CBRE GROUP, INC.
Form 10-K
February 29, 2016
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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, 2015

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)**	**94-3391143** **(I.R.S. Employer Identification Number)**
400 South Hope Street, 25th Floor **Los Angeles, California** **(Address of principal executive offices)**	**90071** **(Zip Code)**

(213) 613-3333

(Registrant s telephone number, including area code)

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 x 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 x

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 x 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 x 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. x

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 x 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 x

As of June 30, 2015, the aggregate market value of Class A Common Stock held by non-affiliates of the registrant was $12.3 billion based upon the last sales price on June 30, 2015 on the New York Stock Exchange of $37.00 for the registrant s Class A Common Stock.

As of February 12, 2016, the number of shares of Class A Common Stock outstanding was 334,240,869.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the registrant s 2016 Annual Meeting of Stockholders to be held May 13, 2016 are incorporated by reference in Part III of this Annual Report on Form 10-K.

CBRE GROUP, INC.

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 larges commercial real estate services and investment firm, based on 2015 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, 2015, excluding independent affiliates, we operated in more than 400 offices worldwide, with more than 70,000 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 Company brand name.

Our business is focused on several competencies, including commercial property, corporate facilities, project and transaction management, tenant/occupier and property/agency leasing, capital markets solutions (property sales, commercial mortgage origination, sales and servicing, and structured finance), real estate investment management, valuation, development services and proprietary research. We generate revenues from both management fees (large multi-year portfolio and per-project contracts) and from commissions on transactions. Our contractual, fee-for-services businesses generally involve property and facilities management, mortgage loan servicing, investment management and appraisal/valuation. In addition, our leasing services have contractual elements and work for clients in this service line is often recurring in nature. Our revenue mix has shifted in recent years toward more contractual revenue as occupiers and investors increasingly prefer to purchase integrated, account-based services from firms that meet their broad needs in local markets nationally and globally. We believe we are well-positioned to capture a growing share of this business.

In 2015, we generated revenue from a well-balanced, highly diversified base of clients, including more than 90 of the *Fortune* 100 companies. We have been included in the *Fortune* 500 since 2008 and among the *Fortune* Most Admired Companies in the real estate sector for four consecutive years. In 2015, we were ranked second among all companies on the *Barron s* 500, which evaluates companies on growth and financial performance. Additionally, the International Association of Outsourcing Professionals (IAOP) has ranked us among the top few outsourcing service providers across all industries for five consecutive years.

CBRE History

CBRE marked its 109th year of continuous operations in 2015, 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 2015 revenue) through organic growth and a series of strategic acquisitions. Among these acquisitions are the purchases of Trammell Crow Company (December 2006); ING Group N.V. s Real Estate Investment Management (REIM) operations in Europe and Asia (October 2011) and its U.S.-based global real estate listed securities business (July 2011); and Norland Managed Services Ltd (December 2013). In addition, CBRE acquired the Global Workplace Solutions (GWS) business from Johnson Controls, Inc. in September 2015. GWS is a leading provider of enterprise facilities management services worldwide.

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.

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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 18 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 18 of our Notes to Consolidated Financial Statements, which is incorporated herein by reference.

The Americas

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

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

Our Americas segment accounted for 57.0% of our 2015 revenue, 57.5% of our 2014 revenue and 62.7% of our 2013 revenue. Within our Americas segment, we organize our services into several business lines, as further described below.

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 leasing services; (2) capital markets; and (3) valuation. Our advisory services business line accounted for 31.1% of our 2015 consolidated worldwide revenue, 32.5% of our 2014 consolidated worldwide revenue and 34.8% of our 2013 consolidated worldwide revenue.

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

> *Real Estate Leasing Services*. We provide strategic advice and execution to owners, investors and occupiers of real estate in connection with leasing (the majority of our revenues), disposition and acquisition of property. We generate significant repeat business from existing clients, which, for example, accounted for approximately 64% of our U.S. sales and leasing revenue in 2015, including referrals from other parts of our business. We believe we are a market leader for the provision of 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 and Phoenix.

Our real estate services professionals are compensated primarily through commission-based programs, which are payable upon completion of an assignment. This gives us flexibility to mitigate the negative effect of compensation, our largest expense, on our operating margins during difficult market conditions. We strive to retain top professionals through an attractive compensation program tied to productivity as well as greater investments in support resources, including professional development and training, market research and information, technology, branding and marketing, than most other firms in our sector.

We further strengthen our relationships with our real estate services clients by offering proprietary research to them through CBRE Research and CBRE Econometric Advisors, 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 helps to meet marketplace demand for comprehensive capital markets solutions. During 2015, we concluded approximately $128.6 billion of capital markets transactions in the Americas, including $88.7 billion of investment sales transactions and $39.9 billion of mortgage loan originations and sales.

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CBRE is the leading investment sales property advisor in the United States, with a market share of approximately 16.5% in 2015 across office, industrial, retail, multifamily and hotel properties according to Real Capital Analytics. 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 2015 was $33.7 billion, including approximately $12.6 billion for U.S. federal government-sponsored entities (GSEs). Most of the GSE loans were financed through our revolving credit lines dedicated exclusively for this purpose and were substantially risk mitigated by either obtaining a contractual purchase commitment from the GSE or confirming a forward-trade commitment for the issuance and purchase of a mortgage-backed security that will be secured by the loan. We advised on the sale of approximately $5.7 billion of mortgages on behalf of financial institutions in 2015. CBRE also operates a loan servicing portfolio, which totaled approximately $108.9 billion in the Americas at year-end 2015.

Valuation. We provide valuation services that include market value appraisals, litigation support, discounted cash flow analyses, feasibility and fairness opinions as well as consulting services such as property condition reports, hotel advisory and environmental consulting. Our valuation business has developed proprietary systems for data management, analysis and valuation report preparation, which we believe provide us with an advantage over our competitors. We believe that our valuation business is one of the largest in the industry. During 2015, we completed over 53,000 valuation, appraisal and advisory assignments in the Americas.

Outsourcing Services

The outsourcing of commercial real estate services is believed to be a long-term trend in our industry, with property owners and occupiers seeking better execution and improved efficiency by relying on the expertise of third-party real estate specialists. Two of our business lines capitalize on the outsourcing trend: (1) occupier outsourcing, which we provide for corporations, public sector entities, health care providers and others; and (2) asset services, which we provide for property owners. As of December 31, 2015, we managed approximately 2.3 billion square feet of commercial property and facilities in the Americas. Our outsourcing services business line accounted for 25.9% of our 2015 consolidated worldwide revenue, 25.0% of our 2014 consolidated worldwide revenue and 27.9% of our 2013 consolidated worldwide revenue.

Occupier Outsourcing. Through our Global Workplace Solutions business line, we provide a comprehensive suite of services to occupiers of real estate, including facilities management, project management, advisory and transaction services and strategic consulting. We typically 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. 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, manufacturing and laboratory facilities, distribution facilities and retail space. Contracts for facilities management services are typically structured so we receive reimbursement of client-dedicated personnel costs and associated overhead expenses plus a monthly fee, and in some cases, annual incentives if agreed-upon performance targets are satisfied. Project management services are typically provided on a portfolio-wide or programmatic basis. Revenues for project management generally include fixed management fees, variable fees, and incentive fees if certain agreed-upon performance targets are met. Revenues for project management may also include reimbursement of payroll and related costs for personnel providing the services.

Asset Services. We provide asset services (also called property management services) on a contractual basis for owners/investors in office, industrial and retail properties. These services include construction management, marketing, building engineering, accounting and financial services. We typically receive monthly management fees for the asset services we provide based upon a specified percentage of the monthly rental income or rental receipts generated from the property under management, or in certain cases, the greater of such percentage fee or a minimum agreed-upon fee. We are also often reimbursed for our administrative and payroll costs, as well as certain out-of-pocket expenses, directly attributable to the properties under management. Our management agreements with our asset services clients, which are owners/investors in real estate, may be terminated by either party with notice generally ranging between 30 to 90 days; however, we have developed long-term relationships with many of these clients and the typical contract continues for multiple years. We believe our contractual relationships with these clients put us in an advantageous position to provide other services to them, including leasing, refinancing, disposition and appraisal.

Europe, Middle East and Africa (EMEA)

Our Europe, Middle East and Africa, or EMEA, reporting segment operates in 43 countries. The largest operations are located in France, Germany, Ireland, Italy, The Netherlands, Spain, Switzerland and the United Kingdom. Our operations in these countries generally provide a full range of services to the commercial property sector. Additionally, we provide some residential property services, focused on the prime and super-prime segments of the market, primarily in the United Kingdom. Within EMEA, our services are organized along similar lines as in the Americas, including leasing, property sales, valuation services, asset management services and occupier outsourcing, among others. Our EMEA segment accounted for 27.7% of our 2015 revenue, 25.9% of our 2014 revenue and 16.9% of our 2013 revenue.

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

Asia Pacific

Our Asia Pacific reporting segment operates in 14 countries. 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 primary operations in Asia are located in Greater China, India, Japan, Singapore, South Korea and Thailand. In addition, we have contractual agreements with independent affiliates that generate royalty fees and support cross-referral arrangements similar to our EMEA segment. The Pacific region includes Australia and New Zealand. Our Asia Pacific segment accounted for 10.5% of our 2015 revenue, 10.7% of our 2014 revenue and 12.1% of our 2013 revenue.

Global Investment Management

Operations in our Global Investment Management reporting segment are conducted through our indirect wholly-owned subsidiary CBRE Global Investors, LLC and its global affiliates, which we also refer to as CBRE Global Investors. CBRE Global Investors provides investment 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 in: North America, Europe, Asia and Australia. In some strategies, CBRE Global Investors and its investment teams co-invest with its limited partners.

CBRE Global Investors offerings are organized into four primary categories: (1) direct real estate investments through sponsored funds; (2) direct real estate investments through separate accounts; (3) indirect real estate investments through listed securities; and (4) indirect real estate investments through multi-manager investment programs.

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Assets under management have increased from $17.3 billion at December 31, 2005 to $89.0 billion at December 31, 2015. Our Global Investment Management segment accounted for 4.2% of our 2015 revenue, 5.2% of our 2014 revenue and 7.5% of our 2013 revenue.

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 0.6% of our 2015 revenue, 0.7% of our 2014 revenue and 0.7% of our 2013 revenue.

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

At December 31, 2015, Trammell Crow Company had $6.7 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 $3.6 billion at December 31, 2015.

Competition

We compete across a variety of business disciplines within the commercial real estate industry, including commercial property, corporate facilities, project and transaction management, occupier and property/agency leasing, property sales, valuation, real estate investment management, commercial mortgage origination, sales and servicing, capital markets (structured finance) 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 2015 revenue, our relative competitive position varies significantly across geographic markets, property types and services. We face competition from other commercial real estate service providers that compete with us on a global, national, regional or local basis or within a market segment; outsourcing companies that traditionally competed in limited portions of our facilities management business and have expanded their offerings from time to time; 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 regional or local basis or have a stronger position in a specific market segment or service offering. Among our primary competitors are other large national and global firms, such as Cushman & Wakefield (which is the name adopted following the combination of DTZ and Cushman & Wakefield), Jones Lang LaSalle Incorporated, Colliers International Group Inc. (which was spun off from FirstService Corporation in 2015), Savills plc (which acquired U.S.-based service provider Studley, Inc. in 2014) and BGC Partners (which is the publicly traded

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parent of Newmark Grubb Knight Frank); market-segment specialists, such as Eastdil Secured, HFF, L.P. and Marcus & Millichap, Inc.; and firms with business lines that compete with our occupier outsourcing business.

Seasonality

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

Employees

At December 31, 2015, excluding our independent affiliates, we had more than 70,000 employees worldwide, approximately 37% of which represent costs that are fully reimbursed by clients and are mostly in our outsourcing services lines of business. At December 31, 2015, approximately 1,900 of our employees were subject to collective bargaining agreements, most of whom are on-site employees in our asset services business in California, Illinois, New Jersey and New York.

Intellectual Property

We hold various trademarks and trade names worldwide, which include the CBRE name. 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 and Trammell Crow Company names. We maintain trademark registrations for the CBRE service mark in jurisdictions where we conduct significant business.

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

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

Environmental Matters

Federal, state and local laws and regulations in the countries in which we do business impose environmental liabilities, controls, disclosure rules and zoning restrictions that affect the ownership, management, development, use or sale of commercial real estate. Certain of these laws and regulations may impose liability on current or previous real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at a property, including contamination resulting from above-ground or underground storage tanks or the presence of asbestos or lead at a property. If contamination occurs or is present during our role as a property or facility manager or developer, we could be held liable for such costs as a current operator of a property, regardless of the legality of the acts or omissions that caused the contamination and

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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.

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

Available Information

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

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

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

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

Item 1A. Risk Factors

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

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and uncertainties not presently known to us or that we currently believe to be immaterial (but that later become material) may also adversely affect our business.

The success of our business is significantly related to general economic conditions and, accordingly, our business, operations and financial condition could be adversely affected by economic slowdowns, liquidity crises, fiscal uncertainty and possible subsequent downturns in commercial real estate asset values, property sales and leasing activities in one or more of the geographies or industry sectors that we or our clients serve.

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 markets where we principally 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 asset services fees and commissions derived from property sales, leasing, valuation and financing, as well as revenues associated with development or investment management activities. Our businesses could also suffer from any political or economic disruption that affects interest rates or liquidity.

Adverse 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, which in turn could reduce the commissions and fees that we earn. In addition, our development and investment strategy often entails making co-investments alongside our investor clients. During an economic downturn, capital for our investment activities 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 Capital Markets business.

The performance of our asset services line of business depends upon how well the properties we manage perform. This is because our fees are generally based on a percentage of rent collections from these properties. Rent collections may be affected by many factors, 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 economic conditions.

Certain geographies within the Americas, as well as certain industry sectors that we serve, have been negatively affected by the recent weakened performance of the oil and gas industry, which may in turn diminish the performance of our various businesses in those geographies as well as reduce the demand for our services by our clients in such areas or who are affected by that industry. In continental Europe, the economic recovery is slow and fragile. If recovery in certain European economies stalls, our performance may be adversely affected. In addition, China s deteriorating macro-economic environment could adversely affect our operations in our Asia Pacific segment, which may adversely affect our financial performance.

Economic uncertainty as well as significant changes and volatility in the financial markets and business environment, and in the global landscape, make it increasingly difficult for us to predict our financial performance into the future. As a result, any guidance or outlook that we provide on our performance is based on then-current conditions, and there is a risk that such guidance may turn out to be inaccurate.

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

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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 may be unable to generate incentive fees, and we may also experience losses of co-invested equity capital if the disruption causes a permanent decline in the value of investments made.

Our operations are subject to social, political and economic risks in foreign countries as well as foreign currency volatility.

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 2015, approximately 45% of our revenue was transacted in foreign currencies, the majority of which included the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Chinese yuan, euro, Hong Kong dollar, Indian rupee, Japanese yen, Mexican peso, Singapore dollar and Swiss franc. Fluctuations in foreign currency exchange rates may result in corresponding fluctuations in our assets under management for our Global Investment Management business, revenue and earnings. Over time, fluctuations in the value of the U.S. dollar relative to the other currencies in which we may generate earnings could adversely affect our business, financial condition and operating results. Due to the constantly changing currency exposures to which we are subject and the volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon future operating results. In addition, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of our reported results of operations.

Additional circumstances and developments related to international operations that could negatively affect our business, financial condition or results of operations include, but are not limited to, the following factors:

- difficulties and costs of staffing and managing international operations among diverse geographies, languages and cultures;
- currency restrictions, transfer pricing regulations and adverse tax consequences, which may affect our ability to transfer capital and profits to the United States;
- adverse changes in regulatory or tax requirements and regimes;
- the responsibility of complying with numerous, potentially conflicting and frequently complex and changing laws in multiple jurisdictions, *e.g.*, with respect to corrupt practices, embargoes, trade sanctions, employment and licensing;
- the impact of regional or country-specific business cycles and economic instability;
- 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 certain countries, particularly in Asia Pacific, or the risk that such restrictions will be adopted in the future.

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

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

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

A significant component of our growth has been generated by acquisitions. Any future growth through acquisitions will depend in part 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 may prove incorrect. Future acquisitions and any necessary related financings also may involve significant transaction-related expenses, which include severance, lease termination, transaction and deferred financing costs, among others.

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

We complete acquisitions with the expectation that they will result in various benefits, including enhanced or more stable revenues, a strengthened market position, cross-selling opportunities, cost synergies, tax benefits and accretion to our adjusted income per share. Achieving the anticipated benefits of these acquisitions is subject to a number of uncertainties, including the realization of accretive benefits in the timeframe anticipated and whether we can successfully integrate the acquired business. 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 in turn materially and adversely affect our overall business, financial condition and operating results.

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Our success depends upon the retention of our senior management, as well as our ability to attract and retain qualified and experienced employees.

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

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

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

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

An important part of the strategy for our Global Investment Management business involves co-investing our capital in certain real estate investments with our clients, and there is an inherent risk of loss of our investments. As of December 31, 2015, we had committed $12.8 million to fund future co-investments in our Global Investment Management business, $8.8 million of which is expected to be funded during 2016. In addition to required future capital contributions, some of the co-investment entities may request additional capital from us and our subsidiaries holding investments in those assets. The failure to provide these contributions could have adverse consequences to our interests in these investments, including damage to our reputation with our co-investment partners and clients, as well as the necessity of obtaining alternative funding from other sources that may be on disadvantageous terms for us and the other co-investors. Participating as a co-investor is an important part of our Global Investment Management business, which might suffer if we were unable to make these investments. Although our debt instruments contain restrictions that limit our ability to provide capital to the entities holding direct or indirect interests in co-investments, we may provide this capital in many instances in further support of the co-investment.

Selective investment in real estate projects is an important part of our Development Services business strategy, and there is an inherent risk of loss of our investments. As of December 31, 2015, we had 10 consolidated real estate projects with invested equity of $9.1 million. In addition, at December 31, 2015, we were involved as a principal (in most cases, co-investing with our clients) in approximately 60 unconsolidated real estate subsidiaries with invested equity of $121.9 million and had committed additional capital to these unconsolidated subsidiaries of $29.6 million. As of December 31, 2015, we also guaranteed outstanding notes payable of these unconsolidated subsidiaries with outstanding balances of $12.4 million.

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

Because the disposition of a single significant investment can affect our financial performance in any period, our real estate investment activities could cause 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.

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

We have debt and related debt service obligations. As of December 31, 2015, 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 $2.7 billion. For the year ended December 31, 2015, our interest expense was approximately $118.9 million.

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

- plan for or react to market conditions;

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

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

incurring or guaranteeing additional indebtedness;

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- 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 as of the end of each fiscal quarter. Our coverage ratio of EBITDA to total interest expense was 11.81x for the year ended December 31, 2015, and our leverage ratio of total debt less available cash to EBITDA was 1.45x as of December 31, 2015. 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. 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. In addition, a default under our credit agreement could trigger a cross default or cross acceleration under our other debt instruments.

Our credit agreement is jointly and severally guaranteed by us and substantially all of our material domestic subsidiaries.

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. In addition, in the event of a credit-ratings downgrade, our ability to borrow and the costs of that borrowing could be adversely affected.

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, and so we may in the future incur such indebtedness in order to finance our operations and investments. In addition, 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 of them, may affect our ability to borrow as well as the costs of our current and future borrowings.

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We are subject to various litigation risks and may face financial liabilities and/or damage to our reputation as a result of litigation.

Our businesses are exposed to various litigation risks. In addition, although we maintain insurance coverage for most of this risk, insurance coverage is unavailable at commercially reasonable pricing for certain types of exposures. Accordingly, an adverse result in a litigation against us, or a lawsuit that results in a substantial legal liability for us (and particularly a lawsuit that is not insured), could have a disproportionate and material adverse effect on our business, financial condition and results of operations. In addition, we depend on our business relationships and our reputation for high-caliber professional services to attract and retain clients. As a result, allegations against us, irrespective of the ultimate outcome of that allegation, may harm our professional reputation and as such materially damage our business and its prospects.

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

Our business relies heavily on information technology to deliver services that meet the needs of our clients. If we are unable to effectively execute our information technology strategies or adopt new technologies and processes relevant to our service platform, our ability to deliver high-quality services may be materially impaired. In addition, we make significant investments in new systems and tools to achieve competitive advantages and efficiencies. Implementation of such investments in information technology could exceed estimated budgets and we may experience challenges that prevent new strategies or technologies from being realized according to anticipated schedules. If we are unable to maintain current information technology and processes or encounter delays, or fail to exploit new technologies, then the execution of our business plans may be disrupted. Similarly, our employees require effective tools and techniques to perform functions integral to our business. Failure to successfully provide such tools and systems, or ensure that employees have properly adopted them, could materially and adversely impact our ability to achieve positive business outcomes.

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

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

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

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

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

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

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

We compete across a variety of business disciplines within the commercial real estate services and investment industry, including commercial property and corporate facilities management, occupier and property/agency leasing, property sales, valuation, real estate investment management, commercial mortgage origination and servicing, capital markets (structured finance and debt) solutions, development services and proprietary research. Although we are the largest commercial real estate services firm in the world in terms of 2015 revenue, our relative competitive position varies significantly across geographies, property types and services and business lines. Depending on the geography, property type or service or business line, we face competition from other commercial real estate service providers and investment firms, including outsourcing companies that traditionally competed in limited portions of our facilities management business and have expanded their offerings from time to time, in-house corporate real estate departments, developers, institutional lenders, insurance companies, investment banking firms, investment managers and accounting and consulting firms. Some of these firms may have greater financial resources allocated to a particular geography, property type or service or business line than we have allocated that geography, property type, service or business line. In addition, future changes in laws could lead to the entry of other new competitors, such as financial institutions. Although many of our existing competitors are local or regional firms that are smaller than we are, some of these competitors are larger on a

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local or regional basis. We are further subject to competition from large national and multi-national firms that have similar service and investment competencies to ours, and it is possible that further industry consolidation could lead to much larger and more formidable competitors globally or in the particular geographies, property types, service or business lines that we serve. There is no assurance that we will be able to compete effectively, to maintain current fee levels or margins, or maintain or increase our market share.

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

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

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 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, or make incorrect determinations in complex tax regimes, we may incur significant financial penalties.

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

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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 U.S. 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.

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

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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

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The words anticipate, believe, could, should, propose, continue, estimate, expect, intend, may, plan, predict, project, 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 based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies.

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

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

- disruptions in general economic and business conditions, particularly in geographies where our business may be concentrated;
- volatility and disruption of the securities, capital and credit markets, interest rate increases, the cost and availability of capital for investment in real estate, clients willingness to make real estate or long-term contractual commitments and other factors affecting the value of real estate assets, inside and outside the United States;
- foreign currency fluctuations;
- increases in unemployment and general slowdowns in commercial activity;
- trends in pricing and risk assumption for commercial real estate services;
- the effect of significant movements in average cap rates across different property types;
- a reduction by companies in their reliance on outsourcing for their commercial real estate needs, which would affect our revenues and operating performance;
- client actions to restrain project spending and reduce outsourced staffing levels;
- declines in lending activity of Government Sponsored Enterprises, regulatory oversight of such activity and our mortgage servicing revenue from the U.S. commercial real estate mortgage market;
- our ability to diversify our revenue model to offset cyclical economic trends in the commercial real estate industry;
- our ability to attract new user and investor clients;

our ability to retain major clients and renew related contracts;

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

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

our ability to control costs relative to revenue growth;

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

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

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

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

integration challenges arising out of companies we may acquire;

our ability to retain and incentivize producers;

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

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

our leverage under our debt instruments as well as the limited restrictions therein on our ability to incur additional debt, and the potential increased borrowing costs to us from a credit-ratings downgrade;

litigation and its financial and reputational risks to us;

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

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

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

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

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

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

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

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

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

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

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

We occupied the following offices, excluding affiliates, as of December 31, 2015:

Location	Sales Offices	Corporate Offices	Total
Americas	180	3	183
Europe, Middle East and Africa (EMEA)	145	1	146
Asia Pacific	94	1	95
Total	419	5	424

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

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

We do not own any of these offices.

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. We believe that any losses in excess of the amounts accrued therefor as liabilities on our financial statements are unlikely to be significant, but litigation is inherently uncertain and there is the potential for a material adverse effect on our financial statements if one or more matters are resolved in a particular period in an amount materially in excess of what we anticipated.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Stock Price Information

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	
Fiscal Year 2015	**High**	**Low**
Quarter ending March 31, 2015	$ 38.99	$ 31.75
Quarter ending June 30, 2015	$ 39.77	$ 36.36
Quarter ending September 30, 2015	$ 38.76	$ 30.85
Quarter ending December 31, 2015	$ 38.49	$ 31.14
Fiscal Year 2014		
Quarter ending March 31, 2014	$ 28.44	$ 25.47
Quarter ending June 30, 2014	$ 32.06	$ 25.84
Quarter ending September 30, 2014	$ 33.77	$ 29.51
Quarter ending December 31, 2014	$ 35.37	$ 27.49

The closing share price for our Class A common stock on December 31, 2015, as reported by the New York Stock Exchange, was $34.58. As of February 12, 2016, there were 65 stockholders of record of our Class A common stock.

Dividend Policy

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

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Stock Performance Graph

The following graph shows our cumulative total stockholder return for the period beginning December 31, 2010 and ending on December 31, 2015. 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 two industry peer groups.

The comparison below assumes $100 was invested on December 31, 2010 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 necessarily indicative of future stock price performance.

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The new 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; Colliers International Group Inc. (CIGI), which was spun off from FirstService Corporation (FRSV) during 2015; HFF, L.P. (HF); Marcus & Millichap, Inc. (MMI), which was added to our peer group to replace Johnson Controls, Inc. (JCI) following our acquisition of the Global Workplace Solutions business from JCI in 2015; and Savills plc (SVS.L, traded on the London Stock Exchange). These companies are or include divisions with business lines reasonably comparable to some or all of ours, and which represent our current primary competitors. Our old peer group included FRSV, which was formerly the publicly traded parent of Colliers International before its spin off during 2015; and Johnson Controls, Inc. (JCI), which is no longer considered our peer after our acquisition of their Global Workplace Solutions business in 2015.

(1) $100 invested on 12/31/10 in stock or index-including reinvestment of dividends. Fiscal year ending December 31.

(2)

(3) Old peer group contains companies with the following ticker symbols: BGCP, CIGI, HF, JCI, JLL, and SVS.L (London).

(4) New peer group contains companies with the following ticker symbols: BGCP, CIGI, HF, JLL, MMI, and SVS.L (London).

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

Item 6. Selected Financial Data

The following table sets forth our selected historical consolidated financial information for each of the five years in the period ended December 31, 2015. The statement of operations data, the statement of cash flows data and the other data for the years ended December 31, 2015, 2014 and 2013 and the balance sheet data as of December 31, 2015 and 2014 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, 2012 and 2011, and the balance sheet data as of December 31, 2013, 2012 and 2011 were derived from our audited consolidated financial statements that are not included in this Form 10-K.

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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,				
	2015 (1)	2014	2013	2012	2011 (2)
	(Dollars in thousands, except share data)				
STATEMENTS OF OPERATIONS DATA:					
Revenue	$ 10,855,810	$ 9,049,918	$ 7,184,794	$ 6,514,099	$ 5,905,411
Operating income	835,944	792,254	616,128	585,081	462,862
Interest income	6,311	6,233	6,289	7,643	9,443
Interest expense	118,880	112,035	135,082	175,068	150,249
Write-off of financing costs on extinguished debt	2,685	23,087	56,295		
Income from continuing operations	558,877	513,503	321,798	304,156	240,435
Income from discontinued operations, net of income taxes			26,997	631	49,890
Net income	558,877	513,503	348,795	304,787	290,325
Net income (loss) attributable to non-controlling interests	11,745	29,000	32,257	(10,768)	51,163
Net income attributable to CBRE Group, Inc.	547,132	484,503	316,538	315,555	239,162
Income Per Share (3):					
Basic income per share attributable to CBRE Group, Inc. shareholders					
Income from continuing operations attributable to CBRE Group, Inc.	$ 1.64	$ 1.47	$ 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.	$ 1.64	$ 1.47	$ 0.96	$ 0.98	$ 0.75
Diluted income per share attributable to CBRE Group, Inc. shareholders					
Income from continuing operations attributable to CBRE Group, Inc.	$ 1.63	$ 1.45	$ 0.94	$ 0.96	$ 0.72
Income from discontinued operations attributable to CBRE Group, Inc.			0.01	0.01	0.02
Net income attributable to CBRE Group, Inc.	$ 1.63	$ 1.45	$ 0.95	$ 0.97	$ 0.74
Weighted average shares:					
Basic	332,616,301	330,620,206	328,110,004	322,315,576	318,454,191
Diluted	336,414,856	334,171,509	331,762,854	327,044,145	323,723,755
STATEMENTS OF CASH FLOWS DATA:					
Net cash provided by operating activities	$ 651,897	$ 661,780	$ 745,108	$ 291,081	$ 361,219
Net cash used in investing activities	(1,618,959)	(151,556)	(464,994)	(197,671)	(480,255)
Net cash provided by (used in) financing activities	789,548	(232,069)	(866,281)	(100,689)	711,325
OTHER DATA:					
EBITDA (4)	$ 1,297,335	$ 1,142,252	$ 982,883	$ 861,621	$ 693,261

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	As of December 31,				
	2015	2014	2013	2012	2011
			(Dollars in thousands)		
BALANCE SHEET DATA:					
Cash and cash equivalents	$ 540,403	$ 740,884	$ 491,912	$ 1,089,297	$ 1,093,182
Total assets (5)	11,017,943	7,568,010	6,998,414	7,809,542	7,219,143
Long-term debt, including current portion, net (5)	2,679,539	1,851,012	1,840,680	2,427,605	2,472,686
Notes payable on real estate, net (5)	38,258	41,445	130,472	326,012	372,912
Total liabilities (5)	8,258,873	5,266,612	5,062,408	6,127,730	5,801,980
Total CBRE Group, Inc. stockholders equity	2,712,652	2,259,830	1,895,785	1,539,211	1,151,481

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

(1) On September 1, 2015, CBRE, Inc., our wholly-owned subsidiary, closed on a Stock and Asset Purchase Agreement with Johnson Controls, Inc. (JCI) to acquire JCI s Global Workplace Solutions (GWS) business (which we refer to as the GWS Acquisition). The results for the year ended December 31, 2015 include the operations of GWS from September 1, 2015, the date such business was acquired.

(2) 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.

(3) See Income Per Share information in Note 15 of our Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report.

(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.

EBITDA represents earnings before net interest expense, write-off of financing costs on extinguished debt, income taxes, depreciation and amortization. EBITDA is not a recognized measurement under U.S. generally accepted accounting principles (GAAP) and when analyzing our operating performance, investors 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.

We generally use EBITDA to evaluate operating performance and for other discretionary purposes, and we believe that this measure provides a more complete understanding of ongoing operations and enhances comparability of current results to prior periods. We further believe that investors may find EBITDA useful in evaluating our operating performance compared to that of other companies in our industry because EBITDA calculations generally eliminate the effects of acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions, the effects of financings and income taxes and the accounting effects of capital spending. EBITDA may vary for different companies for reasons unrelated to overall operating performance.

EBITDA is not intended to be a measure of free cash flow for our discretionary use because it does not consider certain cash requirements such as tax and debt service payments. EBITDA may also differ from the amount calculated under similarly titled definitions in our debt instruments, which amounts are further adjusted to reflect certain other cash and non-cash charges and are used by us to determine compliance with financial covenants therein 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,				
	2015	2014	2013	2012	2011
Net income attributable to CBRE Group, Inc.	$ 547,132	$ 484,503	$ 316,538	$ 315,555	$ 239,162
Add:					
Depreciation and amortization (i)	314,096	265,101	191,270	170,905	116,930
Non-amortizable intangible asset impairment			98,129	19,826	
Interest expense (ii)	118,880	112,035	138,379	176,649	153,497
Write-off of financing costs on extinguished debt	2,685	23,087	56,295		
Provision for income taxes (iii)	320,853	263,759	188,561	186,333	193,115
Less:					
Interest income	6,311	6,233	6,289	7,647	9,443
EBITDA (iv)	$ 1,297,335	$ 1,142,252	$ 982,883	$ 861,621	$ 693,261

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(5) In the third quarter of 2015, we elected to early adopt the provisions of Accounting Standards Update (ASU) 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.* This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability instead of separately being recorded in other assets. As of December 31, 2014, deferred financing costs totaling $25.6 million have been reclassified from other assets and netted against the related debt liabilities to conform with the current year presentation. See Deferred Financing Costs discussion within Note 2 of our Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report. Amounts for 2011, 2012 and 2013 have not been reclassified to conform with the current year presentation.

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 2015 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, 2015, excluding independent affiliates, we operated in more than 400 offices worldwide with more than 70,000 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 Company brand name. Our business is focused on several competencies, including commercial property, corporate facilities, project and transaction management, tenant/occupier and property/agency leasing, capital markets solutions (property sales, commercial mortgage origination, sales and servicing, and structured finance) real estate investment management, valuation, development services and proprietary research. We generate revenue from both management fees (large multi-year portfolio and per-project contracts) and from commissions on transactions. We have been included in the *Fortune* 500 since 2008 and among the *Fortune* Most Admired Companies in the real estate sector for four consecutive years. In 2015, we were ranked second among all companies on the *Barron s* 500, which evaluates companies on growth and financial performance. Additionally, the International Association of Outsourcing Professionals (IAOP) has ranked us among the top few outsourcing service providers across all industries for five consecutive years.

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, four basic criteria 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. For a detailed discussion of our revenue recognition policies, see the Revenue Recognition section within Note 2 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report on Form 10-K (this Annual Report).

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,

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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.

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 asset impairment reviews.

We are required to test goodwill and other intangible assets deemed to have indefinite useful lives for impairment at least 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 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.

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.

For additional information on goodwill and intangible asset impairment testing, see Notes 2, 5 and 8 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report.

Income Taxes

Income taxes are accounted for under the asset and liability method in accordance with the *Accounting for Income Taxes*, Topic of the Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, (Topic 740). Deferred tax assets and liabilities are determined based on temporary

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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.

In November 2015, the FASB issued Accounting Standards Update, or ASU, 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* (ASU 2015-17). This ASU requires the offset of all deferred tax assets and liabilities, including valuation allowances, for each tax-paying jurisdiction within each tax-paying component. The net deferred tax must be presented as a single noncurrent amount. ASU 2015-17 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, with early adoption permitted. Entities may elect to use either a prospective or retrospective transition method. We elected to early adopt the provisions of ASU 2015-17 during the fourth quarter of 2015 and balance sheet amounts as of December 31, 2014 have been reclassified to conform with the current period presentation. As of December 31, 2014, $205.9 million of current deferred tax assets were reclassified to long term deferred tax assets.

Accounting for tax positions requires judgments, including estimating reserves for potential uncertainties. We also assess our ability to utilize tax attributes, including those in the form of carryforwards, for which the benefits have already been reflected in the financial statements. We do not record valuation allowances for deferred tax assets that we believe will be realized in future periods. While we believe the resulting tax balances as of December 31, 2015 and 2014 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.

Our foreign subsidiaries have accumulated $1.4 billion of undistributed earnings for which we have not recorded a deferred tax liability. Although tax liabilities might result from dividends being paid out of these earnings, or as a result of a sale or liquidation of non-U.S. subsidiaries, these earnings are permanently reinvested outside of the United States and we do not have any plans to repatriate them or to sell or liquidate any of our non-U.S. subsidiaries. To the extent that we are able to repatriate earnings in a tax efficient manner, we would be required to accrue and pay U.S. taxes to repatriate these funds, net of foreign tax credits. Determining our tax liability upon repatriation is not practicable. Cash and cash equivalents owned by non-U.S. subsidiaries totaled $315.5 million at December 31, 2015. In 2013, we repatriated $196.2 million. Tax benefits associated with the release of valuation allowances on foreign tax credits of $14.5 million and $4.9 million were recorded in 2013 and 2014, respectively.

See Note 13 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report for further information regarding income taxes.

New Accounting Pronouncements

See New Accounting Pronouncements section within Note 2 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report.

Items Affecting Comparability

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 and changes in interest rates; the cost and availability of credit; and the impact of tax and regulatory policies. Periods of economic weakness or recession, significantly rising interest rates, fiscal uncertainty, declining employment levels, decreasing demand for commercial real estate, falling real estate values, disruption to the global capital or credit markets, or the public perception that any of these events may occur, will negatively affect the performance of our business.

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

Commercial real estate markets have recovered over the past several years, along with the steady improvement in global economic activity, most particularly in the United States. Since 2010, increased U.S. property sales activity has been sustained by gradually improving market fundamentals, low-cost credit availability and increased global and domestic capital flows. During this time, U.S. leasing markets have been marked by increased demand for space, falling vacancies and higher rents.

European economies began to emerge from recession in 2013, with most countries returning to positive, albeit modest, economic growth. Reflecting the macro environment, leasing markets in most of Europe were slow to recover, but improved significantly in 2015. Buoyed by low-cost credit and continued capital flows, Europe saw increased property sales activity in 2015, with higher volumes occurring across more markets, particularly on the continent.

In Asia Pacific, the performance of real estate leasing and investment markets has varied from country to country amid slowing economic growth. Strength in Australia has generally compensated for slower activity elsewhere in the region. In addition, increasingly, local capital has been migrating to other parts of the world.

Real estate investment management and property development markets have been generally favorable with abundant debt and equity capital flows into commercial real estate. However, real estate equity securities markets were adversely affected in 2015 by investor concerns about rising interest rates.

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

Effects of Acquisitions

The Company 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. On September 1, 2015, CBRE, Inc., our wholly-owned subsidiary, closed on a Stock and Asset Purchase Agreement (the Purchase Agreement) with Johnson Controls, Inc. (JCI) to acquire JCI s Global Workplace Solutions (GWS) business (which we refer to as the GWS Acquisition). The acquired GWS business is a market-leading provider of integrated facilities management solutions for major occupiers of commercial real estate and has significant operations around the world. The purchase price was $1.475 billion, paid in cash, with adjustments for working capital and other items. We completed the GWS Acquisition in order to advance our strategy of delivering globally integrated services to major occupiers in our Americas, EMEA and Asia Pacific segments. We merged the acquired GWS business with our existing occupier outsourcing business line, and the new combined business adopted the Global Workplace Solutions name.

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 regional or

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specialty firms that complement our existing platform within a region, or independent affiliates in which, in some cases, we held a small equity interest. During 2015, we completed eight in-fill acquisitions, including a Seattle-based leader in capital markets services for affordable housing, a Texas-based commercial real estate firm specializing in retail services, an energy management specialist based in Brookfield, Wisconsin, a Chicago-based location data analytics firm, one of the leading retail real estate services firms in the midwestern United States, an advisory, consulting and research firm specializing in the Canadian hospitality and tourism industries and our former independent affiliate companies in Columbia, South Carolina, and Memphis, Tennessee. During 2014, we completed 11 in-fill acquisitions, including our former independent affiliate companies in Thailand, Greenville, South Carolina, Louisville, Kentucky and Oklahoma City and Tulsa, Oklahoma, a commercial real estate service provider in Chicago, a New York-based valuation and advisory business, a technical real estate consulting firm based in Germany, a consulting and advisory firm in the U.S. hotels sector, a shopping center management, leasing and consulting company in Switzerland and project management companies in Germany and Australia.

Although we believe 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. The adverse impact is a result of transaction-related expenditures, which include severance, lease termination, transaction and deferred financing costs, among others, and the charges and costs of integrating the acquired business and its financial and accounting systems into our own. In addition, our acquisition structures often include deferred and/or contingent purchase price payments in future periods that are subject to the passage of time or achievement of certain performance metrics and other conditions. As of December 31, 2015, we have accrued deferred consideration totaling $79.7 million, which was included in accounts payable and accrued expenses and in other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

International Operations

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

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During the year ended December 31, 2015, approximately 45% of our business was transacted in non-U.S. dollar currencies, the majority of which included the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Chinese yuan, euro, Hong Kong dollar, Indian rupee, Japanese yen, Mexican peso, Singapore dollar and Swiss franc. Although we operate globally, we report our results in U.S. dollars. As a result, the strengthening or weakening of the U.S. dollar may positively or negatively impact our reported results. The following table sets forth our revenue derived from our most significant currencies (dollars in thousands):

	Year Ended December 31,					
	2015		2014		2013	
United States dollar	$ 5,991,826	55.2%	$ 5,027,479	55.6%	$ 4,359,277	60.7%
British pound sterling	1,861,199	17.1%	1,632,127	18.0%	634,375	8.8%
euro	1,071,666	9.9%	773,753	8.5%	677,258	9.4%
Australian dollar	360,284	3.3%	359,660	4.0%	322,792	4.5%
Canadian dollar	291,273	2.7%	319,670	3.5%	324,900	4.5%
Indian rupee	171,678	1.6%	135,139	1.5%	118,944	1.7%
Japanese yen	155,842	1.4%	168,574	1.9%	151,050	2.1%
Chinese yuan	152,771	1.4%	101,790	1.1%	102,643	1.4%
Singapore dollar	105,336	1.0%	89,343	1.0%	89,509	1.3%
Hong Kong dollar	85,052	0.8%	60,186	0.7%	60,867	0.8%
Swiss franc	70,415	0.7%	22,494	0.2%	24,332	0.3%
Mexican peso	68,429	0.6%	39,371	0.4%	28,688	0.4%
Brazilian real	65,844	0.6%	77,305	0.9%	91,895	1.3%
Other currencies	404,195	3.7%	243,027	2.7%	198,264	2.8%
Total revenue	$ 10,855,810	100.0%	$ 9,049,918	100.0%	$ 7,184,794	100.0%

For example, we estimate that had the British pound sterling-to-U.S. dollar exchange rates been 10% higher during the year ended December 31, 2015, the net impact would have been an increase in pre-tax income of $7.5 million. We estimate that had the euro-to-U.S. dollar exchange rates been 10% higher during the year ended December 31, 2015, the net impact would have been an increase in pre-tax income of $6.3 million. These hypothetical calculations estimate the impact of translating results into U.S. dollars, without giving effect to our hedging activities, and do not include an estimate of the impact that a 10% change in the U.S. dollar against other currencies would have had on our foreign operations.

We enter into derivative financial instruments to attempt to protect the value or fix the amount of certain obligations in terms of our reporting currency, the U.S. dollar. In March 2014, we began a foreign currency exchange forward hedging program by entering into foreign currency exchange forward contracts, including agreements to buy U.S. dollars and sell Australian dollars, British pound sterling, Canadian dollars, euros and Japanese yen. The purpose of these forward contracts is to attempt to mitigate the risk of fluctuations in foreign currency exchange rates that would adversely impact some of our foreign currency denominated EBITDA. Hedge accounting was not elected for any of these contracts. As such, changes in the fair values of these contracts are recorded directly in earnings. Included in the consolidated statement of operations set forth in Item 8 of this Annual Report were net gains of $24.2 million and $5.3 million from foreign currency exchange forward contracts for the years ended December 31, 2015 and 2014, respectively.

We also routinely monitor our exposure to currency exchange rate changes in connection with certain transactions and sometimes enter into foreign currency exchange option and forward contracts to limit our exposure to such transactions, as appropriate. In the ordinary course of business, we also sometimes utilize derivative financial instruments in the form of foreign currency exchange contracts to attempt to mitigate foreign currency exchange exposure resulting from intercompany loans. The net impact on our earnings resulting from gains and/or losses associated with these foreign currency exchange option and forward contracts has not been significant.

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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 affects the currency markets and which as a result may adversely affect our future financial condition and results of operations. We routinely monitor these risks and related costs and evaluate the appropriate amount of oversight to allocate towards business activities in foreign countries where such risks and costs are particularly significant.

Seasonality

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

Inflation

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

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Results of Operations

The following table sets forth items derived from our consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013:

	Year Ended December 31, 2015		2014 (Dollars in thousands)		2013	
Revenue	$ 10,855,810	100.0%	$ 9,049,918	100.0%	$ 7,184,794	100.0%
Costs and expenses:						
Cost of services	7,082,932	65.2	5,611,262	62.0	4,189,389	58.3
Operating, administrative and other	2,633,609	24.3	2,438,960	27.0	2,104,310	29.3
Depreciation and amortization	314,096	2.9	265,101	2.9	190,390	2.6
Non-amortizable intangible asset impairment					98,129	1.4
Total costs and expenses	10,030,637	92.4	8,315,323	91.9	6,582,218	91.6
Gain on disposition of real estate	10,771	0.1	57,659	0.7	13,552	0.2
Operating income	835,944	7.7	792,254	8.8	616,128	8.6
Equity income from unconsolidated subsidiaries	162,849	1.5	101,714	1.1	64,422	0.9
Other (loss) income	(3,809)		12,183	0.1	13,523	0.2
Interest income	6,311		6,233	0.1	6,289	0.1
Interest expense	118,880	1.1	112,035	1.2	135,082	1.9
Write-off of financing costs on extinguished debt	2,685		23,087	0.3	56,295	0.8
Income from continuing operations before provision for income taxes	879,730	8.1	777,262	8.6	508,985	7.1
Provision for income taxes	320,853	3.0	263,759	2.9	187,187	2.6
Income from continuing operations	558,877	5.1	513,503	5.7	321,798	4.5
Income from discontinued operations, net of income taxes					26,997	0.4
Net income	558,877	5.1	513,503	5.7	348,795	4.9
Less: Net income attributable to non-controlling interests	11,745	0.1	29,000	0.3	32,257	0.5
Net income attributable to CBRE Group, Inc.	$ 547,132	5.0%	$ 484,503	5.4%	$ 316,538	4.4%
EBITDA (1)	$ 1,297,335	12.0%	$ 1,142,252	12.6%	$ 982,883	13.7%
EBITDA, as adjusted (1)	$ 1,412,724	13.0%	$ 1,166,125	12.9%	$ 1,022,255	14.2%

(1) Includes EBITDA related to discontinued operations of $7.9 million for the year ended December 31, 2013.

EBITDA represents earnings before net interest expense, write-off of financing costs on extinguished debt, income taxes, depreciation and amortization. Amounts shown for EBITDA, as adjusted (which we also refer to as Normalized EBITDA), further remove (from EBITDA) the impact of certain cash and non-cash charges related to acquisitions, as well as certain carried interest incentive compensation expense. Neither EBITDA nor EBITDA, as adjusted, is a recognized measurement under U.S. generally accepted accounting principles, or GAAP, and when analyzing our operating performance, investors should use them 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 these measures may not be comparable to similarly titled measures of other companies.

We generally use these non-GAAP financial measures to evaluate operating performance and for other discretionary purposes, and we believe that these measures provide a more complete understanding of ongoing operations, enhance comparability of current results to prior periods and may be useful for investors to analyze our financial performance because they eliminate the impact of selected charges that may obscure trends in the underlying performance of our business. We further believe that investors may find these measures useful in evaluating our operating performance compared to that of other companies in our industry because their calculations generally eliminate the effects of acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions, the effects of financings and income taxes and the accounting effects of capital spending. EBITDA and EBITDA, as adjusted, may vary for different companies for reasons unrelated to overall operating performance.

These measures are not intended to be measures of free cash flow for our discretionary use because they do not consider certain cash requirements such as tax and debt service payments. These measures may also differ from the amounts calculated under similarly titled definitions in our debt instruments, which amounts are further adjusted to reflect certain other cash and non-cash charges and are used by us to determine compliance with financial covenants therein and our ability to engage in certain activities, such as incurring additional debt and making certain restricted payments. We also use EBITDA, as adjusted, as a significant component when measuring our operating performance under our employee incentive compensation programs.

EBITDA and EBITDA, as adjusted, are calculated as follows:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in thousands)		
Net income attributable to CBRE Group, Inc.	$ 547,132	$ 484,503	$ 316,538
Add:			
Depreciation and amortization (1)	314,096	265,101	191,270
Non-amortizable intangible asset impairment			98,129
Interest expense (2)	118,880	112,035	138,379
Write-off of financing costs on extinguished debt	2,685	23,087	56,295
Provision for income taxes (3)	320,853	263,759	188,561
Less:			
Interest income	6,311	6,233	6,289
EBITDA (4)	$ 1,297,335	$ 1,142,252	$ 982,883
Adjustments:			
Cost containment expenses	40,439		17,621
Carried interest incentive compensation expense to match current period revenue	26,085	23,873	9,160
Integration and other acquisition related costs	48,865		12,591
EBITDA, as adjusted (4)	$ 1,412,724	$ 1,166,125	$ 1,022,255

(1) Includes depreciation and amortization related to discontinued operations of $0.9 million for the year ended December 31, 2013.
(2) Includes interest expense related to discontinued operations of $3.3 million for the year ended December 31, 2013.
(3) Includes provision for income taxes related to discontinued operations of $1.3 million for the year ended December 31, 2013.
(4) Includes EBITDA related to discontinued operations of $7.9 million for the year ended December 31, 2013.

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Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

We reported consolidated net income of $547.1 million for the year ended December 31, 2015 on revenue of $10.9 billion as compared to consolidated net income of $484.5 million on revenue of $9.0 billion for the year ended December 31, 2014.

Our revenue on a consolidated basis for the year ended December 31, 2015 increased by $1.8 billion, or 20.0%, as compared to the year ended December 31, 2014. This increase was in part due to contributions from the GWS Acquisition since September 1, 2015. Additionally, the revenue increase also reflects strong organic growth, fueled by higher worldwide property, facilities and project management fees (excluding the impact of the GWS Acquisition, up 15.9%), as well as increased sales (up 17.9%) and leasing (up 11.5%) activity. An increase in global appraisal revenue (up 18.6%) and commercial mortgage brokerage activity in our Americas segment (up 28.5%) also contributed to the positive variance. Foreign currency translation had a $536.4 million negative impact on total revenue during the year ended December 31, 2015, primarily driven by weakness in the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, euro and Japanese yen during the year ended December 31, 2015 versus the year ended December 31, 2014.

Our cost of services on a consolidated basis increased by $1.5 billion, or 26.2%, during the year ended December 31, 2015 as compared to the year ended December 31, 2014. This increase was primarily due to higher costs associated with our global property and facilities management businesses, particularly due to the GWS Acquisition. In addition, 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 expense. Lastly, we incurred $18.3 million of costs in connection with a project to eliminate costs to enhance margins going forward. These increases were partially offset by foreign currency translation, which had a $318.4 million positive impact on cost of services during the year ended December 31, 2015. Cost of services as a percentage of revenue increased from 62.0% for the year ended December 31, 2014 to 65.2% for the year ended December 31, 2015, largely due to the GWS Acquisition. Excluding activity associated with the acquired GWS business, cost of services as a percentage of revenue was 62.5% for the year ended December 31, 2015, compared to 62.0% for the year ended December 31, 2014.

Our operating, administrative and other expenses on a consolidated basis increased by $194.6 million, or 8.0%, during the year ended December 31, 2015 as compared to the year ended December 31, 2014. The increase was partly driven by costs associated with the GWS Acquisition. Also contributing to the variance were higher worldwide payroll-related costs (including bonuses) attributable to increased headcount and improved results as well as higher consulting, marketing and travel costs. Lastly, we incurred $22.1 million of costs in connection with the project to eliminate costs to enhance margins going forward. These increases were partially mitigated by an $8.6 million asset impairment charge incurred in our Americas segment in the prior year, which did not recur in the current year, and foreign currency movement. Foreign currency translation had a $162.3 million positive impact on total operating expenses during the year ended December 31, 2015 and there was an improvement of $20.7 million in foreign currency transaction activity over the prior year, much of which related to hedging activities. Operating expenses as a percentage of revenue decreased from 27.0% for the year ended December 31, 2014 to 24.3% for the year ended December 31, 2015, partially due to the GWS Acquisition. Excluding activity associated with the acquired GWS business, operating expenses as a percentage of revenue was 25.7% for the year ended December 31, 2015 as compared to 27.0% for the year ended December 31, 2014, reflecting the operating leverage inherent in our business.

Our depreciation and amortization expense on a consolidated basis increased by $49.0 million, or 18.5%, during the year ended December 31, 2015 as compared to the year ended December 31, 2014. This increase was primarily attributable to higher amortization expense relative to intangibles acquired in the GWS Acquisition as well as increased amortization expense associated with mortgage servicing rights. A rise in depreciation expense during the year ended December 31, 2015 driven by technology-related capital expenditures also contributed to the increase.

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Our gain on disposition of real estate on a consolidated basis was $10.8 million for the year ended December 31, 2015 compared to $57.7 million for the year ended December 31, 2014. These gains resulted from activity within our Global Investment Management and Development Services segments.

Our equity income from unconsolidated subsidiaries on a consolidated basis increased by $61.1 million, or 60.1%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily driven by higher equity earnings associated with gains on property sales reported in our Development Services segment.

Our other loss on a consolidated basis was $3.8 million for the year ended December 31, 2015 compared to other income on a consolidated basis of $12.2 million for the year ended December 31, 2014. This activity primarily relates to net realized and unrealized gains and losses attributable to co-investments in our real estate securities business.

Our consolidated interest income was $6.3 million for the year ended December 31, 2015 versus $6.2 million for the year ended December 31, 2014.

Our consolidated interest expense increased by $6.8 million, or 6.1%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This increase was primarily driven by higher interest expense in the current year associated with $600.0 million of 4.875% senior notes issued in August 2015 as well as the 5.25% senior notes issued in September 2014 and December 2014 of $300.0 million and $125.0 million, respectively. These increases were partially offset by lower interest expense associated with $350.0 million of 6.625% senior notes, which were redeemed in full in October 2014, as well as lower interest expense due to a decrease in notes payable on real estate in the current year.

Our write-off of financing costs on extinguished debt on a consolidated basis was $2.7 million for the year ended December 31, 2015 compared to $23.1 million for the year ended December 31, 2014. The costs incurred during the current year included the write-off of $1.7 million of unamortized deferred financing costs associated with our credit agreement dated March 28, 2013, as amended (our 2013 Credit Agreement), and $1.0 million of fees incurred in connection with our amended and restated credit agreement dated January 9, 2015, as amended (our 2015 Credit Agreement). The costs incurred in the prior year primarily related to costs associated with the redemption in full of our 6.625% senior notes, including a $17.4 million early extinguishment premium and the write-off of $5.7 million of previously deferred financing costs. See Note 10 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report for more information on such credit agreements.

Our provision for income taxes on a consolidated basis was $320.9 million for the year ended December 31, 2015 compared to $263.8 million for the year ended December 31, 2014. This increase was driven by the significant growth in pre-tax income during the year ended December 31, 2015. Our effective tax rate, after adjusting pre-tax income to remove the portion attributable to non-controlling interests, increased to 37.0% for the year ended December 31, 2015 compared to 35.3% for the year ended December 31, 2014. This increase was largely due to the reversal of accrued taxes, interest and penalties related to settled positions, which had a favorable impact on the 2014 effective tax rate and did not recur in 2015.

Our net income attributable to non-controlling interests on a consolidated basis was $11.7 million for the year ended December 31, 2015 as compared to $29.0 million for the year ended December 31, 2014. This activity primarily reflects our non-controlling interests share of income within our Global Investment Management and Development Services segments.

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

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

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

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

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

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

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

Our gain on disposition of real estate on a consolidated basis was $57.7 million for the year ended December 31, 2014 as compared to $13.6 million for the year ended December 31, 2013. These gains resulted from activity within our Global Investment Management and Development Services segments. The increase over the prior-year period is largely due to our adoption of ASU 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* effective January 1, 2014 and as a result, no longer reporting discontinued operations in the ordinary course of our business. Prior to January 1, 2014, if in the ordinary course of business we disposed of real estate assets, or held real estate assets for sale, that were considered components of an entity in accordance with Topic 360, and if we did not have, or expect to have, significant continuing involvement with the operation of these real estate assets after disposition, we were required to recognize operating profits or losses and gains or losses on disposition of these assets as discontinued operations in our consolidated statements of operations in the periods in which they occurred.

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

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

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

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

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

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

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

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

Segment Operations

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

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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, 2015, 2014 and 2013:

	Year Ended December 31,					
	2015		2014		2013	
	(Dollars in thousands)					
Americas						
Revenue	$ 6,189,913	100.0%	$ 5,203,766	100.0%	$ 4,504,520	100.0%
Costs and expenses:						
Cost of services	4,116,257	66.5	3,398,443	65.3	2,911,168	64.6
Operating, administrative and other	1,257,310	20.3	1,111,091	21.4	1,008,518	22.4
Depreciation and amortization	198,908	3.2	149,214	2.8	116,564	2.6
Operating income	$ 617,438	10.0%	$ 545,018	10.5%	$ 468,270	10.4%
EBITDA (1)	$ 836,370	13.5%	$ 725,559	13.9%	$ 603,191	13.4%
EMEA						
Revenue	$ 3,004,484	100.0%	$ 2,344,252	100.0%	$ 1,217,109	100.0%
Costs and expenses:						
Cost of services	2,205,550	73.4	1,605,859	68.5	721,461	59.3
Operating, administrative and other	624,924	20.8	582,182	24.8	425,189	34.9
Depreciation and amortization	68,370	2.3	64,628	2.8	20,496	1.7
Operating income	$ 105,640	3.5%	$ 91,583	3.9%	$ 49,963	4.1%
EBITDA (1)	$ 176,321	5.9%	$ 158,424	6.8%	$ 71,267	5.9%
Asia Pacific						
Revenue	$ 1,135,070	100.0%	$ 967,777	100.0%	$ 872,821	100.0%
Costs and expenses:						
Cost of services	761,125	67.1	606,960	62.7	556,760	63.8
Operating, administrative and other	286,706	25.3	272,946	28.2	245,251	28.1
Depreciation and amortization	15,580	1.3	14,661	1.5	12,397	1.4
Operating income	$ 71,659	6.3%	$ 73,210	7.6%	$ 58,413	6.7%
EBITDA (1)	$ 87,059	7.7%	$ 87,871	9.1%	$ 70,795	8.1%
Global Investment Management						
Revenue	$ 460,700	100.0%	$ 468,941	100.0%	$ 537,102	100.0%
Costs and expenses:						
Operating, administrative and other	349,324	75.8	373,977	79.7	352,395	65.6
Depreciation and amortization	29,020	6.3	32,802	7.0	36,194	6.7
Non-amortizable intangible asset impairment					98,129	18.3
Gain on disposition of real estate			23,028	4.9		
Operating income	$ 82,356	17.9%	$ 85,190	18.2%	$ 50,384	9.4%
EBITDA (1) (2)	$ 105,284	22.9%	$ 96,262	20.5%	$ 194,609	36.2%
Development Services						
Revenue	$ 65,643	100.0%	$ 65,182	100.0%	$ 53,242	100.0%
Costs and expenses:						
Operating, administrative and other	115,345	175.7	98,764	151.5	72,957	137.0
Depreciation and amortization	2,218	3.4	3,796	5.8	4,739	8.9
Gain on disposition of real estate	10,771	16.4	34,631	53.1	13,552	25.4

Operating loss	$	(41,149)	(62.7)%	$	(2,747)	(4.2)%	$	(10,902)	(20.5)%
EBITDA (1) (3)	$	92,301	140.6%	$	74,136	113.7%	$	43,021	80.8%

(1) See Note 18 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 directly comparable financial measure calculated and presented in accordance with GAAP (which is segment net income (loss) attributable to CBRE Group, Inc.), as well as for an explanation of this non-GAAP financial measure.

(2) Includes EBITDA related to discontinued operations of $1.4 million for the year ended December 31, 2013.

(3) Includes EBITDA related to discontinued operations of $6.5 million for the year ended December 31, 2013.

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Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Americas

Revenue increased by $986.1 million, or 19.0%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This increase was in part due to contributions from the GWS Acquisition. Additionally, the revenue increase also reflects strong organic growth, fueled by higher property, facilities and project management fees (excluding the impact of the GWS Acquisition, up 11.8%), as well as improved sales, leasing, commercial mortgage brokerage and appraisal activity. Foreign currency translation had an $85.6 million negative impact on total revenue during the year ended December 31, 2015, primarily driven by weakness in the Brazilian real and Canadian dollar when converting to U.S. dollars during the year ended December 31, 2015 versus the year ended December 31, 2014.

Cost of services increased by $717.8 million, or 21.1%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily due to higher costs associated with our global property and facilities management businesses, particularly due to the GWS Acquisition. This increase was also due to higher commission expense resulting from improved sales and lease transaction revenue. Additionally, higher salaries and related costs due to increased headcount (in part due to in-fill acquisitions) also contributed to the increase. Foreign currency translation had a $52.8 million positive impact on cost of services during the year ended December 31, 2015. Cost of services as a percentage of revenue increased to 66.5% for the year ended December 31, 2015 compared to 65.3% for the year ended December 31, 2014, largely due to the GWS Acquisition. Excluding activity associated with the acquired GWS business, cost of services as a percentage of revenue was 65.2% for the year ended December 31, 2015, compared to 65.3% for the year ended December 31, 2014.

Operating, administrative and other expenses increased by $146.2 million, or 13.2%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014. The increase was partly driven by costs associated with the GWS Acquisition. Also contributing to the variance were higher payroll-related costs (including bonuses) attributable to increased headcount and improved results as well as higher consulting, marketing and travel costs. These increases were partially mitigated by an $8.6 million asset impairment charge incurred in our Americas segment in the prior year, which did not recur in the current year, and foreign currency movement. Foreign currency translation had a $24.5 million positive impact on total operating expenses during the year ended December 31, 2015 and there was an improvement of $19.1 million in foreign currency transaction activity over the prior year, some of which related to hedging activities.

EMEA

Revenue increased by $660.2 million, or 28.2%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This increase was largely due to contributions from the GWS Acquisition. In addition, the revenue increase also reflects strong organic growth, fueled by higher property, facilities and project management fees (excluding the impact of the GWS Acquisition up 20.3%) as well as improved sales, leasing and appraisal activity. The increase in revenue was partially offset by foreign currency translation, which had a $291.6 million negative impact on total revenue during the year ended December 31, 2015, primarily driven by weakness in the British pound sterling and euro when converting to U.S. dollars during the year ended December 31, 2015 versus the year ended December 31, 2014.

Cost of services increased by $599.7 million, or 37.3%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This increase was primarily due to higher costs associated with our global property and facilities management businesses, particularly due to the GWS Acquisition. Additionally, we incurred $9.7 million of costs in connection with the project to eliminate costs to enhance margins going forward. These increases were partially reduced by foreign currency translation, which had a $192.9 million positive impact on cost of services during the year ended December 31, 2015. Cost of services as a percentage of revenue increased to 73.4% for the year ended

December 31, 2015 from 68.5% for the year ended December 31, 2014, largely due to the GWS Acquisition. Excluding activity associated with the acquired GWS business, cost of services as a percentage of revenue was 69.0% for the year ended December 31, 2015, compared to 68.5% for the year ended December 31, 2014.

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Operating, administrative and other expenses increased by $42.7 million, or 7.3%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily driven by higher payroll-related costs (including bonuses) in the current year as well as costs associated with the GWS Acquisition. Additionally, we incurred $10.3 million of costs in connection with the project to eliminate costs to enhance margins going forward. These items were partially offset by foreign currency translation, which had a $78.6 million positive impact on total operating expenses during the year ended December 31, 2015.

Asia Pacific

Revenue increased by $167.3 million, or 17.3%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014. Contributions from the GWS Acquisition in the current year as well as our acquisition of our former affiliate in Thailand in June 2014 drove the current year increase. The revenue increase also reflects strong organic growth, fueled by higher property, facilities and project management fees (excluding the impact of the GWS Acquisition, up 25.4%) as well as improved sales, leasing and appraisal activity. The overall increase was largely muted by foreign currency translation, which had a $120.7 million negative impact on total revenue during the year ended December 31, 2015, primarily driven by weakness in the Australian dollar and Japanese yen when converting to U.S. dollars during the year ended December 31, 2015 versus the year ended December 31, 2014.

Cost of services increased by $154.2 million, or 25.4%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014, driven by higher costs associated with our property and facilities management businesses, including the GWS Acquisition. Also contributing to the variance was increased commission expense resulting from higher transaction revenue as well as $7.0 million of costs incurred in the current year in connection with the project to eliminate costs to enhance margins going forward. These increases were partially offset by foreign currency translation, which had a $72.7 million positive impact on cost of services during the year ended December 31, 2015. Cost of services as a percentage of revenue increased to 67.1% for the year ended December 31, 2015 as compared to 62.7% for the year ended December 31, 2014, primarily due to the GWS Acquisition. Excluding activity associated with the acquired GWS business, cost of services as a percentage of revenue was 64.1% for the year ended December 31, 2015, compared to 62.7% for the year ended December 31, 2014, primarily driven by our revenue mix, with outsourcing revenue, which has a lower margin, being a higher percentage of revenue than in the prior year.

Operating, administrative and other expenses increased by $13.8 million, or 5.0%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily driven by higher payroll-related costs (including bonuses) as well as $4.4 million of costs incurred in the current year in connection with the project to eliminate costs to enhance margins going forward. The increase was also partly driven by costs associated with the GWS Acquisition. These increases were largely offset by foreign currency translation, which had a $32.9 million positive impact on total operating expenses during the year ended December 31, 2015.

Global Investment Management

Revenue decreased by $8.2 million, or 1.8%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily driven by foreign currency translation, which had a $38.5 million negative impact on total revenue during the year ended December 31, 2015, primarily driven by weakness in the British pound sterling and euro when converting to U.S. dollars during the year ended December 31, 2015 versus the year ended December 31, 2014. Higher carried interest revenue was more than offset by lower asset management, disposition and acquisition fees in the current year.

Operating, administrative and other expenses decreased by $24.7 million, or 6.6%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily driven by foreign currency translation, which had a $26.3 million positive impact on total operating expenses during the year ended December 31, 2015.

A rollforward of our AUM by product type for the year ended December 31, 2015 is as follows (dollars in billions):

	Funds	Separate Accounts	Securities	Consolidated
Balance at January 1, 2015	$ 28.8	$ 37.0	$ 24.8	$ 90.6
Inflows	5.7	6.3	3.6	15.6
Outflows	(6.2)	(4.7)	(7.3)	(18.2)
Market appreciation (depreciation)		1.3	(0.3)	1.0
Balance at December 31, 2015	$ 28.3	$ 39.9	$ 20.8	$ 89.0

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 assets under management consist of:

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

b) the net asset value of our managed securities portfolios, including investments (which may be comprised of committed but uncalled capital) in private real estate funds under our fund of funds program.

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

Development Services

Revenue was relatively consistent at $65.6 million for the year ended December 31, 2015 as compared to $65.2 million for the year ended December 31, 2014.

Operating, administrative and other expenses increased by $16.6 million, or 16.8%, for the year ended December 31, 2015 as compared to the year ended December 31, 2014. This increase was primarily driven by higher bonuses in the current year as a result of significantly improved operating performance due to property sales.

As of December 31, 2015, development projects in process totaled $6.7 billion, up $1.3 billion from the end of 2014, and the inventory of pipeline deals totaled $3.6 billion, down $0.4 billion from year-end 2014.

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

Americas

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

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

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

EMEA

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

Cost of services increased by $884.4 million, or 122.6%, for the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily due to higher costs associated with our global property and facilities management businesses, particularly due to the Norland Acquisition. Foreign currency translation had a $12.3 million negative impact on cost of services during the year ended December 31, 2014. Cost of services as a percentage of revenue increased to 68.5% for the year ended December 31, 2014 from 59.3% for the year ended December 31, 2013, mainly due to the Norland Acquisition. Excluding activity associated with Norland, cost of services as a percentage of revenue was 57.6% for the year ended December 31, 2014, an improvement over the 59.3% of revenue recorded for the year ended December 31, 2013, primarily driven by higher transaction revenue during 2014 in certain countries that have a significant fixed cost compensation structure.

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

Asia Pacific

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

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

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

Global Investment Management

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

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

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

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

We describe above how we calculate AUM. Also as noted above, our calculation of AUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers.

Development Services

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

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

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

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 2016 include up to approximately $195 million of anticipated capital expenditures, net of tenant concessions. As of December 31, 2015, we are committed to fund $29.6 million of additional capital to unconsolidated subsidiaries within our Development Services business, which we may be required to fund at any time. Additionally, as of December 31, 2015, we had aggregate commitments of $12.8 million to fund future co-investments in our Global Investment Management business, $8.8 million of which is expected to be funded in 2016.

On September 1, 2015, CBRE, Inc., our wholly-owned subsidiary, closed on a Purchase Agreement with JCI to acquire the GWS business of JCI. The acquired GWS business is a market-leading provider of integrated facilities management solutions for major occupiers of commercial real estate and has significant operations around the world. The purchase price was $1.475 billion, payable in cash, with adjustments for working capital and other items. We financed the transaction with (i) a new issuance in August 2015 of $600.0 million in aggregate principal amount of 4.875% senior notes due March 1, 2026; (ii) borrowings in September 2015 of $400.0 million in aggregate principal amount of new tranche B-1 and tranche B-2 term loan facilities under our 2015 Credit Agreement; (iii) borrowings under our existing revolving credit facility under our 2015 Credit Agreement; and (iv) cash on hand.

We also completed financing transactions in March 2013, September 2014 and December 2014. In each instance, we took advantage of market conditions to refinance our debt. In addition, in January 2015, we entered into an amended and restated credit agreement providing for a $500.0 million tranche A term loan facility and a $2.6 billion revolving credit facility. As noted above, in September 2015, we added new tranche B-1 and tranche B-2 term loan facilities under this same credit agreement and borrowed an additional $400.0 million. We historically have not sought external sources of financing and have relied on our internally generated cash flow and our revolving credit facility to fund our working capital, capital expenditure and investment requirements. In the absence of extraordinary events or a large strategic acquisition, 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, and at a minimum for the next 12 months. We may again seek to take advantage of market opportunities to refinance existing debt instruments with new debt instruments at interest rates, maturities and terms we deem attractive.

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

Our long-term liquidity needs, other than those related to ordinary course obligations and commitments such as operating leases, are generally comprised of two 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 payment of obligations related to acquisitions. Our acquisition structures often include deferred and/or contingent purchase price payments in future periods that are subject to the passage of time or achievement of certain performance metrics and other conditions. As of December 31, 2015 and 2014, we had accrued $79.7 million and $125.2 million, respectively, of deferred purchase consideration, which was included in accounts payable and accrued expenses and in other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

Historical Cash Flows

Operating Activities

Net cash provided by operating activities totaled $651.9 million for the year ended December 31, 2015, a decrease of $9.9 million as compared to the year ended December 31, 2014. The decrease in cash provided by operating activities was primarily due to higher bonuses and commissions paid during the year ended December 31, 2015 as well as an increase in real estate held for development during the year ended December 31, 2015. These items were partially offset by lower net payments to vendors and lower income taxes paid during the year ended December 31, 2015 as well as improved collections of receivables and operating performance in the current year.

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

Investing Activities

Net cash used in investing activities totaled $1.6 billion for the year ended December 31, 2015, an increase of $1.5 billion as compared to the year ended December 31, 2014. This variance was primarily driven by amounts paid for the acquisition of the Global Workplace Solutions business during the year ended December 31, 2015.

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

Financing Activities

Net cash provided by financing activities totaled $789.5 million for the year ended December 31, 2015, as compared to net cash used in financing activities of $232.1 million for the year ended December 31, 2014. This variance was primarily due to proceeds received from the issuance of $600.0 million of 4.875% senior notes in August 2015 and lower net repayments under our revolving credit facility during the year ended December 31, 2015. Also contributing to the increase was the establishment of $900.0 million of new senior term loan facilities under our 2015 Credit Agreement, partially offset by repayment of $645.6 million of senior term loans under our 2013 Credit Agreement, both of which occurred during the year ended December 31, 2015. The net proceeds from the issuance of 5.25% senior notes and the redemption of $350.0 million of 6.625% senior notes during the year ended December 31, 2014 partially reduced the overall cash used in financing activities during 2014.

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

Summary of Contractual Obligations and Other Commitments

The following is a summary of our various contractual obligations and other commitments as of December 31, 2015:

		Payments Due by Period (Dollars in thousands)			
Contractual Obligations	**Total**	**Less than 1 year**	**1 3 years**	**3 5 years**	**More than 5 years**
Total gross long-term debt (1)	$ 2,713,188	$ 34,428	$ 101,886	$ 664,124	$ 1,912,750
Short-term borrowings (2)	1,750,797	1,750,797			
Operating leases (3)	1,182,320	206,581	344,877	243,362	387,500
Defined benefit pension liability (4)	72,035				72,035
Total gross notes payable on real estate (non recourse) (5)	39,307	4,944	13,178	14,181	7,004
Deferred purchase consideration (6)	79,684	13,605	43,406	22,673	
Total Contractual Obligations	$ 5,837,331	$ 2,010,355	$ 503,347	$ 944,340	$ 2,379,289

		Amount of Other Commitments Expiration (Dollars in thousands)			
Other Commitments	**Total**	**Less than 1 year**	**1 3 years**	**3 5 years**	**More than 5 years**
Letters of credit (3)	$ 43,971	$ 43,971	$	$	$
Guarantees (3) (7)	40,572	40,572			
Co-investments (3) (8)	42,411	38,469	1,445		2,497
Tax liabilities (9)	41,115	647	40,468		
Other (10)	73,825	73,825			
Total Other Commitments	$ 241,894	$ 197,484	$ 41,913	$	$ 2,497

(1) Reflects gross outstanding long-term debt balances expected to be paid at maturity, excluding unamortized discount, premium and deferred financing costs. See Note 10 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): 2016 $104,523; 2017 to 2018 $207,394; 2019 to 2020 $203,100 and thereafter $335,641.

(2) Primarily represents our warehouse lines of credit, which are recourse only to our wholly-owned subsidiary CBRE Capital Markets, Inc. and are secured by our related warehouse receivables. See Note 10 of our Notes to the Consolidated Financial Statements set forth in Item 8 of this Annual Report.

(3) See Note 11 of our Notes to the Consolidated Financial Statements set forth in Item 8 of this Annual Report.

(4) See Note 12 of our Notes to the Consolidated Financial Statements set forth in Item 8 of this Annual Report. 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.

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(5) Figures do not include scheduled interest payments. The notes have either fixed or variable interest rates, ranging from 2.74% to 10.0% at December 31, 2015.
(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, 2015 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 $12.8 million related to our Global Investment Management segment, $8.8 million of which is expected to be funded in 2016 and $29.6 million related to our Development Services segment (callable at any time).
(9) As of December 31, 2015, our current and non-current tax liabilities, including interest and penalties, totaled $89.3 million. Of this amount, we can reasonably estimate that $0.6 million will require cash settlement in less than one year and $40.5 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 $48.2 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, 2015 set forth in Item 8 of this Annual Report. Due to the nature of this item, payments could be due at any time upon the occurrence of certain events. Accordingly, the entire balance has been reflected as expiring in less than one year.

Indebtedness

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

We maintain credit facilities with third-party lenders, which we use for a variety of purposes. On March 28, 2013, we entered into our 2013 Credit Agreement with a syndicate of banks led by Credit Suisse AG, or CS, as administrative and collateral agent, to completely refinance a previous credit agreement. On January 9, 2015, we entered into our 2015 Credit Agreement with a syndicate of banks jointly led by Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and CS. In January 2015, we used the proceeds from the tranche A term loan facility under the 2015 Credit Agreement and from the December 2014 issuance of $125.0 million of 5.25% senior notes due 2025, along with cash on hand, to pay off the prior tranche A and tranche B term loans and the balance on our revolving credit facility under the 2013 Credit Agreement. On September 3, 2015, we entered into an incremental assumption agreement with a syndicate of banks jointly led by Wells Fargo Securities, LLC and CS to establish new tranche B-1 and tranche B-2 term loan facilities under the 2015 Credit Agreement in an aggregate principal amount of $400.0 million.

The 2015 Credit Agreement is an unsecured credit facility that is jointly and severally guaranteed by us and substantially all of our material domestic subsidiaries. The 2015 Credit Agreement currently provides for the following: (1) a $2.6 billion revolving credit facility, which includes the capacity to obtain letters of credit and swingline loans and matures on January 9, 2020; (2) a $500.0 million tranche A term loan facility requiring quarterly principal payments, which began on June 30, 2015 and continue through maturity on January 9, 2020; (3) a $270.0 million tranche B-1 term loan facility requiring quarterly principal payments, which began on December 31, 2015 and continue through maturity on September 3, 2020; and (4) a $130.0 million tranche B-2 term loan facility requiring quarterly principal payments, which began on December 31, 2015 and continue through maturity on September 3, 2022. For additional information on our Credit Agreements, see Note 10 of the Notes to Consolidated Financial Statements 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 the *Derivatives and Hedging* Topic

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of the FASB ASC (Topic 815). The purpose of these interest rate swap agreements is to attempt to hedge potential changes to our cash flows due to the variable interest nature of our senior 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. As of December 31, 2015 and 2014, the fair values of such interest rate swap agreements were reflected as a $21.5 million liability and a $26.9 million liability, respectively, and were included in other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report.

On August 13, 2015, CBRE Services, Inc., or CBRE, our wholly-owned subsidiary, issued $600.0 million in aggregate principal amount of 4.875% senior notes due March 1, 2026 at a price equal to 99.24% of their face value. The 4.875% 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 4.875% senior notes are jointly and severally guaranteed on a senior basis by us and each domestic subsidiary of CBRE that guarantees our 2015 Credit Agreement. Interest accrues at a rate of 4.875% per year and is payable semi-annually in arrears on March 1 and September 1.

In July 2015, we entered into three interest rate swap agreements with an aggregate notional amount of $300.0 million, all with effective dates in August 2015, and designated them as cash flow hedges in accordance with Topic 815. We structured these swap agreements to attempt to hedge the variability of future interest payments due to changes in interest rates prior to us issuing the 4.875% senior notes. In August 2015, we elected to terminate these agreements and paid a $6.2 million cash settlement, which has been recorded to accumulated other comprehensive loss in the accompanying consolidated balance sheets set forth in Item 8 of this Annual Report. This settlement fee is being amortized to interest expense throughout the remaining term of the terminated hedge transaction until August 2025.

On September 26, 2014, CBRE issued $300.0 million in aggregate principal amount of 5.25% senior notes due March 15, 2025. On December 12, 2014, CBRE issued an additional $125.0 million in aggregate principal amount of 5.25% senior notes due March 15, 2025 at a price equal to 101.5% of their face value, plus interest deemed to have accrued from September 26, 2014. The 5.25% senior notes are unsecured obligations of CBRE, senior to all of its current and future subordinated indebtedness, but effectively subordinated to all of its current and future secured indebtedness. The 5.25% senior notes are jointly and severally guaranteed on a senior basis by us and each domestic subsidiary of CBRE that guarantees our 2015 Credit Agreement. Interest accrues at a rate of 5.25% per year and is payable semi-annually in arrears on March 15 and September 15.

On March 14, 2013, CBRE issued $800.0 million in aggregate principal amount of 5.00% senior notes due March 15, 2023. The 5.00% senior notes are unsecured obligations of CBRE, senior to all of its current and future subordinated indebtedness, but effectively subordinated to all of its current and future secured indebtedness. The 5.00% senior notes are jointly and severally guaranteed on a senior basis by us and each domestic subsidiary of CBRE that guarantees our 2015 Credit Agreement. Interest accrues at a rate of 5.00% per year and is payable semi-annually in arrears on March 15 and September 15.

Our 2015 Credit Agreement and the indentures governing our 4.875% senior notes, 5.25% senior notes and 5.00% senior notes contain restrictive covenants that, among other things, limit our ability to incur additional indebtedness, pay dividends or make distributions to stockholders, repurchase capital stock or debt, make investments, sell assets or subsidiary stock, create or permit liens on assets, engage in transactions with affiliates, enter into sale/leaseback transactions, issue subsidiary equity and enter into consolidations or mergers. Our 2015 Credit Agreement also requires us to maintain a minimum coverage ratio of EBITDA (as defined in the 2015 Credit Agreement) to total interest expense of 2.00x and a maximum leverage ratio of total debt less available cash to EBITDA (as defined in the 2015 Credit Agreement) of 4.25x as of the end of each fiscal quarter. Our coverage ratio of EBITDA to total interest expense was 11.81x for the year ended December 31, 2015, and our leverage ratio of total debt less available cash to EBITDA was 1.45x as of December 31, 2015. We may from time to time explore opportunities to refinance or reduce our outstanding debt under our 2015 Credit Agreement and under our 4.875% senior notes, 5.00% senior notes and 5.25% senior notes.

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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. We redeemed these notes in full on October 27, 2014 in accordance with the provisions of the notes and associated indenture. In connection with this early redemption, we incurred charges of $23.1 million, including a premium of $17.4 million and the write-off of $5.7 million of unamortized deferred financing costs. Such charges were included in the write-off of financing costs on extinguished debt for the year ended December 31, 2014 in the accompanying consolidated statements of operations set forth in Item 8 of this Annual Report.

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. As permitted by the indenture governing these notes, on June 15, 2013, we redeemed all of the 11.625% senior subordinated notes.

For additional information on all of our long-term debt, see Note 10 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report.

Our wholly-owned subsidiary, CBRE Capital Markets, Inc. has the following warehouse lines of credit: i) credit agreements with JP Morgan Chase Bank, N.A., Bank of America, TD Bank, N.A. and Capital One, N.A. for the purpose of funding mortgage loans that will be resold; and ii) a funding arrangement with Federal National Mortgage Association, or Fannie Mae, for the purpose of selling a percentage of certain closed multifamily loans to Fannie Mae. For more information on these warehouse lines, see Note 10 of the Notes to Consolidated Financial Statements set forth in Item 8 of this Annual Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

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

Exchange Rates

Our foreign operations expose us to fluctuations in foreign exchange rates. These fluctuations may impact the value of our cash receipts and payments in terms of our functional (reporting) currency, which is U.S. dollars. See discussion of international operations, which is included in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations under the caption International Operations and is incorporated by reference herein.

Interest Rates

We manage our interest expense by using a combination of fixed and variable rate debt. We enter into interest rate swap agreements to attempt to hedge the variability of future interest payments due to changes in interest rates. See discussion of our interest rate swap agreements, which is included in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations under the caption Indebtedness and is incorporated by reference herein.

The estimated fair value of our senior term loans was approximately $878.6 million at December 31, 2015. Based on dealers quotes, the estimated fair values of our 5.00% senior notes, 4.875% senior notes and 5.25% senior notes were $802.6 million, $598.8 million and $430.4 million, respectively, at December 31, 2015.

We utilize sensitivity analyses to assess the potential effect of our variable rate debt. If interest rates were to increase 100 basis points on our outstanding variable rate debt at December 31, 2015, excluding notes payable on

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real estate, the net impact of the additional interest cost would be a decrease of $4.9 million on pre-tax income and a decrease of $4.9 million in cash provided by operating activities for the year ended December 31, 2015.

We also have $38.3 million of notes payable on real estate, net of unamortized debt issuance costs, as of December 31, 2015. These notes have interest rates ranging from 2.74% to 10.0% with maturity dates extending through October 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 100 basis points, our total estimated interest cost related to notes payable would increase by approximately $0.2 million for the year ended December 31, 2015. From time to time, we enter into interest rate swap and cap agreements in order to limit our interest expense related to our notes payable on real estate. If any of these agreements are not designated as effective hedges, then they are marked to market each period with the change in fair value recognized in current period earnings. The net impact on our earnings resulting from gains and/or losses on interest rate swap and cap agreements associated with notes payable on real estate has not been significant.

We also enter into loan commitments that relate to the origination of commercial mortgage loans that will be held for resale. 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 gains and/or losses associated with these loan commitments has not been significant.

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Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

AND FINANCIAL STATEMENT SCHEDULES

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, 2015 and 2014, 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, 2015. In connection with our audits of the consolidated financial statements, we also have audited the related financial statement schedule. We also have audited the Company s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these consolidated financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management s Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules and an opinion on the Company s internal control over financial reporting based on our audits.

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

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

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

CBRE Group, Inc. acquired the Global Workplace Solutions business during 2015 (the Acquired Business) as defined in Note 3 to the consolidated financial statements, and management excluded from its assessment of the effectiveness of the Company s internal control over financial reporting as of December 31, 2015, the Acquired Business s internal control over financial reporting associated with total assets of $2.3 billion and total revenues of $982.0 million included in the consolidated financial statements of CBRE Group, Inc. and subsidiaries as of

December 31, 2015. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of the Acquired Business.

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, 2015 and 2014, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, 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, 2015, based on criteria established in *Internal Control Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Note 17 to the consolidated financial statements, effective January 1, 2014, the Company adopted Financial Accounting Standards Board Accounting Standards Update No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity.*

/s/ KPMG LLP

Los Angeles, California

February 29, 2016

CBRE GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share data)

	December 31, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 540,403	$ 740,884
Restricted cash	72,764	28,090
Receivables, less allowance for doubtful accounts of $46,606 and $41,831 at December 31, 2015 and 2014, respectively	2,471,740	1,736,229
Warehouse receivables	1,767,107	506,294
Income taxes receivable	59,331	65,840
Prepaid expenses	172,922	142,719
Other current assets	220,956	151,713
Total Current Assets	5,305,223	3,371,769
Property and equipment, net	529,823	497,926
Goodwill	3,085,997	2,333,821
Other intangible assets, net of accumulated amortization of $589,236 and $463,400 at December 31, 2015 and 2014, respectively	1,450,469	802,360
Investments in unconsolidated subsidiaries	217,943	218,280
Deferred tax assets, net	135,252	99,235
Other assets, net	293,236	244,619
Total Assets	$ 11,017,943	$ 7,568,010
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	$ 1,484,119	$ 827,530
Compensation and employee benefits payable	705,070	623,814
Accrued bonus and profit sharing	866,894	788,858
Income taxes payable	82,194	53,131
Short-term borrowings:		
Warehouse lines of credit	1,750,781	501,185
Revolving credit facility		4,840
Other	16	25
Total short-term borrowings	1,750,797	506,050
Current maturities of long-term debt	34,428	42,407
Other current liabilities	70,655	86,975
Total Current Liabilities	4,994,157	2,928,765
Long-term debt, net of current maturities	2,645,111	1,808,605
Deferred tax liabilities, net	100,361	42,602
Non-current tax liabilities	88,667	46,003
Other liabilities	430,577	440,637
Total Liabilities	8,258,873	5,266,612
Commitments and contingencies		
Equity:		
CBRE Group, Inc. Stockholders Equity:		
Class A common stock; $0.01 par value; 525,000,000 shares authorized; 334,230,496 and 332,991,031 shares issued and outstanding at December 31, 2015 and 2014, respectively	3,342	3,330

Additional paid-in capital	1,106,758	1,039,425
Accumulated earnings	2,088,227	1,541,095
Accumulated other comprehensive loss	(485,675)	(324,020)
Total CBRE Group, Inc. Stockholders Equity	2,712,652	2,259,830
Non-controlling interests	46,418	41,568
Total Equity	2,759,070	2,301,398
Total Liabilities and Equity	$ 11,017,943	$ 7,568,010

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

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CBRE GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except share data)

	Year Ended December 31, 2015	2014	2013
Revenue	$ 10,855,810	$ 9,049,918	$ 7,184,794
Costs and expenses:			
Cost of services	7,082,932	5,611,262	4,189,389
Operating, administrative and other	2,633,609	2,438,960	2,104,310
Depreciation and amortization	314,096	265,101	190,390
Non-amortizable intangible asset impairment			98,129
Total costs and expenses	10,030,637	8,315,323	6,582,218
Gain on disposition of real estate	10,771	57,659	13,552
Operating income	835,944	792,254	616,128
Equity income from unconsolidated subsidiaries	162,849	101,714	64,422
Other (loss) income	(3,809)	12,183	13,523
Interest income	6,311	6,233	6,289
Interest expense	118,880	112,035	135,082
Write-off of financing costs on extinguished debt	2,685	23,087	56,295
Income from continuing operations before provision for income taxes	879,730	777,262	508,985
Provision for income taxes	320,853	263,759	187,187
Income from continuing operations	558,877	513,503	321,798
Income from discontinued operations, net of income taxes			26,997
Net income	558,877	513,503	348,795
Less: Net income attributable to non-controlling interests	11,745	29,000	32,257
Net income attributable to CBRE Group, Inc.	$ 547,132	$ 484,503	$ 316,538
Basic income per share attributable to CBRE Group, Inc. shareholders			
Income from continuing operations attributable to CBRE Group, Inc.	$ 1.64	$ 1.47	$ 0.95
Income from discontinued operations attributable to CBRE Group, Inc.			0.01
Net income attributable to CBRE Group, Inc.	$ 1.64	$ 1.47	$ 0.96
Weighted average shares outstanding for basic income per share	332,616,301	330,620,206	328,110,004
Diluted income per share attributable to CBRE Group, Inc. shareholders			
Income from continuing operations attributable to CBRE Group, Inc.	$ 1.63	$ 1.45	$ 0.94
Income from discontinued operations attributable to CBRE Group, Inc.			0.01
Net income attributable to CBRE Group, Inc.	$ 1.63	$ 1.45	$ 0.95
Weighted average shares outstanding for diluted income per share	336,414,856	334,171,509	331,762,854

Amounts attributable to CBRE Group, Inc. shareholders						
Income from continuing operations, net of tax	$	547,132	$	484,503	$	314,229
Income from discontinued operations, net of tax						2,309
Net income	$	547,132	$	484,503	$	316,538

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

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CBRE GROUP, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)

	Year Ended December 31,		
	2015	**2014**	**2013**
Net income	$ 558,877	$ 513,503	$ 348,795
Other comprehensive (loss) income:			
Foreign currency translation (loss) gain	(164,350)	(148,589)	7,390
Fees associated with termination of interest rate swaps, net of $2,244 income tax benefit for the year ended December 31, 2015	(3,908)		
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of $4,411, $4,710 and $4,695 income tax expense for the years ended December 31, 2015, 2014 and 2013, respectively	7,680	7,279	7,151
Unrealized (losses) gains on interest rate swaps and interest rate caps, net of $2,358 and $3,825 income tax benefit and $2,862 income tax expense for the years ended December 31, 2015, 2014 and 2013, respectively	(4,107)	(5,927)	4,361
Unrealized holding (losses) gains on available for sale securities, net of $405 and $614 income tax benefit and $756 income tax expense for the years ended December 31, 2015, 2014, and 2013, respectively	(705)	(941)	1,151
Pension liability adjustments, net of $773 income tax expense and $7,589 and $1,409 income tax benefit for the years ended December 31, 2015, 2014 and 2013, respectively	3,741	(30,355)	(5,638)
Other, net	3	549	3,720
Total other comprehensive (loss) income	(161,646)	(177,984)	18,135
Comprehensive income	397,231	335,519	366,930
Less: Comprehensive income attributable to non-controlling interests	11,754	28,913	31,471
Comprehensive income attributable to CBRE Group, Inc.	$ 385,477	$ 306,606	$ 335,459

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

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CBRE GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	Year Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 558,877	$ 513,503	$ 348,795
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	314,096	265,101	191,270
Amortization and write-off of financing costs on extinguished debt	12,311	13,155	28,871
Amortization of debt discount			9,477
Non-amortizable intangible asset impairment			98,129
Write-down of impaired other assets		8,615	
Gain on sale of loans, servicing rights and other assets	(140,828)	(95,636)	(93,613)
Net realized and unrealized losses (gains) from investments	3,809	(11,237)	(13,523)
Gain on disposition of real estate held for investment	(8,573)	(28,005)	(18,698)
Equity income from unconsolidated subsidiaries	(162,849)	(101,714)	(64,422)
Provision for doubtful accounts	10,211	8,165	9,579
Deferred income taxes	(14,935)	(28,469)	(11,591)
Compensation expense related to equity awards	74,709	59,757	48,429
Incremental tax benefit from stock options exercised	(2,277)	(1,218)	(9,891)
Distribution of earnings from unconsolidated subsidiaries	36,630	27,903	33,302
Tenant concessions received	7,861	18,343	14,627
Purchase of trading securities	(85,707)	(71,021)	(137,311)
Proceeds from sale of trading securities	78,798	74,237	191,121
Proceeds from securities sold, not yet purchased	16,014	2,271	52,472
Securities purchased to cover short sales	(13,147)	(453)	(110,588)
Increase in receivables	(231,979)	(307,979)	(76,946)
Increase in prepaid expenses and other assets	(84,997)	(47,015)	(33,355)
(Increase) decrease in real estate held for sale and under development	(16,003)	47,276	168,133
Increase in accounts payable and accrued expenses	177,567	31,526	40,200
Increase in compensation and employee benefits payable and accrued bonus and profit sharing	115,805	344,987	102,439
Decrease (increase) in income taxes receivable/payable	43,085	(43,194)	3,077
(Decrease) increase in other liabilities	(15,543)	589	(6,808)
Other operating activities, net	(21,038)	(17,707)	(18,067)
Net cash provided by operating activities	651,897	661,780	745,108
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(139,464)	(171,242)	(156,358)
Acquisition of Global Workplace Solutions (GWS), including net assets acquired, intangibles and goodwill, net of cash acquired	(1,421,663)		
Acquisition of businesses (other than GWS), including net assets acquired, intangibles and goodwill, net of cash acquired	(161,106)	(147,057)	(504,147)
Contributions to unconsolidated subsidiaries	(71,208)	(59,177)	(49,594)
Distributions from unconsolidated subsidiaries	187,577	104,267	82,230
Net proceeds from disposition of real estate held for investment	3,584	77,278	113,241
Additions to real estate held for investment	(2,053)	(10,961)	(2,559)
Proceeds from the sale of servicing rights and other assets	30,432	25,541	32,016
(Increase) decrease in restricted cash	(49,012)	30,889	8,469
Purchase of available for sale securities	(40,287)	(89,885)	(65,111)
Proceeds from the sale of available for sale securities	42,572	88,214	69,688
Other investing activities, net	1,669	577	7,131
Net cash used in investing activities	(1,618,959)	(151,556)	(464,994)

CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from senior secured term loans	900,000		715,000
Repayment of senior secured term loans	(657,488)	(39,650)	(1,639,017)
Proceeds from revolving credit facility	2,643,500	1,873,568	610,562
Repayment of revolving credit facility	(2,648,012)	(1,999,422)	(542,150)
Proceeds from issuance of 4.875% senior notes, net	595,440		
Proceeds from issuance of 5.25% senior notes		426,875	
Repayment of 6.625% senior notes		(350,000)	
Proceeds from issuance of 5.00% senior notes			800,000
Repayment of 11.625% senior subordinated notes			(450,000)
Proceeds from notes payable on real estate held for investment		5,022	2,762
Repayment of notes payable on real estate held for investment	(1,576)	(27,563)	(74,544)
Proceeds from notes payable on real estate held for sale and under development	20,879	8,274	9,526
Repayment of notes payable on real estate held for sale and under development	(1,186)	(80,218)	(136,528)
Shares repurchased for payment of taxes on equity awards	(24,523)	(16,685)	(16,628)
Proceeds from exercise of stock options	7,525	6,203	5,780
Incremental tax benefit from stock options exercised	2,277	1,218	9,891
Non-controlling interests contributions	5,909	2,938	1,092
Non-controlling interests distributions	(16,582)	(33,971)	(128,168)
Payment of financing costs	(30,664)	(5,947)	(29,322)
Other financing activities, net	(5,951)	(2,711)	(4,537)
Net cash provided by (used in) financing activities	789,548	(232,069)	(866,281)
Effect of currency exchange rate changes on cash and cash equivalents	(22,967)	(29,183)	(11,218)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(200,481)	248,972	(597,385)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	740,884	491,912	1,089,297
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 540,403	$ 740,884	$ 491,912
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the period for:			
Interest	$ 88,078	$ 118,749	$ 117,150
Income tax payments, net	$ 285,730	$ 331,257	$ 203,402

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

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CBRE GROUP, INC.

CONSOLIDATED STATEMENTS OF EQUITY

(Dollars in thousands, except share data)

	CBRE Group, Inc. Shareholders							
					Accumulated other comprehensive loss			
	Shares	Class A common stock	Additional paid-in capital	Accumulated earnings	Minimum pension liability	Foreign currency translation and other	Non-Controlling Interests	Total
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
Restricted stock awards vesting (including tax benefit)	472,457	4	(1,065)					(1,061)
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 equity awards			48,429					48,429
Shares repurchased for payment of taxes on equity awards	(601,917)	(6)	(16,622)					(16,628)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of tax						7,151		7,151
Unrealized gains on interest rate swaps and interest rate caps, net of tax						4,361		4,361
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	6,427		(4,201)			3,720	2,755	2,274
Balance at December 31, 2013	331,927,166	$ 3,319	$ 981,997	$ 1,056,592	$ (75,307)	$ (70,816)	$ 40,221	$ 1,936,006
Net income				484,503			29,000	513,503
Pension liability adjustments, net of tax					(30,355)			(30,355)
Stock options exercised (including tax benefit)	458,505	5	7,416					7,421
Restricted stock awards vesting (including tax benefit)	887,975	9	6,785					6,794
Compensation expense for equity awards			59,757					59,757

Shares repurchased for payment of taxes on equity awards	(242,461)	(2)	(16,683)					(16,685)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of tax						7,279		7,279
Unrealized losses on interest rate swaps and interest rate caps, net of tax						(5,927)		(5,927)
Unrealized holding losses on available for sale securities, net of tax						(941)		(941)
Foreign currency translation loss						(148,502)	(87)	(148,589)
Cancellation of non-vested stock awards	(45,109)	(1)						(1)
Contributions from non-controlling interests							2,938	2,938
Distributions to non-controlling interests							(33,971)	(33,971)
Other	4,955		153			549	3,467	4,169
Balance at December 31, 2014	332,991,031	$ 3,330	$ 1,039,425	$ 1,541,095	$ (105,662)	$ (218,358)	$ 41,568	$ 2,301,398
Net income				547,132			11,745	558,877
Pension liability adjustments, net of tax					3,741			3,741
Stock options exercised (including tax benefit)	561,583	6	9,796					9,802
Restricted stock awards vesting (including tax benefit)	1,021,950	10	6,714					6,724
Compensation expense for equity awards			74,709					74,709
Shares repurchased for payment of taxes on equity awards	(332,799)	(3)	(24,520)					(24,523)
Fees associated with termination of interest rate swaps, net of tax (see Note 6)						(3,908)		(3,908)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of tax						7,680		7,680
Unrealized losses on interest rate swaps, net of tax						(4,107)		(4,107)
Unrealized holding losses on available for sale securities, net of tax						(705)		(705)
Foreign currency translation loss						(164,359)	9	(164,350)
Cancellation of non-vested stock awards	(13,338)	(1)						(1)
Contributions from non-controlling interests							5,909	5,909
Distributions to non-controlling interests							(16,582)	(16,582)
Other	2,069		634			3	3,769	4,406
Balance at December 31, 2015	334,230,496	$ 3,342	$ 1,106,758	$ 2,088,227	$ (101,921)	$ (383,754)	$ 46,418	$ 2,759,070

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 2015 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. Excluding independent affiliates, we operate in more than 400 offices worldwide, with more than 70,000 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 Company brand name. Our business is focused on several competencies, including commercial property, corporate facilities, project and transaction management, tenant/occupier and property/agency leasing, capital markets solutions (property sales, commercial mortgage origination, sales and servicing, and structured finance), real estate investment management, valuation, development services and proprietary research. We generate revenue from both management fees (large multi-year portfolio and per-project contracts) and from commissions on transactions. Our contractual, fee-for-services businesses generally involve property and facilities management, mortgage loan servicing, investment management and appraisal/valuation. In addition, our leasing services have contractual elements and work for clients in this service line is often recurring in nature.

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include our accounts and those of our consolidated subsidiaries, which are comprised of variable interest entities (VIEs) in which we are the primary beneficiary and voting interest entities (VOEs), in which we determined we have a controlling financial interest, under the *Consolidations* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) (Topic 810). 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 (VIEs)

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.

The consolidation guidance requires an analysis to determine (a) whether an entity in which we hold a variable interest is a VIE and (b) whether our involvement, through holding interests directly or indirectly in the entity or contractually through other variable interests (for example, management and performance related fees), would give us a controlling financial interest. Performance of that analysis requires the exercise of judgment.

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.

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We analyze any investments in VIEs to determine if we are the primary beneficiary. We determine whether we are the primary beneficiary of a VIE at the time we become involved with a variable interest entity and reconsider that conclusion continually. In evaluating whether we are the primary beneficiary, we evaluate our direct and indirect economic interests in the entity. 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 consolidate any VIE of which we are the primary beneficiary 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 (see Note 4). 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.

Voting Interest Entities (VOEs)

For VOEs, we consolidate the entity if we have a controlling financial interest. We have a controlling financial interest in a VOE if (i) for legal entities other than limited partnerships, we own a majority voting interest in the VOE or, for limited partnerships and similar entities, we own a majority of the entity s kick-out rights through voting limited partnership interests and (ii) non-controlling shareholders or partners do not hold substantive participating rights and no other conditions exist that would indicate that we do not control the entity.

Other Investments

Our investments in unconsolidated subsidiaries in which we have the ability to exercise significant influence over operating and financial policies, but do not control, or entities which are variable interest entities in which we are not the primary beneficiary are accounted for under the equity method. We eliminate transactions with such equity method subsidiaries to the extent of our ownership in such subsidiaries. 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.

Impairment Evaluation

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

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CBRE GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Use of Estimates

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S.), or GAAP, which require management to make estimates and assumptions about future events. These estimates and assumptions affect the amounts of assets, liabilities, revenue and 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. As future events and their effects cannot be forecast with precision, actual results could differ significantly from these estimates. Changes in estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in fu