconsolidated Subsidiaries

Investments in unconsolidated subsidiaries are accounted for under the equity method of accounting and include the following (dollars in thousands):

| | December 31, | |
|------------------------------|---------------------|-------------------|
| | 2013 | 2012 |
| Global Investment Management | \$ 99,714 | \$ 131,750 |
| Development Services | 76,791 | 53,435 |
| Other | 22,191 | 21,613 |
| | \$ 198,696 | \$ 206,798 |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The results for the year ended December 31, 2011 include the activity of equity investments acquired from and co-investments made in connection with the ING REIM Asia and ING REIM Europe acquisitions from October 3, 2011 and October 31, 2011, respectively, the dates each respective business was acquired. Combined condensed financial information for the entities accounted for using the equity method is as follows (dollars in thousands):

Condensed Balance Sheets Information:

| | December 31, | |
|--------------------------------------|----------------------|----------------------|
| | 2013 | 2012 |
| Global Investment Management: | | |
| Current assets | \$ 1,148,658 | \$ 1,139,867 |
| Non-current assets | 12,546,920 | 13,353,456 |
| Total assets | \$ 13,695,578 | \$ 14,493,323 |
| Current liabilities | \$ 1,034,040 | \$ 1,337,944 |
| Non-current liabilities | 4,705,551 | 5,538,066 |
| Total liabilities | \$ 5,739,591 | \$ 6,876,010 |
| Development Services: | | |
| Real estate | \$ 1,372,379 | \$ 1,165,166 |
| Other assets | 109,328 | 88,067 |
| Total assets | \$ 1,481,707 | \$ 1,253,233 |
| Notes payable on real estate | \$ 569,023 | \$ 473,704 |
| Other liabilities | 134,809 | 173,492 |
| Total liabilities | \$ 703,832 | \$ 647,196 |
| Other: | | |
| Current assets | \$ 56,359 | \$ 71,708 |
| Non-current assets | 37,226 | 43,401 |
| Total assets | \$ 93,585 | \$ 115,109 |
| Current liabilities | \$ 33,791 | \$ 43,557 |
| Non-current liabilities | 14,335 | 24,190 |
| Total liabilities | \$ 48,126 | \$ 67,747 |
| Non-controlling interests | \$ (183) | \$ 17,187 |
| Assets | \$ 15,270,870 | \$ 15,861,665 |
| Liabilities | \$ 6,491,549 | \$ 7,590,953 |
| Non-controlling interests | \$ (183) | \$ 17,187 |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Condensed Statements of Operations Information:

| | Year Ended December 31, | | |
|--------------------------------------|-------------------------|--------------|--------------|
| | 2013 | 2012 | 2011 |
| Global Investment Management: | | | |
| Revenue | \$ 874,875 | \$ 833,343 | \$ 614,684 |
| Operating loss | \$ (241,829) | \$ (161,966) | \$ (149,519) |
| Net (loss) income | \$ (26,075) | \$ 64,696 | \$ 70,551 |
| Development Services: | | | |
| Revenue | \$ 70,343 | \$ 97,084 | \$ 123,865 |
| Operating income | \$ 130,873 | \$ 63,472 | \$ 118,995 |
| Net income | \$ 129,563 | \$ 38,720 | \$ 87,204 |
| Other: | | | |
| Revenue | \$ 160,858 | \$ 163,365 | \$ 163,109 |
| Operating income | \$ 28,352 | \$ 21,755 | \$ 23,880 |
| Net income | \$ 28,422 | \$ 23,223 | \$ 24,695 |
| Total: | | | |
| Revenue | \$ 1,106,076 | \$ 1,093,792 | \$ 901,658 |
| Operating loss | \$ (82,604) | \$ (76,739) | \$ (6,644) |
| Net income | \$ 131,910 | \$ 126,639 | \$ 182,450 |

During the years ended December 31, 2013, 2012 and 2011, we recorded non-cash write-downs of investments of \$4.1 million, \$3.9 million and \$5.6 million, respectively, within our Global Investment Management and Development Services segments (see Note 5), all of which were included in equity income from unconsolidated subsidiaries in the accompanying consolidated statements of operations.

Our Global Investment Management segment involves investing our own capital in certain real estate investments with clients. We have provided investment management, property management, brokerage and other professional services in connection with these real estate investments on an arm's length basis and earned revenues from these unconsolidated subsidiaries of \$252.6 million, \$190.0 million and \$104.0 million during the years ended December 31, 2013, 2012 and 2011, respectively.

Our Development Services segment has agreements to provide development, property management and brokerage services to certain of our unconsolidated development subsidiaries on an arm's length basis and earned revenues from these unconsolidated subsidiaries. Revenue related to these agreements included in our results for the years ended December 31, 2013, 2012 and 2011 was \$17.5 million, \$21.2 million and \$5.7 million, respectively.

10. Real Estate and Other Assets Held for Sale and Related Liabilities

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Real estate and other assets held for sale include completed real estate projects or land for sale in their present condition that have met all of the held for sale criteria of FASB ASC Topic 360 and other assets directly related to such projects. Liabilities related to real estate and other assets held for sale have been included as a single line item in the accompanying consolidated balance sheets.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

There were no real estate assets classified as held for sale at December 31, 2013. Real estate and other assets held for sale and related liabilities were as follows at December 31, 2012 (dollars in thousands):

| | |
|---|----------------------|
| Assets: | |
| Real estate held for sale (see Note 11) | \$ 116,822 |
| Other current assets | 4,921 |
| Property and equipment, net | 329 |
| Other assets | 8,427 |
| Total real estate and other assets held for sale | 130,499 |
| Liabilities: | |
| Notes payable on real estate held for sale (see Note 12) | 101,542 |
| Accounts payable and accrued expenses | 2,444 |
| Other current liabilities | 190 |
| Other liabilities | 451 |
| Total liabilities related to real estate and other assets held for sale | 104,627 |
| Net real estate and other assets held for sale | \$ 25,872 |

11. Real Estate

We provide build-to-suit services for our clients and also develop or purchase certain projects which we intend to sell to institutional investors upon project completion or redevelopment. Therefore, we have ownership of real estate until such projects are sold or otherwise disposed. Certain real estate assets secure the outstanding balances of underlying mortgage or construction loans. Our real estate is reported in our Development Services and Global Investment Management segments and consisted of the following (dollars in thousands):

| | Land | Buildings and Improvements | Other | Total |
|--|----------------------|-------------------------------|-----------------|----------------|
| | At December 31, 2013 | | | |
| Real estate under development (current) | \$ 667 | \$ 18,466 | \$ | \$ 19,133 |
| Real estate under development (non-current) | 822 | | | 822 |
| Real estate held for investment | 24,717 | 76,932 | 5,350 | 106,999 |
| Total real estate | \$ 26,206 | \$ 95,398(1) | \$ 5,350(2) | \$ 126,954 |
| | At December 31, 2012 | | | |
| Real estate included in assets held for sale (see Note 10) | \$ 28,533 | \$ 86,727 | \$ 1,562 | \$ 116,822 |

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| | | | | |
|---|------------|---------------|--------------|------------|
| Real estate under development (non-current) | 16,332 | 10,984 | | 27,316 |
| Real estate held for investment | 77,292 | 149,020 | 8,733 | 235,045 |
| Total real estate | \$ 122,157 | \$ 246,731(1) | \$ 10,295(2) | \$ 379,183 |

- (1) Net of accumulated depreciation of \$23.6 million and \$32.9 million at December 31, 2013 and 2012, respectively.
- (2) Includes balances for lease intangibles and tenant origination costs of \$5.3 million and \$0.1 million, respectively, at December 31, 2013 and \$8.0 million and \$1.5 million, respectively, at December 31, 2012. We record lease intangibles and tenant origination costs upon acquiring real estate projects with in-place

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

leases. The balances are shown net of amortization, which is recorded as an increase to, or a reduction of, rental income for lease intangibles and as amortization expense for tenant origination costs.

During the years ended December 31, 2012 and 2011, we recorded impairment charges of \$17.2 million and \$1.7 million, respectively, on real estate held for investment within our Development Services segment. During the year ended December 31, 2012, we also recorded an impairment charge of \$9.3 million on real estate held for investment within our Global Investment Management segment. In addition, during the year ended December 31, 2011, we recorded a provision for loss on real estate held for sale of \$2.6 million within our Development Services segment. See Note 5 for additional information.

The estimated costs to complete one consolidated real estate project under development or to be developed by us as of December 31, 2013 totaled approximately \$3.0 million. At December 31, 2013, we had no commitments for the sale of our projects.

Rental revenues (which are included in revenue) and expenses (which are included in operating, administrative and other expenses) relating to our operational real estate properties, excluding those reported as discontinued operations, were \$24.3 million and \$11.7 million, respectively, for the year ended December 31, 2013, \$55.6 million and \$35.5 million, respectively, for the year ended December 31, 2012 and \$73.9 million and \$34.9 million, respectively, for the year ended December 31, 2011, and were included in the accompanying consolidated statements of operations within our Development Services and Global Investment Management segments.

12. Notes Payable on Real Estate

We had loans secured by real estate, which consisted of the following at December 31, 2013 and 2012 (dollars in thousands):

| | December 31, | |
|--|---------------------|-------------------|
| | 2013 | 2012 |
| Current portion of notes payable on real estate | \$ 62,017 | \$ 35,212 |
| Notes payable on real estate included in liabilities related to real estate and other assets held for sale (see Note 10) | | 101,542 |
| Total notes payable on real estate, current portion | 62,017 | 136,754 |
| Notes payable on real estate, non-current portion | 68,455 | 189,258 |
| Total notes payable on real estate | \$ 130,472 | \$ 326,012 |

Notes payable on real estate held for sale are included in liabilities related to real estate and other assets held for sale. Notes payable on real estate under development (current) are included in notes payable on real estate, current. Notes payable on real estate under development

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(non-current) and real estate held for investment are classified according to payment terms and maturity dates.

At December 31, 2013 and 2012, \$2.5 million and \$2.6 million, respectively, of the non-current portion of notes payable on real estate and \$1.5 million and \$11.3 million, respectively, of the current portion of notes payable on real estate were recourse to us, beyond being recourse to the single-purpose entity that held the real estate asset and was the primary obligor on the note payable.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Principal maturities of notes payable on real estate at December 31, 2013, were as follows (dollars in thousands):

| | |
|------------|------------|
| 2014 | \$ 42,546 |
| 2015 | 51,972 |
| 2016 | 21,145 |
| 2017 | 1,779 |
| 2018 | 1,889 |
| Thereafter | 11,141 |
| | \$ 130,472 |

Interest rates on loans outstanding at December 31, 2013 and 2012 ranged from 2.42% to 6.04% and 2.46% to 8.75%, respectively. Generally, only interest is payable on the real estate loans and is usually drawn on the underlying loan with all unpaid principal and interest due at maturity. Capitalized interest for the years ended December 31, 2013, 2012 and 2011 totaled \$0.1 million, \$2.2 million and \$2.0 million, respectively.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Long-Term Debt and Short-Term Borrowings

Total long-term debt and short-term borrowings consist of the following (dollars in thousands):

| | December 31, | |
|--|---------------------|---------------------|
| | 2013 | 2012 |
| Long-Term Debt: | | |
| 5.00% senior notes due in 2023 | \$ 800,000 | \$ |
| Senior secured term loans, with interest ranging from 1.92% to 3.71%, due from 2013 through 2021 | 685,263 | 1,627,746 |
| 6.625% senior notes due in 2020 | 350,000 | 350,000 |
| 11.625% senior subordinated notes, net of unamortized discount of \$9,477 at December 31, 2012, redeemed in June 2013 | | 440,523 |
| Other | 5,417 | 9,336 |
| Subtotal | 1,840,680 | 2,427,605 |
| Less current maturities of long-term debt | 42,245 | 73,156 |
| Total long-term debt | 1,798,435 | 2,354,449 |
| Short-Term Borrowings: | | |
| Warehouse line of credit, with interest at daily one-month LIBOR plus 1.60% to 2.00%, and a maturity date of May 28, 2014 | 150,712 | 171,330 |
| Warehouse line of credit, with interest at daily one-month LIBOR plus 1.50% to 2.00%, and a maturity date of June 30, 2014 | 94,889 | 124,263 |
| Warehouse line of credit, with interest at daily Chase-London LIBOR plus 1.90% to 2.50%, and a maturity date of October 27, 2014 | 65,800 | 78,072 |
| Warehouse line of credit, with interest at daily one-month LIBOR plus 1.65% to 1.90%, and a maturity date of July 29, 2014 | 36,812 | 161,342 |
| Warehouse line of credit, with interest at daily one-month LIBOR plus 2.25%, and expired on January 16, 2014 | 16,464 | 452,656 |
| Warehouse line of credit, with interest at daily LIBOR plus 1.35% with LIBOR floor of 0.35%, and no maturity date | 9,920 | 38,718 |
| Total warehouse lines of credit | 374,597 | 1,026,381 |
| Revolving credit facility, with interest ranging from 1.59% to 5.02%, maturing through 2018 | 142,484 | 72,964 |
| Other | 16 | 16 |
| Total short-term borrowings | 517,097 | 1,099,361 |
| Add current maturities of long-term debt | 42,245 | 73,156 |
| Total current debt | 559,342 | 1,172,517 |
| Total long-term debt and short-term borrowings | \$ 2,357,777 | \$ 3,526,966 |

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Future annual aggregate maturities of total consolidated debt at December 31, 2013 are as follows (dollars in thousands): 2014 \$559,342; 2015 \$41,042; 2016 \$69,205; 2017 \$255,275; 2018 \$80,275 and \$1,352,638 thereafter.

Since 2001, we have maintained credit facilities with Credit Suisse Group AG (CS) and other lenders to fund strategic acquisitions and to provide for our working capital needs. On November 10, 2010, we entered into a credit agreement (as amended, the 2010 Credit Agreement) with a syndicate of banks led by CS, as administrative and collateral agent, to completely refinance our previous credit facilities. On March 4, 2011, we entered into an

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amendment to our 2010 Credit Agreement to, among other things, increase flexibility to various covenants to accommodate the REIM Acquisitions and to maintain the availability of the \$800.0 million incremental facility under the 2010 Credit Agreement. On March 4, 2011, we also entered into an incremental assumption agreement to allow for the establishment of new tranche C and tranche D term loan facilities. On November 10, 2011, we entered into an incremental assumption agreement led jointly by HSBC Bank USA, N.A. and J.P. Morgan Securities LLC to allow for the establishment of a new tranche A-1 term loan facility, which also reduced the \$800.0 million incremental facility under the 2010 Credit Agreement. During the year ended December 31, 2013, we completed a series of financing transactions, which included the repayment of \$1.6 billion of our senior secured term loans under our previous credit agreement. On March 28, 2013, we entered into a new credit agreement (the Credit Agreement) with a syndicate of banks led by CS, as administrative and collateral agent, to completely refinance our previous credit agreement.

As of December 31, 2013, our Credit Agreement provides for the following: (1) a \$1.2 billion revolving credit facility, including revolving credit loans, letters of credit and a swingline loan facility, maturing 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 the 11.625% senior subordinated notes) requiring quarterly principal payments, which began on June 30, 2013 and continue 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 continue through December 31, 2020, with the balance payable at maturity on March 28, 2021.

As of December 31, 2012, our 2010 Credit Agreement provided for the following: (1) a \$700.0 million revolving credit facility, including revolving credit loans, letters of credit and a swingline loan facility, maturing on May 10, 2015; (2) a \$350.0 million tranche A term loan facility requiring quarterly principal payments, which began on December 31, 2010 and were to continue through September 30, 2015, with the balance payable on November 10, 2015; (3) a £187.0 million (approximately \$300.0 million) tranche A-1 term loan facility requiring quarterly principal payments, which began on December 30, 2011 and were to continue through March 31, 2016, with the balance payable on May 10, 2016; (4) a \$300.0 million tranche B term loan facility requiring quarterly principal payments, which began on December 31, 2010 and were to continue through September 30, 2016, with the balance payable on November 10, 2016; (5) a \$400.0 million tranche C term loan facility requiring quarterly principal payments, which began on September 30, 2011 and were to continue through December 31, 2017, with the balance payable on March 4, 2018; (6) a \$400.0 million tranche D term loan facility requiring quarterly principal payments, which began on September 30, 2011 and were to continue through June 30, 2019, with the balance payable on September 4, 2019 and (7) an accordion provision which provided the ability to borrow additional funds under an incremental facility. The incremental facility was equivalent to the sum of \$800.0 million and the aggregate amount of all repayments of term loans and permanent reductions of revolver commitments under the 2010 Credit Agreement. However, at no time could the sum of all outstanding amounts under the 2010 Credit Agreement exceed \$2.95 billion. On June 30, 2011, we drew down \$400.0 million of the tranche D term loan facility to finance the CRES portion of the REIM Acquisitions, which closed on July 1, 2011. On August 31, 2011, we drew down \$400.0 million of the tranche C term loan facility, part of which was used to finance the ING REIM Asia portion of the REIM Acquisitions, which closed on October 3, 2011. The remaining borrowings were used to finance the acquisition of ING REIM's operations in Europe, which closed on October 31, 2011. On November 10, 2011, we utilized the incremental facility to issue the tranche A-1 term loan facility.

The revolving credit facility allows for borrowings outside of the U.S., 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 may be up to 5.0% higher as allowed under the currency fluctuation provision in the Credit Agreement. Borrowings under the revolving credit

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facility bear 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 Credit Agreement). As of December 31, 2013 and 2012, we had \$142.5 million and \$73.0 million, respectively, of revolving credit facility principal outstanding with related weighted average interest rates of 2.2% and 3.2%, respectively, which are included in short-term borrowings in the accompanying consolidated balance sheets. As of December 31, 2013, letters of credit totaling \$11.6 million were outstanding under the revolving credit facility. These letters of credit were primarily issued in the normal course of business as well as in connection with certain insurance programs and reduce the amount we may borrow under the revolving credit facility.

Borrowings under the term loan facilities as of December 31, 2013 bear 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 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, 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), which are included in the accompanying consolidated balance sheets. As of December 31, 2012, we had \$1.6 billion of term loan facilities principal outstanding under our previous credit agreement (including \$271.2 million, \$275.2 million, \$293.3 million, \$394.0 million and \$394.0 million, respectively, of tranche A, tranche A-1, tranche B, tranche C and tranche D term loan facilities principal outstanding), which are also included in the accompanying consolidated balance sheets.

The Credit Agreement is jointly and severally guaranteed by us and substantially all of our domestic subsidiaries. Borrowings under our 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. Also, the Credit Agreement requires us to pay a fee based on the total amount of the revolving credit facility commitment.

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 subsidiary of CBRE that guarantees our 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. The amount of the 5.00% senior notes included in the accompanying consolidated balance sheets was \$800.0 million at December 31, 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 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 6.625% senior notes are jointly and severally guaranteed on a senior basis by us and each

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subsidiary of CBRE that guarantees our Credit Agreement. Interest accrues at a rate of 6.625% per year and is payable semi-annually in arrears on April 15 and October 15, having commenced on April 15, 2011. The 6.625% senior notes are 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. At any time prior to October 15, 2014, the 6.625% senior notes may be redeemed 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 is 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. In addition, prior to October 15, 2013, up to 35.0% of the original issued amount of the 6.625% senior notes may have been redeemed at a redemption price of 106.625% of the principal amount, plus accrued and unpaid interest, solely with the net cash proceeds from public equity offerings. If a change of control triggering event (as defined in the indenture governing our 6.625% senior notes) occurs, we are obligated to make an offer to purchase the then outstanding 6.625% senior notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest. The amount of the 6.625% senior notes included in the accompanying consolidated balance sheets was \$350.0 million at both December 31, 2013 and 2012.

Our Credit Agreement and the indentures governing our 5.00% senior notes and 6.625% 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 Credit Agreement also 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. Our coverage ratio of EBITDA to total interest expense was 8.97x for the year ended December 31, 2013 and our leverage ratio of total debt less available cash to EBITDA was 1.43x as of December 31, 2013.

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 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. The amount of the 11.625% senior subordinated notes included in the accompanying consolidated balance sheets, net of unamortized discount, was \$440.5 million at December 31, 2012.

We had short-term borrowings of \$517.1 million and \$1.1 billion as of December 31, 2013 and 2012, respectively, with related weighted average interest rates of 1.9% and 2.4%, respectively, which are included in the accompanying consolidated balance sheets.

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 as of December 31, 2013 provides for a \$40.0 million revolving credit note, bears interest at 0.25% and has a maturity date of April 1, 2014. As of December 31, 2013 and 2012, there were no

amounts outstanding under this note.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On March 4, 2008, we entered into a \$35.0 million credit and security agreement with Bank of America (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 as of December 31, 2013 provides for a \$5.0 million credit line, bears interest at 1% and has a maturity date of February 28, 2014. As of December 31, 2013 and 2012, 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 include cash equivalents, agency securities, A1/P1 commercial paper and eligible money market funds. The proceeds of this facility are not made generally available to us, but instead are held in a collateral account maintained by First Tennessee Bank. This agreement has been amended several times and as of December 31, 2013 provides for a \$4.0 million credit line, bears interest at 0.25% and has a maturity date of August 31, 2014. As of December 31, 2013 and 2012, there were no amounts outstanding under this facility.

Our wholly-owned subsidiary, CBRE Capital Markets, has the following warehouse lines of credit: credit agreements with JP Morgan Chase Bank, N.A. (JP Morgan), BofA, TD Bank, N.A. (TD Bank), and Capital One, N.A. (Capital One), for the purpose of funding mortgage loans that will be resold, and a funding arrangement with 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, 2013 provides for a \$200.0 million line of credit, bears interest at the daily LIBOR plus 1.90% and has a maturity date of October 27, 2014.

On April 16, 2008, CBRE Capital Markets entered into a secured credit agreement with BofA to establish a warehouse line of credit. As of December 31, 2013, the senior secured revolving line of credit provides for a \$200.0 million line of credit, bears interest at the daily one-month LIBOR plus 1.60% and has a maturity date of May 28, 2014.

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 (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 LIBOR rate plus 1.35% with a LIBOR floor of 0.35%. This arrangement is cancelable by Fannie Mae with notice.

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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 as of December 31, 2013 provides for a \$300.0 million line of credit, bears interest at the daily one-month LIBOR plus 1.50% with a maturity date of June 30, 2014.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 provides for a \$200.0 million senior secured revolving line of credit and bears interest at the daily one-month LIBOR plus 1.65% with a maturity date of July 29, 2014.

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.

During the year ended December 31, 2013, we had a maximum of \$1.1 billion of warehouse lines of credit principal outstanding. As of December 31, 2013 and 2012, we had \$374.6 million and \$1.0 billion of warehouse lines of credit principal outstanding, respectively, which are included in short-term borrowings in the accompanying consolidated balance sheets. Non-cash activity totaling \$651.8 million decreased the warehouse lines of credit during the year ended December 31, 2013, and \$313.0 million and \$234.6 million increased the warehouse lines of credit during the years ended December 31, 2012 and 2011, respectively. Additionally, we had \$381.5 million and \$1.0 billion of mortgage loans held for sale (warehouse receivables), which substantially represented mortgage loans funded through the lines of credit that, while committed to be purchased, had not yet been purchased as of December 31, 2013 and 2012, respectively, and which are also included in the accompanying consolidated balance sheets. Non-cash activity totaling \$646.7 million decreased the warehouse receivables during the year ended December 31, 2013, and \$313.0 million and \$234.6 million increased the warehouse receivables during the years ended December 31, 2012 and 2011, respectively.

A significant number of our subsidiaries in Europe have had a Euro cash pool loan since 2001, which is used to fund their short-term liquidity needs. The Euro cash pool loan is an overdraft line for our European operations issued by HSBC Bank. The Euro cash pool loan has no stated maturity date and bears interest at varying rates based on LIBOR plus 2.0%. As of December 31, 2013 and 2012, there were no amounts outstanding under this facility.

14. Commitments and Contingencies

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 remote, 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 in excess of that anticipated by management.

Our leases generally relate to office space that we occupy, have varying terms and expire through 2030. The following is a schedule by year of future minimum lease payments for noncancellable operating leases as of December 31, 2013 (dollars in thousands):

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| | Operating leases |
|---------------------------------------|-------------------------|
| 2014 | \$ 188,435 |
| 2015 | 167,892 |
| 2016 | 150,095 |
| 2017 | 133,477 |
| 2018 | 111,165 |
| Thereafter | 403,769 |
| Total minimum payment required | \$ 1,154,833 |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Total minimum payments for noncancellable operating leases were not reduced by the minimum sublease rental income of \$11.0 million due in the future under noncancellable subleases.

Substantially all leases require us to pay maintenance costs, insurance and property taxes. The composition of total rental expense under noncancellable operating leases consisted of the following (dollars in thousands):

| | Year Ended December 31, | | |
|-----------------------|--------------------------------|-------------------|-------------------|
| | 2013 | 2012 | 2011 |
| Minimum rentals | \$ 209,307 | \$ 210,981 | \$ 209,333 |
| Less sublease rentals | (2,457) | (218) | (187) |
| | \$ 206,850 | \$ 210,763 | \$ 209,146 |

We had outstanding letters of credit totaling \$11.1 million as of December 31, 2013, 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. These letters of credit are primarily executed by us in the ordinary course of business and expire at varying dates through December 2014.

We had guarantees totaling \$14.3 million as of December 31, 2013, 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 \$14.3 million partly consists of guarantees related to our defined benefit pension plans in the U.K. (in excess of our outstanding pension liability of \$68.0 million as of December 31, 2013), which are continuous guarantees that will not expire until all amounts have been paid out for our pension liabilities. The remainder of the guarantees mainly represents guarantees of obligations of unconsolidated subsidiaries, which expire at varying dates through June 2017, 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, 2013, 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 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.

In January 2008, CBRE Multifamily Capital, Inc. (CBRE MCI), a wholly-owned subsidiary of CBRE Capital Markets, Inc., entered into an agreement with Fannie Mae, under Fannie Mae's DUS Lender Program (DUS Program), to provide financing for multifamily housing with five

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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 \$7.8 billion at December 31, 2013. Additionally, CBRE MCI has funded loans under the DUS Program that are not subject to loss sharing arrangements with unpaid principal balances of approximately \$369.0 million at December 31, 2013. CBRE MCI, under its agreement with Fannie Mae, must post cash reserves under formulas established by Fannie Mae to provide for sufficient capital in the event losses occur. As of December 31, 2013

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and 2012, CBRE MCI had \$16.6 million and \$9.1 million, respectively, of cash deposited under this reserve arrangement, and had provided approximately \$13.8 million and \$10.6 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 \$367.4 million (including \$226.4 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, 2013.

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, 2013, we had aggregate commitments of \$9.4 million to fund future co-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, 2013, we had committed to fund \$25.0 million of additional capital to these unconsolidated subsidiaries.

15. Employee Benefit Plans

Stock Incentive Plans

Second Amended and Restated 2004 Stock Incentive Plan. Our 2004 stock incentive plan was adopted by our board of directors and approved by our stockholders on April 21, 2004, and was amended several times subsequently, including an amendment and restatement on June 2, 2008 and an amendment on December 3, 2008. However, our 2004 stock incentive plan was terminated in May 2012 in connection with the adoption of our 2012 equity incentive plan, which is described below. At termination, all unissued shares from the 2004 stock incentive plan were allocated to the 2012 equity incentive plan for potential future issuance. The 2004 stock incentive plan authorized the grant of stock-based awards to our employees, directors or independent contractors. A total of 20,785,218 shares of our Class A common stock initially were reserved for issuance under the 2004 stock incentive plan, which increased by 10,000,000 shares to a total of 30,785,218 shares in connection with the June 2, 2008 amendment and restatement. For awards granted prior to June 2, 2008 under this plan, this share reserve was reduced by one share upon grant of an option or stock appreciation right, and was reduced by 2.25 shares upon issuance of stock pursuant to other stock-based awards. For awards granted on or after June 2, 2008 under this plan, this share reserve was reduced by one share upon grant of all awards. In addition, full value awards, i.e., awards other than stock options and stock appreciation rights, were limited to no more than 75% of the total share reserve. No person was eligible to be granted awards in the aggregate covering more than 2,000,000 shares during any fiscal year. The number of shares issued or reserved pursuant to the 2004 stock incentive plan, or pursuant to outstanding awards, was subject to adjustment on account of mergers, consolidations, reorganizations, stock splits, stock dividends and other dilutive changes in our common stock. In addition, our board of directors could adjust outstanding awards to preserve the awards' benefits or potential benefits. Since our 2004 stock incentive plan has been terminated, no new awards may be granted under it. However, as of December 31, 2013, outstanding stock options granted under the 2004 stock incentive plan to acquire 1,148,749 shares of our Class A common stock remain outstanding according to their terms, and we will continue to issue shares to the extent required under the terms of such outstanding awards. Shares underlying awards that expire, terminate or lapse under the 2004 stock incentive plan will become available for grant under the 2012 equity incentive plan.

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2012 Equity Incentive Plan. Our 2012 equity incentive plan was adopted by our board of directors and approved by our stockholders on May 8, 2012. The 2012 equity incentive plan authorizes the grant of stock-based awards to our employees, directors or independent contractors. Unless terminated earlier, the 2012 equity incentive plan will terminate on February 13, 2022. A total of 16,000,000 shares of our Class A common stock

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

plus 2,205,887 unissued shares that remained under the 2004 stock incentive plan were reserved for issuance under the 2012 equity incentive plan. Additionally, shares underlying awards that expire, terminate or lapse under the 2012 equity incentive plan or under the 2004 stock incentive plan will become available for issuance under the 2012 equity incentive plan. No person is eligible to be granted performance-based awards in the aggregate covering more than 3,300,000 shares during any fiscal year or cash awards in excess of \$5,000,000 for any fiscal year. The number of shares issued or reserved pursuant to the 2012 equity incentive plan, or pursuant to outstanding awards, is subject to adjustment on account of a stock split of our outstanding shares, stock dividend, dividend payable in a form other than shares in an amount that has a material effect on the price of the shares, consolidation, combination or reclassification of the shares, recapitalization, spin-off, or other similar occurrence. Stock options and stock appreciation rights granted under the 2012 equity incentive plan are subject to a maximum term of ten years from the date of grant. Restricted share and restricted stock unit awards that have only time-based service vesting conditions are generally subject to a minimum three year vesting schedule. Restricted share and restricted stock unit awards that have performance-based vesting conditions are generally subject to a minimum one year vesting schedule. As of December 31, 2013, 14,717,951 shares remained available for future grants under this plan.

Stock Options

As of December 31, 2013, no shares were subject to options issued under our 2012 equity incentive plan. No options were granted during the years ended December 31, 2013 and 2012. Options granted under the 2004 stock incentive plan during the year ended December 31, 2011 have an exercise price of \$26.50, all of which vest and are exercisable in equal quarterly increments over three years from the date of grant. All options that have been granted under the 2004 stock incentive plan have a term of five or seven years from the date of grant.

A summary of the status of our outstanding stock options is presented in the tables below:

| | Shares | Weighted Average Exercise Price |
|----------------------------------|-------------|---------------------------------------|
| Outstanding at December 31, 2010 | 6,636,480 | \$ 7.55 |
| Exercised | (1,822,373) | 3.92 |
| Granted | 16,974 | 26.50 |
| Forfeited | (18,853) | 13.29 |
| Expired | (19,819) | 14.50 |
| Outstanding at December 31, 2011 | 4,792,409 | \$ 8.95 |
| Exercised | (1,930,092) | 10.31 |
| Forfeited | (33,381) | 10.73 |
| Expired | (17,997) | 14.36 |
| Outstanding at December 31, 2012 | 2,810,939 | \$ 7.93 |
| Exercised | (1,620,515) | 3.45 |
| Forfeited | (2,009) | 13.85 |
| Expired | (39,666) | 23.08 |

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| | | | |
|--|-----------|----|-------|
| Outstanding at December 31, 2013 | 1,148,749 | \$ | 13.60 |
| Vested and expected to vest at December 31, 2013 (1) | 1,148,604 | \$ | 13.60 |
| Exercisable at December 31, 2013 | 1,146,229 | \$ | 13.57 |

(1) The expected to vest options are the result of applying the pre-vesting forfeiture rate assumption to total outstanding options.

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We estimate the fair value of our options on the date of grant using the Black-Scholes option-pricing model, which takes into account assumptions such as the dividend yield, the risk-free interest rate, the expected stock price volatility and the expected life of the options.

The total estimated grant date fair value of stock options that vested during the year ended December 31, 2013 was \$0.7 million. The weighted average fair value of options granted by us was \$13.49 for the year ended December 31, 2011. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model, utilizing the following weighted average assumptions for the year ended December 31, 2011:

| | |
|-------------------------|---------|
| Dividend yield | 0% |
| Risk-free interest rate | 1.65% |
| Expected volatility | 61.99% |
| Expected life | 5 years |

The dividend yield assumption is excluded from the calculation, as it is our present intention to retain all earnings. The expected volatility is based on a combination of our historical stock price and implied volatility. The selection of implied volatility data to estimate expected volatility is based upon the availability of actively traded options on our stock. The risk-free interest rate is based upon the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the options. The expected life of our stock options represents the estimated period of time until exercise and is based on historical experience of similar options, giving consideration to the contractual terms, vesting schedules and expectations of future employee behavior.

Option valuation models require the input of subjective assumptions including the expected stock price volatility and expected life. Because our employee stock options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, we do not believe that the Black-Scholes model necessarily provides a reliable single measure of the fair value of our employee stock options.

Options outstanding at December 31, 2013 and their related weighted average exercise price, intrinsic value and life information is presented below:

| Exercise Prices | Number Outstanding | Outstanding Options | | Aggregate Intrinsic Value | Exercisable Options | |
|-----------------|--------------------|---|---------------------------------|---------------------------|---------------------|---------------------------------|
| | | Weighted Average Remaining Contractual Life | Weighted Average Exercise Price | | Number Exercisable | Weighted Average Exercise Price |
| \$6.33 \$8.44 | 73,445 | 2.5 | \$ 8.29 | | 73,445 | \$ 8.29 |
| \$11.10 \$16.48 | 1,007,974 | 1.9 | 13.08 | | 1,007,974 | 13.08 |
| \$22.00 \$26.50 | 30,992 | 2.9 | 24.19 | | 28,472 | 23.99 |

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| | | | | | | |
|---------|---------|--------|-----|-------|--------|-------|
| \$27.19 | \$37.43 | 36,338 | 0.6 | 29.83 | 36,338 | 29.83 |
|---------|---------|--------|-----|-------|--------|-------|

| | | | | | | |
|-----------|-----|----------|---------------|-----------|----------|---------------|
| 1,148,749 | 1.9 | \$ 13.60 | \$ 14,723,073 | 1,146,229 | \$ 13.57 | \$ 14,723,073 |
|-----------|-----|----------|---------------|-----------|----------|---------------|

At December 31, 2013, the aggregate intrinsic value and weighted average remaining contractual life for options vested and expected to vest were \$14.7 million and 1.9 years, respectively. Total compensation expense related to stock options was \$0.4 million, \$2.3 million and \$3.5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

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The total intrinsic value of stock options exercised during the years ended December 31, 2013, 2012 and 2011 was \$31.9 million, \$16.4 million and \$39.9 million, respectively. We recorded cash received from stock option exercises of \$5.8 million, \$20.3 million and \$7.1 million and related tax benefit of \$9.9 million, \$2.9 million and \$14.9 million during the years ended December 31, 2013, 2012 and 2011, respectively. Upon option exercise, we issue new shares of stock. Excess tax benefits exist when the tax deduction resulting from the exercise of options exceeds the compensation cost recorded.

Non-Vested Stock Awards

We have issued non-vested stock awards, including restricted stock units and restricted shares, in our Class A common stock to certain of our employees, independent contractors and members of our board of directors. During the year ended December 31, 2013, we granted 2,596,830 non-vested stock units. These include (1) 1,613,906 non-vested stock units, which primarily vest and are generally exercisable in equal annual increments over four years from the date of grant, (2) 329,100 performance-based non-vested stock units subject to the Company satisfying an adjusted EBITDA threshold, and thereupon vesting and becoming exercisable in equal annual increments over four years from the date of grant, and (3) a target award amount of 653,824 performance-based non-vested stock units subject to the Company satisfying an adjusted earnings per share (EPS) threshold, and thereupon cliff vesting and becoming exercisable on the third anniversary of the date of grant. In respect to the adjusted EPS performance-based stock units, the award amount was granted as a target number of non-vested stock units, with the actual number of shares to be later issued (if they vest) determined by measuring the extent by which actual adjusted EPS at the end of the performance period exceeds specified adjusted EPS performance levels. The actual number of shares that a grant recipient will receive may range from 0% to 200% of the target number depending on adjusted EPS performance. During the year ended December 31, 2012, we granted 2,353,487 non-vested stock units, which primarily vest and are generally exercisable in equal annual increments over four years from the date of grant. We granted 644,635 non-vested stock units during the year ended December 31, 2011, which primarily vest in 2016. During the year ended December 31, 2013, we granted 72,580 restricted shares, which cliff vest in 2018 and are generally subject to the grantee not terminating employment under certain circumstances prior to this date. No restricted shares were granted during the year ended December 31, 2012. During the year ended December 31, 2011, we granted 2,803,221 restricted shares, which primarily vest and are generally exercisable in equal annual increments over four years from the date of grant. A summary of the status of our non-vested stock awards is presented in the table below:

| | Shares / Units | Weighted Average Market Value Per Share |
|------------------------------|----------------|--|
| Balance at December 31, 2010 | 9,268,908 | \$ 14.40 |
| Granted | 3,447,856 | 15.95 |
| Vested | (2,541,370) | 13.47 |
| Forfeited | (289,187) | 14.05 |
| Balance at December 31, 2011 | 9,886,207 | \$ 15.18 |
| Granted | 2,353,487 | 20.31 |
| Vested | (3,677,691) | 13.18 |
| Forfeited | (588,514) | 14.55 |
| Balance at December 31, 2012 | 7,973,489 | \$ 17.65 |
| Granted | 2,669,410 | 22.94 |

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| | | |
|------------------------------|-------------|----------|
| Vested | (2,923,485) | 14.48 |
| Forfeited | (177,905) | 18.15 |
| Balance at December 31, 2013 | 7,541,509 | \$ 20.76 |

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Total compensation expense related to non-vested stock awards was \$48.0 million, \$49.4 million and \$40.8 million for the years ended December 31, 2013, 2012 and 2011, respectively. At December 31, 2013, total unrecognized estimated compensation cost related to non-vested stock awards was approximately \$113.0 million, which is expected to be recognized over a weighted average period of approximately 2.7 years.

Bonuses. We have bonus programs covering select employees, including senior management. Awards are based on the position and performance of the employee and the achievement of pre-established financial, operating and strategic objectives. The amounts charged to expense for bonuses were \$148.7 million, \$134.5 million and \$154.4 million for the years ended December 31, 2013, 2012 and 2011, respectively.

401(k) Plan. Our CBRE 401(k) Plan (401(k) Plan) is a defined contribution savings plan that allows participant deferrals under Section 401(k) of the Internal Revenue Code. Most of our non-union U.S. employees, other than qualified real estate agents having the status of independent contractors under section 3508 of the Internal Revenue Code, are eligible to participate in the plan. The 401(k) Plan provides for participant contributions as well as a Company match. A participant is allowed to contribute to the 401(k) Plan from 1% to 75% of his or her compensation, subject to limits imposed by applicable law. Effective January 1, 2007, all participants hired post January 1, 2007 vest in company match contributions 20% per year for each plan year they work 1,000 hours. All participants hired before January 1, 2007 are immediately vested in company match contributions. For 2011, 2012 and 2013, we contributed a 50% match on the first 3% of annual compensation (up to \$150,000 of compensation) deferred by each participant. In connection with the 401(k) Plan, we charged to expense \$15.5 million, \$12.9 million and \$10.9 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Participants are entitled to invest up to 25% of their 401(k) account balance in shares of our common stock. As of December 31, 2013, approximately 1.3 million shares of our common stock were held as investments by participants in our 401(k) Plan.

Pension Plans. We have two contributory defined benefit pension plans in the U.K. The London-based firm of Hillier Parker May & Rowden, which we acquired in 1998, had a contributory defined benefit pension plan. A subsidiary of Insignia, which we acquired in connection with the Insignia Acquisition in 2003, also had a contributory defined benefit pension plan in the U.K. Our subsidiaries based in the U.K. maintain the plans to provide retirement benefits to existing and former employees participating in these 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. Effective July 1, 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 a defined contribution plan.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table sets forth a reconciliation of the benefit obligation, plan assets, plan's funded status and amounts recognized in the accompanying consolidated balance sheets for both of our defined benefit pension plans (dollars in thousands):

| | Year Ended December 31, | |
|--|--------------------------------|--------------------|
| | 2013 | 2012 |
| Change in benefit obligation | | |
| Benefit obligation at beginning of period | \$ 352,242 | \$ 316,165 |
| Interest cost | 15,414 | 15,513 |
| Actuarial loss | 31,420 | 14,447 |
| Benefits paid | (8,374) | (8,768) |
| Foreign currency translation | 9,513 | 14,885 |
| Benefit obligation at end of period | \$ 400,215 | \$ 352,242 |
| Change in plan assets | | |
| Fair value of plan asset at beginning of period | \$ 288,714 | \$ 255,305 |
| Actuarial return on plan assets | 38,328 | 24,175 |
| Company contributions | 5,508 | 5,886 |
| Benefits paid | (8,374) | (8,768) |
| Foreign currency translation | 8,027 | 12,116 |
| Fair value of plan assets at end of period | \$ 332,203 | \$ 288,714 |
| Funded status | \$ (68,012) | \$ (63,528) |
| Amounts recognized in the statement of financial position consist of: | | |
| Non-current liabilities | \$ (68,012) | \$ (63,528) |

The accumulated benefit obligation for our defined benefit pension plans was \$400.2 million and \$352.2 million at December 31, 2013 and 2012, respectively.

Items not yet recognized as a component of net periodic pension cost were as follows (dollars in thousands):

| | Year Ended December 31, | |
|--------------------------------------|--------------------------------|-------------|
| | 2013 | 2012 |
| Unamortized actuarial loss | \$ 103,968 | \$ 96,921 |
| Accumulated other comprehensive loss | \$ 103,968 | \$ 96,921 |

The estimated net actuarial loss that will be amortized from accumulated other comprehensive loss into net periodic pension cost in 2014 is \$2.6 million.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Components of net periodic pension cost and other amounts recognized in other comprehensive loss consisted of the following (dollars in thousands):

| | Year Ended December 31, | | |
|--|-------------------------|-----------------|------------------|
| | 2013 | 2012 | 2011 |
| Net Periodic Cost | | | |
| Interest cost | \$ 15,414 | \$ 15,513 | \$ 16,556 |
| Expected return on plan assets | (16,095) | (14,563) | (17,238) |
| Amortization of unrecognized net loss | 2,455 | 2,344 | 1,358 |
| Net periodic pension cost | \$ 1,774 | \$ 3,294 | \$ 676 |
| Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Loss | | | |
| Net actuarial loss | \$ 7,047 | \$ 2,079 | \$ 25,726 |
| Total recognized in other comprehensive loss | 7,047 | 2,079 | 25,726 |
| Total recognized in net periodic cost and other comprehensive loss | \$ 8,821 | \$ 5,373 | \$ 26,402 |

Weighted average assumptions used to determine our projected benefit obligation were as follows:

| | Year Ended December 31, | |
|--------------------------------|-------------------------|-------|
| | 2013 | 2012 |
| Discount rate | 4.47% | 4.60% |
| Expected return on plan assets | 7.05% | 5.91% |

Weighted average assumptions used to determine our net periodic pension cost were as follows:

| | Year Ended December 31, | | |
|--------------------------------|-------------------------|-------|-------|
| | 2013 | 2012 | 2011 |
| Discount rate | 4.44% | 4.60% | 4.88% |
| Expected return on plan assets | 6.65% | 5.91% | 6.00% |

We select a discount rate by reference to yields available at our balance sheet date on U.K. AA-rated corporate bonds. The corporate bond yield curve is derived by taking a government bond yield curve, based on Bank of England data and adding an amount to reflect the yield spread on AA-rated bonds over government bonds. This discount rate selected is the weighted average of the yields on the resulting bond yield curve,

where the weighting is based on the expected cash flow from the weighted average duration of the pension plans.

We review historical rates of return for equity and fixed income securities, as well as current economic conditions, to determine the expected long-term rate of return on plan assets. The assumed rate of return for 2013 is based on 57.2% of the portfolio being invested in equities yielding a 7.6% return, 28.1% of the portfolio being invested in an absolute return strategy fund yielding a 7.1% return and 7.0% of assets being primarily invested in corporate and government debt securities yielding a 4.7% return. Consideration is given to diversification and periodic rebalancing of the portfolio based on prevailing market conditions.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Our pension plan weighted average asset allocations by asset category were as follows:

| Asset Category | Target | Plan Assets | |
|-------------------------------|------------|-----------------|--------|
| | Allocation | at December 31, | |
| | 2013 | 2013 | 2012 |
| Equity securities | 54.8% | 57.2% | 66.7% |
| Absolute return strategy fund | 28.3% | 28.1% | % |
| Debt securities | 7.7% | 7.0% | 22.7% |
| Other | 9.2% | 7.7% | 10.6% |
| Total | | 100.0% | 100.0% |

Our pension trust assets are invested with a long-term focus to achieve a return on investment that is based on levels of liquidity and investment risk that the trustees, in consultation with management believe are prudent and reasonable. The investment portfolio contains a diversified blend of equity and fixed income and index linked investments consisting primarily of government debt. The equity investments are diversified across U.K. and non-U.K. equities, as well as value, growth, and medium and large capitalizations. The portfolio's asset mix is reviewed regularly, and the portfolio is rebalanced based on existing market conditions. Investment risk is measured and monitored on a regular basis through quarterly portfolio reviews, annual liability measurements and periodic asset/liability analyses.

The fair value of our pension assets are comprised of the following (dollars in thousands):

| As of December 31, 2013 | Total | Fair Value Measured and Recorded Using: | | |
|-----------------------------------|-------------------|---|--|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <i>Asset Category</i> | | | | |
| Cash | \$ 6,385 | \$ 6,385 | \$ | \$ |
| Equity securities (a) | 189,852 | 29,153 | 160,699 | |
| Fixed income securities (a) | 23,273 | | 23,273 | |
| Absolute return strategy fund (b) | 93,343 | | 93,343 | |
| Other (c) | 19,350 | | 16,256 | 3,094 |
| Total | \$ 332,203 | \$ 35,538 | \$ 293,571 | \$ 3,094 |
| As of December 31, 2012 | | | | |
| <i>Asset Category</i> | | | | |
| Cash | \$ 1,864 | \$ 1,864 | \$ | \$ |

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| | | | | |
|-----------------------------|-------------------|------------------|-------------------|------------------|
| Equity securities (a) | 192,555 | 23,253 | 169,302 | |
| Fixed income securities (a) | 65,414 | | 65,414 | |
| Other (c) | 28,881 | | 18,631 | 10,250 |
| Total | \$ 288,714 | \$ 25,117 | \$ 253,347 | \$ 10,250 |

- (a) The assets in this category represent investments in foreign equity and bond funds. Generally, these assets are valued using bid-market valuations provided by the funds' investment managers.
- (b) The assets in this category represent investments in an absolute return strategies fund. Generally, these assets are valued at the net asset value as determined by the custodian of the fund. The net asset value is based on the underlying investments, which are valued using inputs such as quoted market prices of

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

identical instruments, discounted future cash flows, independent appraisals, and market-based comparable data. As such, the assets in this category have been categorized as Level 2 in the fair value hierarchy.

- (c) The assets in this category include investments in a liability driven investment fund and investments in commercial real estate. The liability driven investment fund is a single priced fund and the fair value of the underlying assets are priced by the fund's custodian based on observable market data and therefore categorized as Level 2 in the fair value hierarchy. The investments in commercial real estate represent a property unit trust that invests in commercial real estate properties in the U.K. The fair values for these investments are based on inputs obtained from broker quotes that are indicative of value and cannot be corroborated by observable market data and therefore are categorized as Level 3 in the fair value hierarchy.

A summary of our pension assets measured and recorded using significant unobservable inputs is as follows (dollars in thousands):

| | Real Estate Funds |
|-------------------------------------|----------------------------------|
| Ending balance at December 31, 2011 | \$ 10,801 |
| Actuarial loss on plan assets | (997) |
| Foreign currency translation | 446 |
| Ending balance at December 31, 2012 | \$ 10,250 |
| Actuarial return on plan assets | 268 |
| Actuarial loss on plan assets sold | (105) |
| Sales | (7,381) |
| Foreign currency translation | 62 |
| Ending balance at December 31, 2013 | \$ 3,094 |

There were no significant transfers into or out of Level 3 during the years ended December 31, 2013 and 2012.

We expect to contribute \$6.2 million to our pension plans in 2014. The following is a schedule by year of benefit payments, which reflect expected future service, as appropriate, that are expected to be paid (dollars in thousands):

| | |
|-----------|------------|
| 2014 | \$ 10,441 |
| 2015 | 10,607 |
| 2016 | 10,441 |
| 2017 | 11,269 |
| 2018 | 11,932 |
| 2019-2023 | 79,549 |
| Total | \$ 134,239 |

We also have defined contribution plans for employees in the U.K. Our contributions to these plans were approximately \$10.9 million, \$9.6 million and \$8.7 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****16. Income Taxes**

The components of income from continuing operations before provision for income taxes consisted of the following (dollars in thousands):

| | Year Ended December 31, | | |
|----------|-------------------------|------------|------------|
| | 2013 | 2012 | 2011 |
| Domestic | \$ 431,024 | \$ 361,577 | \$ 252,577 |
| Foreign | 77,961 | 127,901 | 176,961 |
| | \$ 508,985 | \$ 489,478 | \$ 429,538 |

Our tax provision (benefit) consisted of the following (dollars in thousands):

| | Year Ended December 31, | | |
|----------|-------------------------|------------|------------|
| | 2013 | 2012 | 2011 |
| Federal: | | | |
| Current | \$ 118,741 | \$ 132,266 | \$ 107,671 |
| Deferred | 8,023 | (13,341) | 3,472 |
| | 126,764 | 118,925 | 111,143 |
| State: | | | |
| Current | 23,324 | 2,943 | 13,763 |
| Deferred | (14,036) | 12,355 | (10,056) |
| | 9,288 | 15,298 | 3,707 |
| Foreign: | | | |
| Current | 85,848 | 56,362 | 78,256 |
| Deferred | (34,713) | (5,263) | (4,003) |
| | 51,135 | 51,099 | 74,253 |
| | \$ 187,187 | \$ 185,322 | \$ 189,103 |

The following is a reconciliation stated as a percentage of pre-tax income of the U.S. statutory federal income tax rate to our effective tax rate:

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| | Year Ended December 31, | | |
|--------------------------------------|-------------------------|------|------|
| | 2013 | 2012 | 2011 |
| Federal statutory tax rate | 35% | 35% | 35% |
| Change in valuation allowance | 5 | 8 | |
| State taxes, net of federal benefit | 2 | 4 | 3 |
| Non-deductible expenses | 1 | 2 | 3 |
| Acquisition costs | 1 | | 3 |
| Non-controlling interests | (1) | 1 | (1) |
| Credits and exemptions | (1) | (1) | (1) |
| Foreign earnings repatriation | (5) | (14) | |
| Reserves for uncertain tax positions | | 1 | 2 |
| Foreign rate differential | | | (1) |
| Other | | 2 | 1 |
| Effective tax rate | 37% | 38% | 44% |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

During the years ended December 31, 2013, 2012 and 2011, respectively, we recorded a \$10.5 million, \$5.3 million and \$15.5 million income tax benefit in connection with stock options exercised. Of this income tax benefit, \$9.9 million, \$2.9 million and \$14.9 million was charged directly to additional paid-in capital within the equity section of the accompanying consolidated balance sheets in 2013, 2012 and 2011, respectively.

Cumulative tax effects of temporary differences are shown below at December 31, 2013 and 2012 (dollars in thousands):

| | December 31, | |
|--|--------------|-------------|
| | 2013 | 2012 |
| Asset (Liability) | | |
| Property and equipment | \$ (56,203) | \$ (31,263) |
| Bad debt and other reserves | 61,737 | 49,531 |
| Capitalized costs and intangibles | (202,590) | (302,079) |
| Derivative financial instruments | 11,508 | 19,142 |
| Bonus | 164,538 | 165,545 |
| Investments | 6,269 | 5,750 |
| NOL and state tax credits | 45,195 | 41,902 |
| Foreign tax credits | 55,064 | 84,926 |
| Unconsolidated affiliates | 30,748 | 44,841 |
| Pension obligation | 16,062 | 17,491 |
| All other | (5,983) | (5,833) |
| Net deferred tax assets before valuation allowance | 126,345 | 89,953 |
| Valuation allowance | (98,589) | (76,169) |
| Net deferred tax assets | \$ 27,756 | \$ 13,784 |

As of December 31, 2013, we had U.S. federal net operating losses (NOLs) of approximately \$15.4 million, translating to a deferred tax asset before valuation allowance of \$5.4 million, which will begin to expire in 2023. As of December 31, 2013, there were also deferred tax assets before valuation allowances of approximately \$3.2 million related to state NOLs as well as \$36.4 million related to foreign NOLs. The state and foreign NOLs both begin to expire in 2014. The utilization of NOLs may be subject to certain limitations under U.S. federal, state and foreign laws.

In addition, as of December 31, 2013, we had \$55.1 million of foreign income tax credits that can be utilized to offset U.S. federal income taxes on foreign-sourced earnings. These credits will begin to expire in 2023.

Management determined that as of December 31, 2013, \$98.6 million of deferred tax assets do not satisfy the recognition criteria set forth in Topic 740. Accordingly, a valuation allowance has been recorded for this amount. If released, the entire amount would result in a benefit to

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continuing operations. During the year ended December 31, 2013, our valuation allowance increased by approximately \$22.4 million. This was primarily the result of the establishment of valuation allowances of \$10.2 million related to U.S. foreign tax credits, \$8.7 million related to non-U.S. net operating losses and other assets, \$4.7 million related to U.S. net operating losses and other U.S. assets and \$0.7 million related to foreign net operating loss adjustments. These increases were partially offset by the utilization of \$1.1 million of U.S. net operating losses and other U.S. assets and \$0.8 million of non-U.S. net operating losses and other foreign assets. Management believes it is more likely than not that future operations will generate sufficient taxable income to realize the benefit of the deferred tax assets recorded net of these valuation allowances.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Based on \$58.0 million repatriated in 2012, and an estimated \$133.0 million to be repatriated in 2013 to the U.S., a \$28.8 million tax benefit was recorded in 2012. During 2013, we actually repatriated \$196.2 million. Additional tax benefit of \$14.5 million was recorded in 2013. We have not recorded a deferred tax liability for \$1.1 billion of remaining undistributed earnings of subsidiaries located outside of the U.S. Although tax liabilities might result from the payment of dividends out of such earnings, or as a result of a sale or liquidation of non-U.S. subsidiaries, these earnings are permanently reinvested outside of the U.S. and we do not have any plans to repatriate these earnings or to sell or liquidate any of these non-U.S. subsidiaries. To the extent that we are able to repatriate the unremitted 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. The determination of the tax liability upon repatriation is not practicable. Cash and cash equivalents owned by non-U.S. subsidiaries totaled \$325.0 million at December 31, 2013.

The total amount of gross unrecognized tax benefits was approximately \$95.7 million and \$95.6 million as of December 31, 2013 and 2012, respectively. The total amount of unrecognized tax benefits that would affect our effective tax rate, if recognized, is \$50.8 million (\$48.8 million, net of federal benefit received from state positions) and \$51.5 million (\$49.4 million, net of federal benefit received from state positions) as of December 31, 2013 and 2012, respectively.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2013 and 2012 is as follows (dollars in thousands):

| | Year Ended December 31, | |
|---|--------------------------------|-------------|
| | 2013 | 2012 |
| Beginning balance, unrecognized tax benefits | \$ (95,575) | \$ (91,710) |
| Gross increases tax positions in prior period | (3,784) | (3,092) |
| Gross decreases tax positions in prior period | 6,198 | 5,306 |
| Gross increases current-period tax positions | (4,465) | (5,432) |
| Decreases relating to settlements | 643 | 35 |
| Reductions as a result of lapse of statute of limitations | 1,040 | 189 |
| Foreign exchange movement | 279 | (871) |
| Ending balance, unrecognized tax benefits | \$ (95,664) | \$ (95,575) |

We believe it is reasonably possible that between \$58.2 million and \$81.8 million of gross unrecognized tax benefits will be settled during the next twelve months due to filing amended returns and the conclusion of an advanced pricing agreement.

Our continuing practice is to recognize potential accrued interest and/or penalties related to income tax matters within income tax expense. During the years ended December 31, 2013, 2012 and 2011, we accrued an additional \$2.6 million, \$3.3 million and \$3.4 million, respectively, in interest associated with uncertain tax positions. As of December 31, 2013 and 2012, we have recognized a liability for interest and penalties of \$33.0 million (\$25.9 million, net of related federal benefit received from interest expense) and \$30.4 million (\$24.1 million, net of related federal benefit received from interest expense), respectively.

We conduct business globally and, as a result, one or more of our subsidiaries files income tax returns in the U.S. federal jurisdiction and multiple state, local and foreign jurisdictions. We are no longer subject to U.S. federal Internal Revenue Service audits for years prior to 2005. With limited exception, our significant state and foreign tax jurisdictions are no longer subject to audit by the various tax authorities for tax years prior to 2007.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****17. Stockholders Equity**

Our board of directors is authorized, subject to any limitations imposed by law, without the approval of our stockholders, to issue a total of 25,000,000 shares of preferred stock, in one or more series, with each such series having rights and preferences including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, as our board of directors may determine.

Grant recipients under our various equity compensation plans may elect for us to repurchase shares awarded to them to satisfy minimum statutory federal, state and local tax withholding obligations arising from the vesting of their equity awards. During the year ended December 31, 2013, 601,917 shares with an average price paid per share of \$22.00 were repurchased relating thereto.

18. Earnings Per Share Information

The following is a calculation of earnings per share (dollars in thousands, except share data):

| | 2013 | Year Ended December 31, | |
|---|-------------|-------------------------|-------------|
| | | 2012 | 2011 |
| Computation of basic income per share attributable to CBRE Group, Inc. shareholders: | | | |
| Net income attributable to CBRE Group, Inc. shareholders | \$ 316,538 | \$ 315,555 | \$ 239,162 |
| Weighted average shares outstanding for basic income per share | 328,110,004 | 322,315,576 | 318,454,191 |
| Basic income per share attributable to CBRE Group, Inc. shareholders | \$ 0.96 | \$ 0.98 | \$ 0.75 |
| Computation of diluted income per share attributable to CBRE Group, Inc. shareholders: | | | |
| Net income attributable to CBRE Group, Inc. shareholders | \$ 316,538 | \$ 315,555 | \$ 239,162 |
| Weighted average shares outstanding for basic income per share | 328,110,004 | 322,315,576 | 318,454,191 |
| Dilutive effect of contingently issuable shares | 2,942,919 | 3,082,173 | 3,160,702 |
| Dilutive effect of stock options | 709,931 | 1,646,396 | 2,108,862 |
| Weighted average shares outstanding for diluted income per share | 331,762,854 | 327,044,145 | 323,723,755 |
| Diluted income per share attributable to CBRE Group, Inc. shareholders | \$ 0.95 | \$ 0.97 | \$ 0.74 |

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For the years ended December 31, 2013, 2012 and 2011, 72,580, 2,210,383 and 11,880, respectively, contingently issuable shares and options to purchase 51,426, 103,423 and 55,587 shares, respectively, of common stock were excluded from the computation of diluted earnings per share because their inclusion would have had an anti-dilutive effect.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****19. Fiduciary Funds**

The accompanying consolidated balance sheets do not include the net assets of escrow, agency and fiduciary funds, which are held by us on behalf of clients and which amounted to \$2.1 billion and \$1.9 billion at December 31, 2013 and 2012, respectively.

20. Discontinued Operations

In the ordinary course of business, we dispose of real estate assets, or hold real estate assets for sale, that may be considered components of an entity in accordance with Topic 360. If we do not have, or expect to have, significant continuing involvement with the operation of these real estate assets after disposition, we are 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 occur. Real estate operations and dispositions accounted for as discontinued operations for the years ended December 31, 2013, 2012 and 2011 were reported in our Global Investment Management and Development Services segments and totaled the following (dollars in thousands):

| | Year Ended December 31, | | |
|--|-------------------------|----------|----------|
| | 2013 | 2012 | 2011 |
| Revenue | \$ 9,362 | \$ 5,663 | \$ 6,737 |
| Costs and expenses: | | | |
| Operating, administrative and other | 5,416 | 2,750 | 5,264 |
| Depreciation and amortization | 880 | 1,260 | 1,211 |
| Total costs and expenses | 6,296 | 4,010 | 6,475 |
| Gain on disposition of real estate | 28,602 | 1,566 | 56,888 |
| Operating income | 31,668 | 3,219 | 57,150 |
| Interest income | | 4 | |
| Interest expense | 3,297 | 1,581 | 3,248 |
| Income from discontinued operations, before provision for income taxes | 28,371 | 1,642 | 53,902 |
| Provision for income taxes | 1,374 | 1,011 | 4,012 |
| Income from discontinued operations, net of income taxes | 26,997 | 631 | 49,890 |
| Less: Income (loss) from discontinued operations attributable to non-controlling interests | 24,688 | (1,071) | 44,245 |
| Income from discontinued operations attributable to CBRE Group, Inc. | \$ 2,309 | \$ 1,702 | \$ 5,645 |

21. Segments

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 segment is our largest segment of operations and provides a comprehensive range of services throughout the U.S. and in the largest regions of Canada and key markets in Latin America. The primary services offered consist of the following: real estate services, mortgage loan origination and servicing, valuation services, asset services and occupier outsourcing.

Our EMEA and Asia Pacific segments provide services similar to the Americas business segment. The EMEA segment has operations primarily in Europe, while the Asia Pacific segment has operations primarily in Asia, Australia and New Zealand.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Our Global Investment Management business provides investment management services to clients seeking to generate returns and diversification through direct and indirect investments in real estate in North America, Europe and Asia.

Our Development Services business consists of real estate development and investment activities primarily in the U.S.

Summarized financial information by segment is as follows (dollars in thousands):

| | Year Ended December 31, | | |
|--|-------------------------|---------------------|---------------------|
| | 2013 | 2012 | 2011 |
| Revenue | | | |
| Americas | \$ 4,504,520 | \$ 4,103,602 | \$ 3,673,681 |
| EMEA | 1,217,109 | 1,031,818 | 1,076,568 |
| Asia Pacific | 872,821 | 817,241 | 788,754 |
| Global Investment Management | 537,102 | 482,589 | 290,065 |
| Development Services | 53,242 | 78,849 | 76,343 |
| | \$ 7,184,794 | \$ 6,514,099 | \$ 5,905,411 |
| Depreciation and amortization | | | |
| Americas | \$ 116,564 | \$ 82,841 | \$ 62,238 |
| EMEA | 20,496 | 14,198 | 10,945 |
| Asia Pacific | 12,397 | 11,475 | 9,654 |
| Global Investment Management | 36,194 | 51,290 | 21,271 |
| Development Services | 4,739 | 9,841 | 11,611 |
| | \$ 190,390 | \$ 169,645 | \$ 115,719 |
| Equity income (loss) from unconsolidated subsidiaries | | | |
| Americas | \$ 17,434 | \$ 12,890 | \$ 15,162 |
| EMEA | 1,188 | 1,205 | 778 |
| Asia Pacific | | | 5 |
| Global Investment Management | 2,757 | (2,533) | (1,044) |
| Development Services | 43,043 | 49,167 | 89,875 |
| | \$ 64,422 | \$ 60,729 | \$ 104,776 |
| EBITDA | | | |
| Americas | \$ 603,191 | \$ 578,649 | \$ 462,167 |
| EMEA | 71,267 | 54,299 | 87,527 |
| Asia Pacific | 70,795 | 80,630 | 82,226 |

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| | | | |
|------------------------------|------------|------------|------------|
| Global Investment Management | 194,609 | 96,359 | (14,772) |
| Development Services | 43,021 | 51,684 | 76,113 |
| | \$ 982,883 | \$ 861,621 | \$ 693,261 |

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,

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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 from 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.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Net interest expense and write-off of financing costs have been expensed in the segment incurred. Provision for (benefit of) income taxes has been allocated among our segments by using applicable U.S. and foreign effective tax rates. EBITDA for our segments is calculated as follows (dollars in thousands):

| | Year Ended December 31, | | |
|--|--------------------------------|-------------------|-------------------|
| | 2013 | 2012 | 2011 |
| Americas | | | |
| Net income attributable to CBRE Group, Inc. | \$ 539,373 | \$ 267,313 | \$ 182,107 |
| Add: | | | |
| Depreciation and amortization | 116,564 | 82,841 | 62,238 |
| Interest expense | 89,241 | 124,633 | 118,916 |
| Write-off of financing costs | 56,295 | | |
| Royalty and management service income | (295,154) | (32,214) | (29,729) |
| Provision for income taxes | 100,883 | 140,634 | 136,803 |
| Less: | | | |
| Interest income | 4,011 | 4,558 | 8,168 |
| EBITDA | \$ 603,191 | \$ 578,649 | \$ 462,167 |
| EMEA | | | |
| Net (loss) income attributable to CBRE Group, Inc. | \$ (248,888) | \$ 9,846 | \$ 37,155 |
| Add: | | | |
| Depreciation and amortization | 20,496 | 14,198 | 10,945 |
| Non-amortizable intangible asset impairment | | 19,826 | |
| Interest expense | 2,552 | 9,152 | 1,633 |
| Royalty and management service expense | 267,199 | 12,654 | 14,142 |
| Provision for income taxes | 30,400 | 7,170 | 27,253 |
| Less: | | | |
| Interest income | 492 | 18,547 | 3,601 |
| EBITDA | \$ 71,267 | \$ 54,299 | \$ 87,527 |
| Asia Pacific | | | |
| Net income attributable to CBRE Group, Inc. | \$ 14,876 | \$ 35,040 | \$ 32,815 |
| Add: | | | |
| Depreciation and amortization | 12,397 | 11,475 | 9,654 |
| Interest expense | 2,990 | 4,641 | 3,535 |
| Royalty and management service expense | 23,184 | 15,388 | 14,666 |
| Provision for income taxes | 19,463 | 14,840 | 22,637 |
| Less: | | | |
| Interest income | 2,115 | 754 | 1,081 |
| EBITDA | \$ 70,795 | \$ 80,630 | \$ 82,226 |
| Global Investment Management | | | |
| Net loss attributable to CBRE Group, Inc. | \$ (7,056) | \$ (14,872) | \$ (44,938) |
| Add: | | | |
| Depreciation and amortization (1) | 36,670 | 51,557 | 22,424 |
| Interest expense (2) | 38,053 | 44,818 | 20,892 |
| Non-amortizable intangible asset impairment | 98,129 | | |

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| | | | |
|---|------------|-----------|-------------|
| Royalty and management service expense | 4,771 | 4,172 | 921 |
| Provision for (benefit of) income taxes | 24,809 | 11,805 | (13,404) |
| Less: | | | |
| Interest income | 767 | 1,121 | 667 |
| EBITDA (3) | \$ 194,609 | \$ 96,359 | \$ (14,772) |

Development Services

| | | | |
|---|-----------|-----------|-----------|
| Net income attributable to CBRE Group, Inc. | \$ 18,233 | \$ 18,228 | \$ 32,023 |
| Add: | | | |
| Depreciation and amortization (4) | 5,143 | 10,834 | 11,669 |
| Interest expense (5) | 7,004 | 11,288 | 12,784 |
| Provision for income taxes (6) | 13,006 | 11,884 | 19,826 |
| Less: | | | |
| Interest income | 365 | 550 | 189 |
| EBITDA (7) | \$ 43,021 | \$ 51,684 | \$ 76,113 |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

- (1) Includes depreciation and amortization related to discontinued operations of \$0.5 million, \$0.3 million and \$1.2 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- (2) Includes interest expense related to discontinued operations of \$1.0 million, \$0.2 million and \$2.8 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- (3) Includes EBITDA related to discontinued operations of \$1.4 million, \$0.5 million and \$4.0 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- (4) Includes depreciation and amortization related to discontinued operations of \$0.4 million, \$1.0 million and \$0.1 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- (5) Includes interest expense related to discontinued operations of \$2.3 million, \$1.4 million and \$0.4 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- (6) Includes provision for income taxes related to discontinued operations of \$1.3 million, \$1.0 million and \$4.0 million for the years ended December 31, 2013, 2012 and 2011, respectively.
- (7) Includes EBITDA related to discontinued operations of \$6.5 million, \$5.1 million and \$10.1 million for the years ended December 31, 2013, 2012 and 2011, respectively.

| | Year Ended December 31, | | |
|------------------------------|-------------------------|------------|------------|
| | 2013 | 2012 | 2011 |
| | (Dollars in thousands) | | |
| Capital expenditures | | | |
| Americas | \$ 112,570 | \$ 96,785 | \$ 112,340 |
| EMEA | 18,691 | 11,719 | 22,273 |
| Asia Pacific | 15,595 | 11,720 | 9,232 |
| Global Investment Management | 9,364 | 29,811 | 4,017 |
| Development Services | 138 | 197 | 118 |
| | \$ 156,358 | \$ 150,232 | \$ 147,980 |

| | December 31, | |
|------------------------------|------------------------|--------------|
| | 2013 | 2012 |
| | (Dollars in thousands) | |
| Identifiable assets | | |
| Americas | \$ 2,895,593 | \$ 3,256,719 |
| EMEA | 1,628,777 | 945,051 |
| Asia Pacific | 455,859 | 502,688 |
| Global Investment Management | 1,164,139 | 1,530,121 |
| Development Services | 205,953 | 374,532 |
| Corporate | 648,093 | 1,200,431 |
| | \$ 6,998,414 | \$ 7,809,542 |

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Identifiable assets by industry segment are those assets used in our operations in each segment. Corporate identifiable assets include cash and cash equivalents available for general corporate use and net deferred tax assets.

| | December 31, 2013 2012 (Dollars in thousands) | |
|---|--|------------|
| Investments in unconsolidated subsidiaries | | |
| Americas | \$ 21,777 | \$ 20,702 |
| EMEA | 414 | 911 |
| Global Investment Management | 99,714 | 131,750 |
| Development Services | 76,791 | 53,435 |
| | \$ 198,696 | \$ 206,798 |

Geographic Information:

| | Year Ended December 31, 2013 2012 2011 (Dollars in thousands) | | |
|---------------------|---|--------------|--------------|
| Revenue | | | |
| U.S. | \$ 4,359,277 | \$ 3,932,204 | \$ 3,492,118 |
| U.K. | 632,095 | 545,589 | 484,272 |
| All other countries | 2,193,422 | 2,036,306 | 1,929,021 |
| | \$ 7,184,794 | \$ 6,514,099 | \$ 5,905,411 |

The revenue shown in the table above is allocated based upon the country in which services are performed.

| | December 31, 2013 2012 (Dollars in thousands) | |
|--------------------------|--|------------|
| Long-lived assets | | |
| U.S. | \$ 330,344 | \$ 265,123 |
| U.K. | 45,234 | 38,568 |
| All other countries | 83,018 | 75,485 |
| | \$ 458,596 | \$ 379,176 |

The long-lived assets shown in the table above are comprised of net property and equipment.

22. Related Party Transactions

Included in prepaid expenses, other current assets and other long-term assets, net in the accompanying consolidated balance sheets are loans to related parties, primarily employees other than our executive officers, of \$98.2 million and \$66.5 million as of December 31, 2013 and 2012, respectively. The majority of these loans represent sign-on and retention bonuses issued or assumed in connection with acquisitions and prepaid commissions as well as prepaid retention and recruitment awards issued to employees. These loans are at varying principal amounts, bear interest at rates up to 5.1% per annum and mature on various dates through 2023.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Guarantor and Nonguarantor Financial Statements

The following condensed consolidating financial information includes:

(1) Condensed consolidating balance sheets as of December 31, 2013 and 2012; condensed consolidating statements of operations for the years ended December 31, 2013, 2012 and 2011; condensed consolidating statements of comprehensive income (loss) for the years ended December 31, 2013, 2012 and 2011; and condensed consolidating statements of cash flows for the years ended December 31, 2013, 2012 and 2011, of (a) CBRE Group, Inc. as the parent, (b) CBRE as the subsidiary issuer, (c) the guarantor subsidiaries, (d) the nonguarantor subsidiaries and (e) CBRE Group, Inc. on a consolidated basis; and

(2) Elimination entries necessary to consolidate CBRE Group, Inc. as the parent, with CBRE and its guarantor and nonguarantor subsidiaries.

Investments in consolidated subsidiaries are presented using the equity method of accounting. The principal elimination entries eliminate investments in consolidated subsidiaries and intercompany balances and transactions.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****CONDENSED CONSOLIDATING BALANCE SHEET**

AS OF DECEMBER 31, 2013

(Dollars in thousands)

| | Parent | CBRE | Guarantor Subsidiaries | Nonguarantor Subsidiaries | Elimination | Consolidated Total |
|--|---------------------|---------------------|---------------------------|------------------------------|-----------------------|-----------------------|
| Current Assets: | | | | | | |
| Cash and cash equivalents | \$ 5 | \$ 11,585 | \$ 91,244 | \$ 389,078 | \$ | \$ 491,912 |
| Restricted cash | | 6,871 | 2,645 | 51,639 | | 61,155 |
| Receivables, net | | | 487,514 | 998,975 | | 1,486,489 |
| Warehouse receivables (a) | | | 148,497 | 233,048 | | 381,545 |
| Trading securities | | | 100 | 58,342 | | 58,442 |
| Income taxes receivable | 15,892 | 18,246 | | 28,617 | (62,755) | |
| Prepaid expenses | | | 57,592 | 67,559 | | 125,151 |
| Deferred tax assets, net | | | 106,721 | 81,812 | | 188,533 |
| Real estate under development | | | | 19,133 | | 19,133 |
| Other current assets | | | 34,768 | 32,684 | | 67,452 |
| Total Current Assets | 15,897 | 36,702 | 929,081 | 1,960,887 | (62,755) | 2,879,812 |
| Property and equipment, net | | | 329,215 | 129,381 | | 458,596 |
| Goodwill | | | 1,084,394 | 1,206,080 | | 2,290,474 |
| Other intangible assets, net | | | 492,357 | 348,871 | | 841,228 |
| Investments in unconsolidated subsidiaries | | | 136,225 | 62,471 | | 198,696 |
| Investments in consolidated subsidiaries | 2,388,905 | 2,408,755 | 942,873 | | (5,740,533) | |
| Intercompany loan receivable | | 1,814,112 | 700,000 | | (2,514,112) | |
| Real estate under development | | | 822 | | | 822 |
| Real estate held for investment | | | 1,503 | 105,496 | | 106,999 |
| Available for sale securities | | | 54,108 | 2,692 | | 56,800 |
| Other assets, net | | 41,724 | 81,176 | 42,087 | | 164,987 |
| Total Assets | \$ 2,404,802 | \$ 4,301,293 | \$ 4,751,754 | \$ 3,857,965 | \$ (8,317,400) | \$ 6,998,414 |
| Current Liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$ | \$ 18,693 | \$ 161,836 | \$ 636,990 | \$ | \$ 817,519 |
| Compensation and employee benefits payable | | 626 | 282,756 | 203,611 | | 486,993 |
| Accrued bonus and profit sharing | | | 308,795 | 303,319 | | 612,114 |
| Income taxes payable | | | 73,866 | | (62,755) | 11,111 |
| Short-term borrowings: | | | | | | |
| Warehouse lines of credit (a) | | | 146,703 | 227,894 | | 374,597 |
| Revolving credit facility | | 28,772 | | 113,712 | | 142,484 |
| Other | | | 16 | | | 16 |
| Total short-term borrowings | | 28,772 | 146,719 | 341,606 | | 517,097 |
| Current maturities of long-term debt | | 39,650 | 2,568 | 27 | | 42,245 |
| Notes payable on real estate | | | | 62,017 | | 62,017 |
| Other current liabilities | | | 51,366 | 5,278 | | 56,644 |
| Total Current Liabilities | | 87,741 | 1,027,906 | 1,552,848 | (62,755) | 2,605,740 |

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| | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
| Long-Term Debt: | | | | | | |
| 5.00% senior notes | | 800,000 | | | | 800,000 |
| Senior secured term loans | | 645,613 | | | | 645,613 |
| 6.625% senior notes | | 350,000 | | | | 350,000 |
| Other long-term debt | | | 2,747 | 75 | | 2,822 |
| Intercompany loan payable | 509,017 | | 1,006,996 | 998,099 | (2,514,112) | |
| Total Long-Term Debt | 509,017 | 1,795,613 | 1,009,743 | 998,174 | (2,514,112) | 1,798,435 |
| Notes payable on real estate | | | | 68,455 | | 68,455 |
| Deferred tax liabilities, net | | | 69,137 | 91,640 | | 160,777 |
| Non-current tax liabilities | | | 62,059 | 3,461 | | 65,520 |
| Pension liability | | | | 68,012 | | 68,012 |
| Other liabilities | | 29,034 | 174,154 | 92,281 | | 295,469 |
| Total Liabilities | 509,017 | 1,912,388 | 2,342,999 | 2,874,871 | (2,576,867) | 5,062,408 |
| Commitments and contingencies | | | | | | |
| Equity: | | | | | | |
| CBRE Group, Inc. Stockholders Equity | 1,895,785 | 2,388,905 | 2,408,755 | 942,873 | (5,740,533) | 1,895,785 |
| Non-controlling interests | | | | 40,221 | | 40,221 |
| Total Equity | 1,895,785 | 2,388,905 | 2,408,755 | 983,094 | (5,740,533) | 1,936,006 |
| Total Liabilities and Equity | \$ 2,404,802 | \$ 4,301,293 | \$ 4,751,754 | \$ 3,857,965 | \$ (8,317,400) | \$ 6,998,414 |

- (a) Although CBRE Capital Markets is included among our domestic subsidiaries that jointly and severally guarantee our 5.00% senior notes, 6.625% senior notes and our Credit Agreement, a substantial majority of warehouse receivables funded under BofA, TD Bank, JP Morgan, Capital One, the JP Morgan Master Repurchase Agreement and Fannie Mae ASAP lines of credit are pledged to BofA, TD Bank, JP Morgan, Capital One and Fannie Mae, and accordingly, are not included as collateral for these notes or our other outstanding debt.

Table of Contents**CBRE GROUP, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****CONDENSED CONSOLIDATING BALANCE SHEET**

AS OF DECEMBER 31, 2012

(Dollars in thousands)

| | Parent | CBRE | Guarantor Subsidiaries | Nonguarantor Subsidiaries | Elimination | Consolidated Total |
|---|---------------------|---------------------|---------------------------|------------------------------|-----------------------|-----------------------|
| Current Assets: | | | | | | |
| Cash and cash equivalents | \$ 5 | \$ 18,312 | \$ 680,112 | \$ 390,868 | \$ | \$ 1,089,297 |
| Restricted cash | | 6,863 | 4,155 | 62,658 | | 73,676 |
| Receivables, net | | 5 | 465,226 | 797,592 | | 1,262,823 |
| Warehouse receivables (a) | | | 602,425 | 445,915 | | 1,048,340 |
| Trading securities | | | 113 | 101,218 | | 101,331 |
| Income taxes receivable | 17,637 | 6,580 | | 49,233 | (55,603) | 17,847 |
| Prepaid expenses | | | 47,071 | 54,546 | | 101,617 |
| Deferred tax assets, net | | | 149,959 | 55,787 | | 205,746 |
| Real estate and other assets held for sale | | | | 130,499 | | 130,499 |
| Available for sale securities | | | 679 | | | 679 |
| Other current assets | | | 30,674 | 22,021 | | 52,695 |
| Total Current Assets | 17,642 | 31,760 | 1,980,414 | 2,110,337 | (55,603) | 4,084,550 |
| Property and equipment, net | | | 263,661 | 115,515 | | 379,176 |
| Goodwill | | | 1,023,842 | 865,760 | | 1,889,602 |
| Other intangible assets, net | | | 463,487 | 323,306 | | 786,793 |
| Investments in unconsolidated subsidiaries | | | 119,402 | 87,396 | | 206,798 |
| Investments in consolidated subsidiaries | 1,912,207 | 2,529,531 | 1,329,992 | | (5,771,730) | |
| Intercompany loan receivable | | 1,521,065 | 700,000 | | (2,221,065) | |
| Real estate under development | | | 799 | 26,517 | | 27,316 |
| Real estate held for investment | | | 4,006 | 231,039 | | 235,045 |
| Available for sale securities | | | 53,980 | 3,141 | | 57,121 |
| Other assets, net | | 41,035 | 67,099 | 35,007 | | 143,141 |
| Total Assets | \$ 1,929,849 | \$ 4,123,391 | \$ 6,006,682 | \$ 3,798,018 | \$ (8,048,398) | \$ 7,809,542 |
| Current Liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$ | \$ 8,956 | \$ 122,598 | \$ 450,740 | \$ | \$ 582,294 |
| Compensation and employee benefits payable | | 626 | 252,365 | 187,200 | | 440,191 |
| Accrued bonus and profit sharing | | | 298,591 | 241,553 | | 540,144 |
| Securities sold, not yet purchased | | | | 54,103 | | 54,103 |
| Income taxes payable | | | 55,603 | | (55,603) | |
| Short-term borrowings: | | | | | | |
| Warehouse lines of credit (a) | | | 588,813 | 437,568 | | 1,026,381 |
| Revolving credit facility | | 10,557 | | 62,407 | | 72,964 |
| Other | | | 16 | | | 16 |
| Total short-term borrowings | | 10,557 | 588,829 | 499,975 | | 1,099,361 |
| Current maturities of long-term debt | | 46,000 | 2,439 | 24,717 | | 73,156 |
| Notes payable on real estate | | | | 35,212 | | 35,212 |
| Liabilities related to real estate and other assets held for sale | | | | 104,627 | | 104,627 |

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| | | | | | |
|--|-----------|-----------|-----------|-------------|-----------|
| Other current liabilities | | 40,989 | 2,216 | | 43,205 |
| Total Current Liabilities | 66,139 | 1,361,414 | 1,600,343 | (55,603) | 2,972,293 |
| Long-Term Debt: | | | | | |
| Senior secured term loans | 1,306,500 | | 250,569 | | 1,557,069 |
| 11.625% senior subordinated notes, net | 440,523 | | | | 440,523 |
| 6.625% senior notes | 350,000 | | | | 350,000 |
| Other long-term debt | | 6,752 | 105 | | 6,857 |
| Intercompany loan payable | 390,638 | 1,779,055 | 51,372 | (2,221,065) | |
| Total Long-Term Debt | 390,638 | 2,097,023 | 1,785,807 | | |