



**CBRE**

**CBRE GROUP, INC.**

Fourth Quarter 2018: Earnings Conference Call

FEBRUARY 13, 2019

## FORWARD-LOOKING STATEMENTS

This presentation contains statements that are forward looking within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements regarding CBRE's future growth momentum, operations, market share, business outlook, investment levels and financial performance expectations. These statements are estimates only and actual results may ultimately differ from them. Except to the extent required by applicable securities laws, we undertake no obligation to update or publicly revise any of the forward-looking statements that you may hear today. Please refer to our fourth quarter earnings release, furnished on Form 8-K, our most recent annual report filed on Form 10-K and our most recent quarterly report filed on Form 10-Q, and in particular any discussion of risk factors or forward-looking statements therein, which are available on the SEC's website ([www.sec.gov](http://www.sec.gov)), for a full discussion of the risks and other factors that may impact any forward-looking statements that you may hear today. We may make certain statements during the course of this presentation, which include references to "non-GAAP financial measures," as defined by SEC regulations. Where required by these regulations, we have provided reconciliations of these measures to what we believe are the most directly comparable GAAP measures, which are attached hereto within the appendix.

# CONFERENCE CALL PARTICIPANTS

## **Bob Sulentic**

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**PRESIDENT AND  
CHIEF EXECUTIVE OFFICER**

## **Jim Groch**

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**CHIEF FINANCIAL OFFICER AND  
HEAD OF CORPORATE DEVELOPMENT**

## **Brad Burke**

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**INVESTOR RELATIONS**

## Q4 2018 OVERVIEW

- Broad strength across geographies and business lines in Q4
- Fee revenue<sup>1</sup> growth of 16% in USD in regional services businesses, with positive operating leverage
  - Double-digit leasing revenue growth across all three regions
  - Occupier outsourcing fee revenue up 20% in local currency
- Leasing growth highlights competitive differentiation and success growing account-based clients
- Adjusted EPS<sup>2</sup> rose 20% in 2018, the 9<sup>th</sup> consecutive year of double-digit adjusted EPS growth
- Reorganization will support performance in 2019 and beyond

See slide 24 for footnotes.

## Q4 2018 FINANCIAL RESULTS

- Double-digit growth in fee revenue<sup>1</sup>, Adjusted EBITDA<sup>2</sup> and Adjusted EPS<sup>3</sup> for the 4<sup>th</sup> quarter and full year 2018
  - Fee revenue, Adjusted EBITDA and Adjusted EPS at all-time highs
  - Fee revenue up 16% in USD, 18% local currency
  - Adjusted EPS growth of 26%
- Balance sheet is very well positioned for the future
  - Net Debt/Adjusted EBITDA at 0.6x as of year-end
- Repurchased 5.1 million shares through early January at average of \$40.20
- 2019 guidance to be provided on March 7<sup>th</sup> at Investor Day

See slide 24 for footnotes.

# Q4 2018 BUSINESS LINE REVENUE

CONTRACTUAL REVENUE AND LEASING, WHICH IS LARGELY RECURRING OVER TIME<sup>1</sup>, IS 75% OF FEE REVENUE

(\$ in millions)

	Contractual Revenue Sources					Leasing	Capital Markets		Other		Total
	Occupier Outsourcing <sup>2</sup>	Property Management <sup>2</sup>	Investment Management	Valuation	Loan Servicing	Leasing	Sales	Commercial Mortgage Origination	Development Services	Other	

## Revenue

<b>Q4 2018</b>	\$ 3,552	\$ 333	\$ 119	\$ 162	\$ 51	\$ 1,236	\$ 604	\$ 177	\$ 29	\$ 31	\$ 6,294
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## Fee Revenue<sup>3</sup>

<b>Q4 2018</b>	\$ 836	\$ 159	\$ 119	\$ 162	\$ 51	\$ 1,236	\$ 604	\$ 177	\$ 29	\$ 31	\$ 3,404
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75% of total fee revenue

## % of Q4 2018

<b>Total Fee Revenue</b>	25%	5%	3%	5%	1%	36%	18%	5%	1%	1%	100%
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## Fee Revenue Growth Rate (Change Q4 2018-over-Q4 2017)

<b>USD</b>	▲ 17%	▲ 1%	▲ 15%	▲ 5%	▲ 20%	▲ 22%	▲ 7%	▲ 16%	▲ 28%	▲ 32%	▲ 16%
<b>Local Currency</b>	▲ 20%	▲ 3%	▲ 18%	▲ 8%	▲ 20%	▲ 24%	▲ 10%	▲ 16%	▲ 28%	▲ 37%	▲ 18%

See slide 25 for footnotes.

# OCCUPIER OUTSOURCING

## 2018 TOTAL CONTRACTS\*

	Q4	FY
New	<b>42</b>	<b>159</b>
Expansions	<b>95</b>	<b>289</b>
Renewals	<b>53</b>	<b>142</b>

\*Does not include contracts from the Heery business acquired in Q4 2017

## HIGHLIGHTS

- Fee revenue<sup>1</sup> growth in local currency of 20% for the quarter and 19% for the year reflects strong momentum
- Active quarter of client wins and expansions
- Won one of our largest-ever facilities management contracts
- Expanded relationship with Uber to provide a full suite of outsourcing services for its six million square foot global portfolio

## Q4 2018 Representative Clients

### Facilities Management



### Transactions



### Project Management

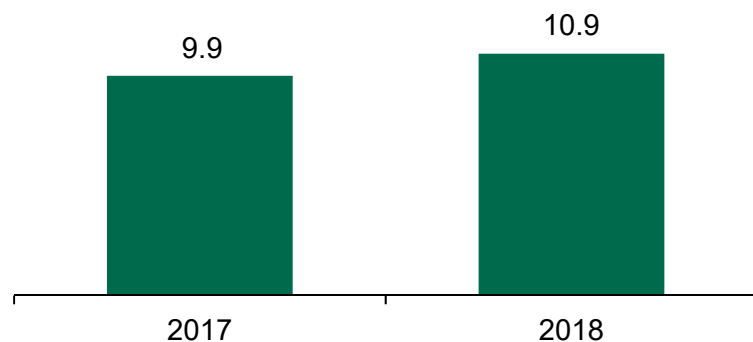


See slide 25 for footnotes.

# GLOBAL INVESTMENT MANAGEMENT

## CAPITAL RAISED<sup>1</sup>

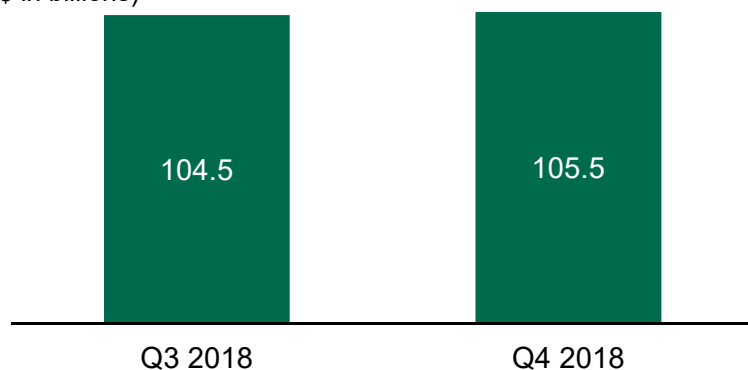
(\$ in billions)



- Capital to deploy: approximately \$6.0 billion<sup>2</sup>
- Co-Investment: \$168.7 million<sup>2</sup>

## ASSETS UNDER MANAGEMENT (AUM)

(\$ in billions)

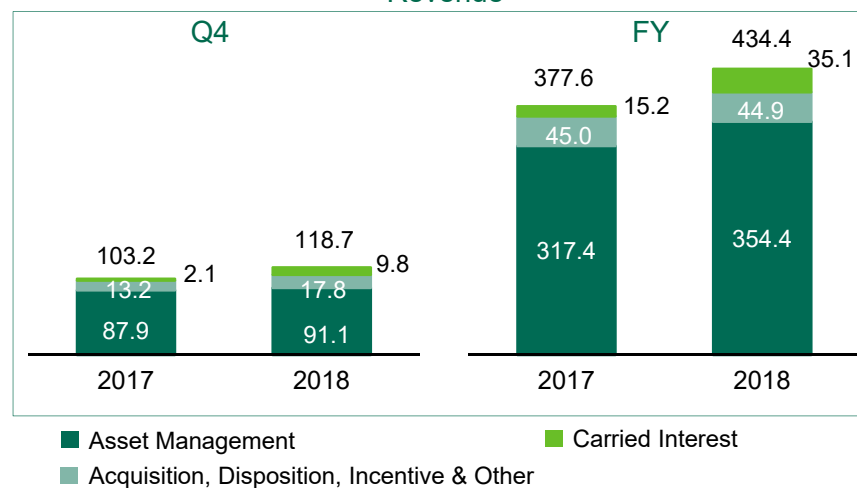


- AUM is up \$1.0 billion in USD from Q3 2018 (up \$1.8 billion in local currency)

## FINANCIAL RESULTS

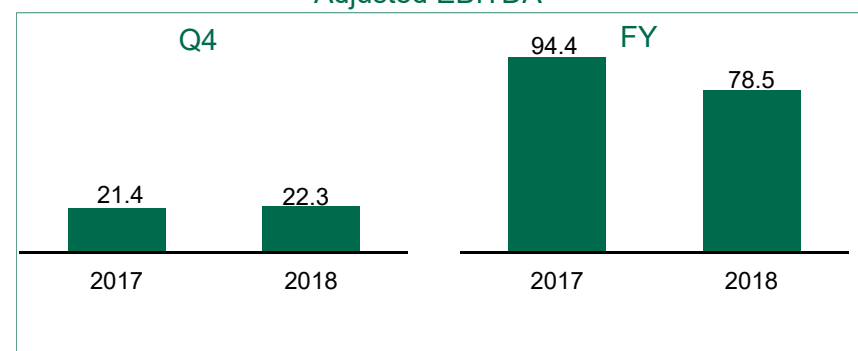
(\$ in millions)

### Revenue



■ Asset Management  
 ■ Acquisition, Disposition, Incentive & Other  
 ■ Carried Interest

### Adjusted EBITDA<sup>3</sup>



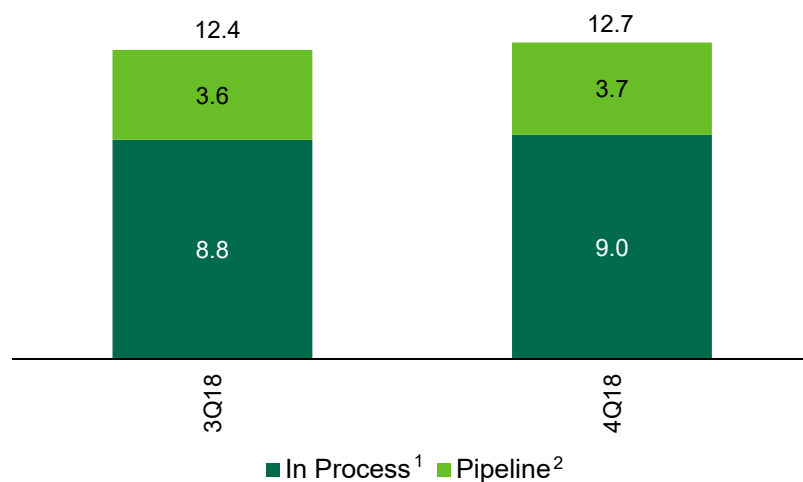
See slide 25 for footnotes.



# DEVELOPMENT SERVICES

## PROJECTS IN PROCESS/PIPELINE

(\$ in billions)



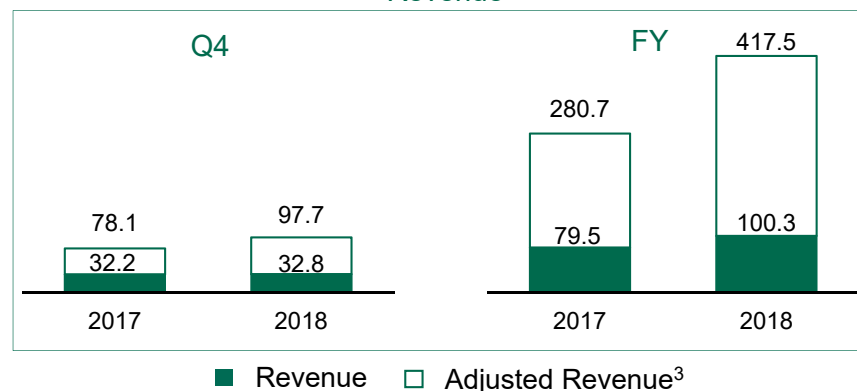
- \$100.2 million of co-investments at the end of Q4 2018
- \$8.4 million in repayment guarantees on outstanding debt balances at the end of Q4 2018

See slide 25 for footnotes.

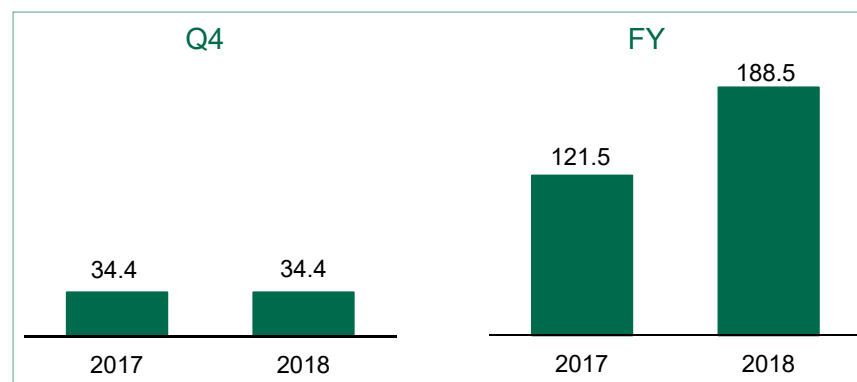
## FINANCIAL RESULTS

(\$ in millions)

### Revenue



### Adjusted EBITDA



## SUMMARY

- Expect healthy, but moderately slower economic growth in 2019
  - Cross-border capital flows remain solid
  - Economic environment remains supportive of our business
- Start 2019 with excellent momentum across our business
  - Expect solid revenue growth in transaction businesses
  - Outsourcing momentum and CBRE strengths portend continued growth
  - Continue to invest heavily, but expect modest positive operating leverage in Advisory and Outsourcing businesses
- Most admired company in real estate sector per *Fortune* magazine

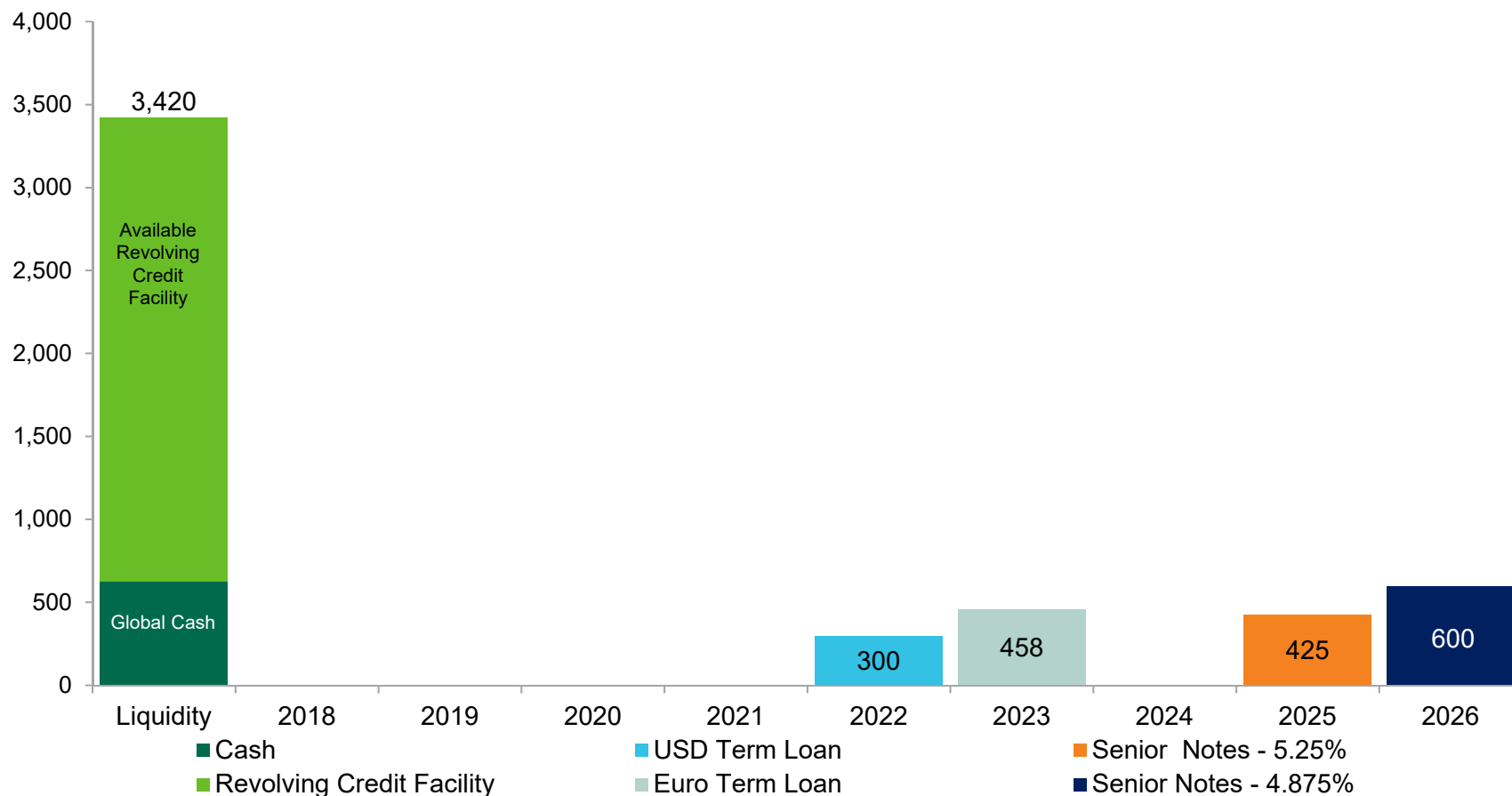


**SUPPLEMENTAL SLIDES, GAAP  
RECONCILIATION TABLES AND  
FOOTNOTES**

# MANDATORY AMORTIZATION AND MATURITY SCHEDULE

AS OF DECEMBER 31, 2018<sup>1</sup>

(\$ in millions)



1. \$2,800 million revolving credit facility matures in October 2022. As of December 31, 2018, the revolving credit facility balance was \$0 million.

## DEBT & LEVERAGE

	December 31, 2018
(\$ in millions)	
Cash <sup>1</sup>	\$ 622
Revolving credit facility	-
Senior term loans <sup>2</sup>	751
Senior notes <sup>2</sup>	1,015
Other debt <sup>3,4</sup>	4
Total debt	\$ 1,770
<b>Total net debt<sup>5</sup></b>	<b>\$ 1,148</b>
TTM Adjusted EBITDA <sup>6</sup>	\$ 1,905
<b>Net debt to TTM Adjusted EBITDA</b>	<b>0.60x</b>

1. Excludes \$155.2 million of cash in consolidated funds and other entities not available for company use at December 31, 2018.

2. Outstanding amount is reflected net of unamortized debt issuance costs.

3. Excludes \$1,328.8 million of warehouse facilities for loans originated on behalf of the FHA and other government sponsored enterprises outstanding at December 31, 2018, which are non-recourse to CBRE Group, Inc.

4. Excludes non-recourse notes payable on real estate, net of unamortized debt issuance costs, of \$6.3 million at December 31, 2018.

5. Total net debt is calculated as total debt (excluding non-recourse debt) less cash available for company use, as disclosed above.

6. Adjusted EBITDA excludes (from EBITDA) the impact of a one-time non-cash gain associated with remeasuring CBRE's investment in an unconsolidated subsidiary in New England to fair value as of the date it acquired the remaining controlling interest, costs associated with our reorganization, including cost-savings initiatives, costs incurred in connection with a litigation settlement, integration and other costs related to acquisitions, and certain carried interest incentive compensation reversal to align with the timing of associated revenue.

# AMERICAS REVENUE

## Q4 2018 FEE REVENUE UP 18% IN USD AND LOCAL CURRENCY

(\$ in millions)	Contractual Revenue Sources									
	Occupier Outsourcing <sup>1</sup>		Property Management <sup>1</sup>		Valuation	Loan Servicing	Leasing	Sales	Commercial Mortgage Origination	Other
	Gross	Fee <sup>2</sup>	Gross	Fee <sup>2</sup>						
<b>Q4 2018</b>	\$ 2,115	\$ 343	\$ 191	\$ 85	\$ 74	\$ 47	\$ 888	\$ 357	\$ 174	\$ 14
<b>Q4 2017</b>	\$ 1,919	\$ 312	\$ 175	\$ 78	\$ 67	\$ 40	\$ 704	\$ 318	\$ 152	\$ 10
<b>USD<sup>3</sup></b>	▲ 10%	▲ 10%	▲ 9%	▲ 9%	▲ 9%	▲ 19%	▲ 26%	▲ 12%	▲ 14%	▲ 43%
<b>Local Currency<sup>3</sup></b>	▲ 12%	▲ 10%	▲ 10%	▲ 9%	▲ 10%	▲ 19%	▲ 27%	▲ 13%	▲ 14%	▲ 47%

1. Occupier Outsourcing and Property Management revenue excludes associated leasing and sales revenue, most of which is contractual.
2. Fee revenue is gross revenue less both client reimbursed costs largely associated with employees that are dedicated to client facilities and subcontracted vendor work performed for clients.
3. Growth rate for Q4 2018 versus Q4 2017.

# EMEA REVENUE

Q4 2018 FEE REVENUE UP 14% IN USD OR 19% IN LOCAL CURRENCY

(\$ in millions)	Contractual Revenue Sources									
	Occupier Outsourcing <sup>1</sup>		Property Management <sup>1</sup>		Valuation	Loan Servicing	Leasing	Sales	Commercial Mortgage Origination	Other
	Gross	Fee <sup>2</sup>	Gross	Fee <sup>2</sup>						
<b>Q4 2018</b>	\$ 1,148	\$ 416	\$ 66	\$ 48	\$ 60	\$ 4	\$ 196	\$ 149	\$ 3	\$ 12
<b>Q4 2017</b>	\$ 920	\$ 333	\$ 67	\$ 48	\$ 56	\$ 3	\$ 178	\$ 152	\$ 1	\$ 10
<b>USD<sup>3</sup></b>	▲ 25%	▲ 25%	▼ -2%	◀▶ 0%	▲ 7%	▲ 19%	▲ 10%	▼ -2%	▲ 226%	▲ 21%
<b>Local Currency<sup>3</sup></b>	▲ 30%	▲ 30%	▲ 2%	▲ 3%	▲ 12%	▲ 25%	▲ 15%	▲ 3%	▲ 239%	▲ 27%

1. Occupier Outsourcing and Property Management revenue excludes associated leasing and sales revenue, most of which is contractual.
2. Fee revenue is gross revenue less both client reimbursed costs largely associated with employees that are dedicated to client facilities and subcontracted vendor work performed for clients.
3. Growth rate for Q4 2018 versus Q4 2017.

# ASIA PACIFIC REVENUE

Q4 2018 FEE REVENUE UP 10% IN USD OR 14% IN LOCAL CURRENCY

(\$ in millions)	Contractual Revenue Sources								
	Occupier Outsourcing <sup>1</sup>		Property Management <sup>1</sup>		Valuation	Leasing	Sales	Commercial Mortgage Origination	Other
	Gross	Fee <sup>2</sup>	Gross	Fee <sup>2</sup>					
<b>Q4 2018</b>	\$ 289	\$ 77	\$ 73	\$ 23	\$ 28	\$ 150	\$ 98	\$ 1	\$ 4
<b>Q4 2017</b>	\$ 271	\$ 68	\$ 65	\$ 24	\$ 31	\$ 127	\$ 93	\$ -	\$ 3
<b>USD<sup>3</sup></b>	▲ 7%	▲ 13%	▲ 11%	▼ -5%	▼ -10%	▲ 18%	▲ 6%	▲ 752%	▲ 34%
<b>Local Currency<sup>3</sup></b>	▲ 12%	▲ 18%	▲ 17%	▼ -2%	▼ -5%	▲ 22%	▲ 10%	▲ 796%	▲ 37%

1. Occupier Outsourcing and Property Management revenue excludes associated leasing and sales revenue, most of which is contractual.
2. Fee revenue is gross revenue less both client reimbursed costs largely associated with employees that are dedicated to client facilities and subcontracted vendor work performed for clients.
3. Growth rate for Q4 2018 versus Q4 2017.



## OTHER FINANCIAL METRICS

(\$ in thousands)	Three Months Ended		Twelve Months Ended	
	December 31, December 31,		December 31, December 31,	
	2017	2018	2017	2018
OMSR Gains	49,087	56,760	145,103	173,737
Amortization	(26,051)	(31,949)	(98,558)	(115,745)

(\$ in thousands)	Q4 2018 over	FY 2018 over
	Q4 2017	FY 2017
OMSR Gains	7,674	28,635
Amortization	5,898	17,187

(\$ in billions)	As of December 31,	
	2017	2018
Loan Servicing Balance	174.3	201.2

## NON-GAAP FINANCIAL MEASURES

The following measures are considered “non-GAAP financial measures” under SEC guidelines:

- i. fee revenue
- ii. organic fee revenue (which we also refer to as fee revenue excluding M&A contributions)
- iii. contractual fee revenue
- iv. net income attributable to CBRE Group, Inc., as adjusted (which we also refer to as “adjusted net income”)
- v. diluted income per share attributable to CBRE Group, Inc. shareholders, as adjusted (which we also refer to as “adjusted earnings per share” or “adjusted EPS”)
- vi. EBITDA and adjusted EBITDA

These measures are not recognized measurements under United States generally accepted accounting principles, or “GAAP.” When analyzing our operating performance, investors should use them in addition to, and not as an alternative for, their most directly comparable financial measure calculated and presented 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.

Our management generally uses these non-GAAP financial measures to evaluate operating performance and for other discretionary purposes. The company believes 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. The company further uses certain of these measures, and believes that they are useful to investors, for purposes described below.

With respect to fee revenue: the company believes that investors may find this measure useful to analyze the financial performance of our Occupier Outsourcing and Property Management business lines and our business generally. Fee revenue excludes costs reimbursable by clients, and as such provides greater visibility into the underlying performance of our business. Organic fee revenue for the three months ended December 31, 2018 further excludes contributions from all acquisitions completed after the fourth quarter of 2017. Organic fee revenue for the twelve months ended December 31, 2018 further excludes contributions from: (i) all acquisitions completed after first-quarter 2017 for the three months ended March 31, 2018; (ii) all acquisitions completed after second-quarter 2017 for the three months ended June 30, 2018; (iii) all acquisitions completed after third-quarter 2017 for the three months ended September 30, 2018; and (iv) all acquisitions completed after fourth-quarter 2017 for the three months ended December 31, 2018.

With respect to contractual fee revenue: the company believes that investors may find this measure useful to analyze our overall financial performance because it identifies revenue streams that are typically more stable over time.

With respect to adjusted net income, adjusted EPS, EBITDA and adjusted EBITDA: the company believes 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 accounting effects of acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions—and in the case of EBITDA and adjusted EBITDA—the effects of financings and income tax and the accounting effects of capital spending. All of these measures may vary for different companies for reasons unrelated to overall operating performance. In the case of EBITDA and adjusted EBITDA, these measures are not intended to be measures of free cash flow for our management’s discretionary use because they do not consider cash requirements such as tax and debt service payments. The EBITDA and adjusted EBITDA measures calculated herein may also differ from the amounts calculated under similarly titled definitions in our credit facilities and 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. The company also uses adjusted EBITDA and adjusted EPS as significant components when measuring our operating performance under our employee incentive compensation programs.

# RECONCILIATION OF ADJUSTED EBITDA TO EBITDA TO NET INCOME

(\$ in millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Net income attributable to CBRE Group, Inc.	\$ 393.8	\$ 159.2	\$ 1,063.2	\$ 697.1
Add:				
Depreciation and amortization	116.9	109.1	452.0	406.1
Interest expense	24.9	32.9	107.3	136.8
Write-off of financing costs on extinguished debt	-	-	28.0	-
Provision for income taxes	101.6	267.0	313.0	467.8
Less:				
Interest income	2.3	2.8	8.6	9.8
EBITDA	\$ 634.9	\$ 565.4	\$ 1,954.9	\$ 1,698.0
Adjustments:				
One-time gain associated with remeasuring an investment in an unconsolidated subsidiary to fair value as of the date the remaining controlling interest was acquired	(7.8)	-	(100.4)	-
Costs associated with our reorganization, including cost-savings initiatives	25.3	-	38.0	-
Costs incurred in connection with litigation settlement	-	-	8.8	-
Carried interest incentive compensation (reversal) expense to align with the timing of associated revenue	(0.7)	4.3	(5.2)	(8.5)
Integration and other costs related to acquisitions	3.0	-	9.1	27.3
Adjusted EBITDA	\$ 654.7	\$ 569.7	\$ 1,905.2	\$ 1,716.8

## RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
(\$ in millions, except per share amounts)				
Net income attributable to CBRE Group, Inc.	\$ 393.8	\$ 159.2	\$ 1,063.2	\$ 697.1
One-time gain associated with remeasuring an investment in an unconsolidated subsidiary to fair value as of the date the remaining controlling interest was acquired	(7.8)	-	(100.4)	-
Non-cash depreciation and amortization expense related to certain assets attributable to acquisitions	26.5	30.4	113.1	112.9
Write-off of financing costs on extinguished debt	-	-	28.0	-
Costs associated with our reorganization, including cost-savings initiatives	25.3	-	38.0	-
Costs incurred in connection with litigation settlement	-	-	8.8	-
Carried-interest incentive compensation (reversal) expense to align with the timing of associated revenue	(0.7)	4.3	(5.2)	(8.5)
Integration and other costs related to acquisitions	3.0	-	9.1	27.3
Tax impact of adjusted items	(37.9)	(8.6)	(44.2)	(42.1)
Impact of U.S. tax reform	12.8	143.4	13.3	143.4
Adjusted net income	\$ 415.0	\$ 328.7	\$ 1,123.7	\$ 930.1
Adjusted diluted earnings per share	\$ 1.21	\$ 0.96	\$ 3.28	\$ 2.73
Weighted average shares outstanding for diluted income per share	342,683,720	341,728,078	343,122,741	340,783,556

## RECONCILIATION OF REVENUE TO FEE REVENUE, CONTRACTUAL FEE REVENUE AND ORGANIC FEE REVENUE

(\$ in millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Consolidated revenue	\$ 6,293.7	\$ 5,499.7	\$ 21,340.1	\$ 18,628.8
Less:				
Client reimbursed costs largely associated with employees dedicated to client facilities and subcontracted vendor work performed for clients	2,889.7	2,553.8	10,502.5	9,219.8
Consolidated fee revenue	\$ 3,404.0	\$ 2,945.9	\$ 10,837.6	\$ 9,409.0
Less:				
Non-contractual fee revenue	2,077.3	1,774.6	6,012.6	5,265.1
Contractual fee revenue	\$ 1,326.7	\$ 1,171.3	\$ 4,825.0	\$ 4,143.9
Consolidated fee revenue	\$ 3,404.0		\$ 10,837.6	
Less:				
Acquisitions	(86.7)		(260.0)	
Organic fee revenue	\$ 3,317.3		\$ 10,577.6	
Consolidated fee revenue			\$ 10,837.6	\$ 9,409.0
Adjusted net income			\$ 1,123.7	\$ 930.1
Adjusted profit margin			10.4%	9.9%

## RECONCILIATION OF REVENUE TO FEE REVENUE

(\$ in millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Occupier Outsourcing revenue <sup>1</sup>	\$ 3,552.3	\$ 3,110.6	\$ 12,904.7	\$ 11,145.6
Less:				
Client reimbursed costs largely associated with employees dedicated to client facilities and subcontracted vendor work performed for clients	2,716.1	2,397.5	9,863.8	8,619.5
Occupier Outsourcing fee revenue <sup>1</sup>	\$ 836.2	\$ 713.1	\$ 3,040.9	\$ 2,526.1
Property Management revenue <sup>1</sup>	\$ 332.4	\$ 314.0	\$ 1,244.1	\$ 1,155.3
Less:				
Client reimbursed costs largely associated with employees dedicated to client facilities and subcontracted vendor work performed for clients	173.6	156.3	638.7	600.2
Property Management fee revenue <sup>1</sup>	\$ 158.8	\$ 157.7	\$ 605.4	\$ 555.1
Occupier Outsourcing fee revenue <sup>1</sup>	\$ 836.2		\$ 3,040.9	
Less:				
Acquisitions	(28.6)		(132.7)	
Organic Occupier Outsourcing fee revenue <sup>1</sup>	\$ 807.6		\$ 2,908.2	

1. Occupier Outsourcing and Property Management revenue excludes associated leasing and sales revenue, most of which is contractual.

## DEVELOPMENT SERVICES RECONCILIATION OF REVENUE TO ADJUSTED REVENUE

(\$ in millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Revenue	\$ 32.8	\$ 32.2	\$ 100.3	\$ 79.5
Add:				
Equity income from unconsolidated subsidiaries	62.4	45.0	302.4	181.5
Gain on disposition of real estate	2.4	0.9	14.9	19.8
Less:				
Non-controlling interest	(0.1)	-	0.1	0.1
Adjusted Revenue	\$ 97.7	\$ 78.1	\$ 417.5	\$ 280.7

## FOOTNOTES

Notes – In the first quarter of 2018, the company adopted new revenue recognition guidance. Certain restatements have been made to 2017 financial statements (and thus 2017 financial information included in this presentation) to conform with the 2018 presentation. This impacts slides 4, 5, 6, 7, 8, 9, 14, 15, 16, 19, 20, 21, 22 and 23. Local currency percent changes versus prior year is a non-GAAP measure noted on slides 4, 5, 6, 7, 8, 14, 15 and 16. These percent changes are calculated by comparing current year results at prior year exchange rates versus prior year results.

### Slide 4

1. Fee revenue is gross revenue less both client reimbursed costs largely associated with employees that are dedicated to client facilities and subcontracted vendor work performed for clients.
2. Adjusted EPS excludes a one-time non-cash gain associated with remeasuring CBRE's investment in an unconsolidated subsidiary in New England to fair value as of the date it acquired the remaining controlling interest, depreciation and amortization expense related to certain assets attributable to acquisitions, integration and other costs related to acquisitions, costs associated with our reorganization, including cost-savings initiatives, costs incurred in connection with a litigation settlement, write-off of financing costs on extinguished debt and certain carried interest incentive compensation reversal to align with the timing of associated revenue as well as adjusts the provision for income taxes for such charges. Adjusted EPS also excludes an update to the provisional estimated tax impact of U.S. tax reform initially recorded in the fourth quarter of 2017. All EPS information is based on diluted shares.

### Slide 5

1. Fee revenue is gross revenue less both client reimbursed costs largely associated with employees that are dedicated to client facilities and subcontracted vendor work performed for clients.
2. Adjusted EBITDA excludes the impact of a one-time non-cash gain associated with remeasuring CBRE's investment in an unconsolidated subsidiary in New England to fair value as of the date it acquired the remaining controlling interest, costs associated with our reorganization, including cost-savings initiatives, costs incurred in connection with a litigation settlement, integration and other costs related to acquisitions and certain carried interest incentive compensation (reversal) expense to align with the timing of associated revenue.
3. Adjusted EPS excludes a one-time non-cash gain associated with remeasuring CBRE's investment in an unconsolidated subsidiary in New England to fair value as of the date it acquired the remaining controlling interest, depreciation and amortization expense related to certain assets attributable to acquisitions, integration and other costs related to acquisitions, costs associated with our reorganization, including cost-savings initiatives, costs incurred in connection with a litigation settlement, write-off of financing costs on extinguished debt and certain carried interest incentive compensation (reversal) expense to align with the timing of associated revenue as well as adjusts the provision for income taxes for such charges. All EPS information is based on diluted shares.



# FOOTNOTES

## Slide 6

1. Contractual revenue refers to revenue derived from our Occupier Outsourcing, Property Management, Investment Management, Valuation and Loan Servicing businesses. We regard leasing revenue as largely recurring over time because unlike most other transaction businesses, leasing activity normally takes place when leases expire. The average lease expires in five to six years. This means that, on average, in a typical year approximately 17% to 20% of leases roll over and a new leasing decision must be made. When a lease expires in the ordinary course, we expect it to be renewed, extended or the tenant to vacate the space to lease another space in the market. In each instance, a transaction is completed. If there is a downturn in economic activity, some tenants may seek a short term lease extension, often a year, before making a longer term commitment. In this scenario, that delayed leasing activity tends to be stacked on top of the normal activity in the following year. Thus, we characterize leasing as largely recurring over time because we expect an expiration of a lease, in the ordinary course, to lead to an opportunity for a leasing commission from such completed transaction even if delayed by a year or two during an economic downturn.
2. Occupier Outsourcing and Property Management revenue excludes associated leasing and sales revenue, most of which is contractual.
3. Fee revenue is gross revenue less both client reimbursed costs largely associated with employees that are dedicated to client facilities and subcontracted vendor work performed for clients.

## Slide 7

1. Fee revenue is gross revenue less both client reimbursed costs largely associated with employees that are dedicated to client facilities and subcontracted vendor work performed for clients.

## Slide 8

1. Excludes securities business.
2. As of December 31, 2018.
3. Adjusted EBITDA excludes (from EBITDA) costs associated with our reorganization, including cost-savings initiatives, and certain carried interest incentive compensation (reversal) expense to align with the timing of associated revenue.

## Slide 9

1. In Process figures include Long-Term Operating Assets (LTOA) of \$0.03 billion for 4Q 18 and \$0.1 billion for 3Q 18. LTOA are projects that have achieved a stabilized level of occupancy or have been held 18-24 months following shell completion or acquisition.
2. Pipeline deals are projects we are pursuing which we believe have a greater than 50% chance of closing or where land has been acquired and the projected construction start is more than 12 months out.
3. Adjusted revenue is revenue plus equity income from unconsolidated subsidiaries and gain on disposition of real estate, net of non-controlling interests. The company believes that investors may find this measure useful to analyze the financial performance of our Development Services segment because it is more reflective of its total operations. See slide 23 for calculation.