

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**FORM 10-Q**

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

For the quarterly period ended June 30, 2024

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-32205

**CBRE**  
**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 No.)

**2121 North Pearl Street , Suite 300 , Dallas , Texas**

(Address of principal executive offices)

**75201**

(Zip Code)

**( 214 ) 979-6100**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.01 par value per share	"CBRE"	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares of Class A common stock outstanding at July 22, 2024 was 306,431,434 .

FORM 10-Q  
June 30, 2024

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**PART I – FINANCIAL INFORMATION**
**Item 1. Financial Statements**

**CBRE GROUP, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(Dollars in millions, except share data)

	June 30, 2024	December 31, 2023
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 928	\$ 1,265
Restricted cash	105	106
Receivables, less allowance for doubtful accounts of \$ 103.7 and \$ 102.0 at June 30, 2024 and December 31, 2023, respectively	6,304	6,370
Warehouse receivables	973	675
Contract assets	454	443
Prepaid expenses	342	333
Income taxes receivable	190	159
Other current assets	357	315
Total Current Assets	9,653	9,666
Property and equipment, net of accumulated depreciation and amortization of \$ 1,703.4 and \$ 1,576.1 at June 30, 2024 and December 31, 2023, respectively	895	907
Goodwill	5,667	5,129
Other intangible assets, net of accumulated amortization of \$ 2,327.8 and \$ 2,178.9 at June 30, 2024 and December 31, 2023, respectively	2,385	2,081
Operating lease assets	1,032	1,030
Investments in unconsolidated subsidiaries (with \$ 904.6 and \$ 997.3 at fair value at June 30, 2024 and December 31, 2023, respectively)	1,309	1,374
Non-current contract assets	92	75
Real estate under development	380	300
Non-current income taxes receivable	77	78
Deferred tax assets, net	338	361
Other assets, net	1,634	1,547
Total Assets	\$ 23,462	\$ 22,548
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 3,568	\$ 3,562
Compensation and employee benefits payable	1,230	1,459
Accrued bonus and profit sharing	974	1,556
Operating lease liabilities	244	242
Contract liabilities	311	298
Income taxes payable	128	217
Warehouse lines of credit (which fund loans that U.S. Government Sponsored Enterprises have committed to purchase)	961	666
Revolving credit facility	940	—
Other short-term borrowings	7	16
Current maturities of long-term debt	28	9
Other current liabilities	238	218
Total Current Liabilities	8,629	8,243
Long-term debt, net of current maturities	3,272	2,804
Non-current operating lease liabilities	1,091	1,089
Non-current income taxes payable	—	30
Non-current tax liabilities	148	157
Deferred tax liabilities, net	248	255
Other liabilities	885	903
Total Liabilities	14,273	13,481

Equity:

CBRE Group, Inc. Stockholders' Equity:		
Class A common stock; \$ 0.01 par value; 525,000,000 shares authorized; 306,473,349 and 304,889,140 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	3	3
Additional paid-in capital	—	—
Accumulated earnings	9,384	9,188
Accumulated other comprehensive loss	( 1,031 )	( 924 )
Total CBRE Group, Inc. Stockholders' Equity	8,356	8,267
Non-controlling interests	833	800
Total Equity	9,189	9,067
Total Liabilities and Equity	\$ 23,462	\$ 22,548

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

**CBRE GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(Dollars in millions, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 8,391	\$ 7,720	\$ 16,326	\$ 15,131
Costs and expenses:				
Cost of revenue	6,793	6,179	13,268	12,186
Operating, administrative and other	1,191	1,089	2,302	2,297
Depreciation and amortization	161	155	319	316
Total costs and expenses	8,145	7,423	15,889	14,799
Gain on disposition of real estate	—	9	13	12
Operating income	246	306	450	344
Equity (loss) income from unconsolidated subsidiaries	( 15 )	( 8 )	( 73 )	134
Other income	6	6	15	8
Interest expense, net of interest income	63	43	99	71
Income before provision for income taxes	174	261	293	415
Provision for income taxes	32	55	3	84
Net income	142	206	290	331
Less: Net income attributable to non-controlling interests	12	5	34	13
Net income attributable to CBRE Group, Inc.	\$ 130	\$ 201	\$ 256	\$ 318
Basic income per share:				
Net income per share attributable to CBRE Group, Inc.	\$ 0.42	\$ 0.65	\$ 0.84	\$ 1.02
Weighted average shares outstanding for basic income per share	306,745,116	310,857,203	306,276,871	310,662,324
Diluted income per share:				
Net income per share attributable to CBRE Group, Inc.	\$ 0.42	\$ 0.64	\$ 0.83	\$ 1.01
Weighted average shares outstanding for diluted income per share	308,035,211	314,282,247	308,269,040	314,821,615

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

**CBRE GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)  
(Dollars in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	\$ 142	\$ 206	\$ 290	\$ 331
Other comprehensive (loss) income:				
Foreign currency translation (loss) gain	( 26 )	37	( 115 )	74
Unrealized holding gains on available for sale debt securities, net of tax	3	—	3	1
Other, net of tax	( 2 )	—	( 1 )	5
Total other comprehensive (loss) income	( 25 )	37	( 113 )	80
Comprehensive income	117	243	177	411
Less: Comprehensive income attributable to non-controlling interests	13	18	28	39
Comprehensive income attributable to CBRE Group, Inc.	\$ 104	\$ 225	\$ 149	\$ 372

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

**CBRE GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(Dollars in millions)

	Six Months Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 290	\$ 331
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	319	316
Amortization of financing costs	3	2
Gains related to mortgage servicing rights, premiums on loan sales and sales of other assets	( 60 )	( 45 )
Gain on disposition of real estate assets	( 13 )	—
Net realized and unrealized gains, primarily from investments	( 2 )	( 3 )
Provision for doubtful accounts	9	6
Net compensation expense for equity awards	69	39
Equity loss (income) from unconsolidated subsidiaries	73	( 134 )
Distribution of earnings from unconsolidated subsidiaries	30	183
Proceeds from sale of mortgage loans	4,129	4,356
Origination of mortgage loans	( 4,408 )	( 4,894 )
Increase in warehouse lines of credit	295	549
Tenant concessions received	13	7
Purchase of equity securities	( 28 )	( 8 )
Proceeds from sale of equity securities	46	8
Increase in real estate under development	( 6 )	( 37 )
Decrease (increase) in receivables, prepaid expenses and other assets (including contract and lease assets)	110	( 101 )
Decrease in accounts payable and accrued expenses and other liabilities (including contract and lease liabilities)	( 77 )	( 313 )
Decrease in compensation and employee benefits payable and accrued bonus and profit sharing	( 788 )	( 811 )
Increase in net income taxes receivable/payable	( 153 )	( 157 )
Other operating activities, net	( 56 )	( 50 )
Net cash used in operating activities	( 205 )	( 756 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	( 135 )	( 135 )
Acquisition of businesses, including net assets acquired and goodwill, net of cash acquired	( 1,051 )	( 166 )
Contributions to unconsolidated subsidiaries	( 73 )	( 60 )
Distributions from unconsolidated subsidiaries	29	21
Acquisition and development of real estate assets	( 136 )	—
Proceeds from disposition of real estate assets	6	—
Other investing activities, net	53	( 30 )
Net cash used in investing activities	( 1,307 )	( 370 )

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

**CBRE GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  
(Unaudited)  
(Dollars in millions)

	Six Months Ended June 30,	
	2024	2023
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from revolving credit facility	2,505	3,206
Repayment of revolving credit facility	( 1,565 )	( 2,801 )
Proceeds from notes payable on real estate	12	—
Proceeds from issuance of 5.500 % senior notes	495	—
Proceeds from issuance of 5.950 % senior notes	—	975
Repurchase of common stock	( 47 )	( 130 )
Acquisition of businesses (cash paid for acquisitions more than three months after purchase date)	( 16 )	( 68 )
Units repurchased for payment of taxes on equity awards	( 97 )	( 50 )
Non-controlling interest contributions	17	2
Non-controlling interest distributions	( 30 )	( 1 )
Other financing activities, net	( 32 )	( 58 )
Net cash provided by financing activities	1,242	1,075
Effect of currency exchange rate changes on cash and cash equivalents and restricted cash	( 68 )	3
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	<b>( 338 )</b>	<b>( 48 )</b>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, AT BEGINNING OF PERIOD</b>	<b>1,371</b>	<b>1,405</b>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, AT END OF PERIOD</b>	<b>\$ 1,033</b>	<b>\$ 1,357</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
<b>Cash paid during the period for:</b>		
Interest	\$ 170	\$ 91
Income tax payments, net	\$ 244	\$ 303
<b>Non-cash investing and financing activities:</b>		
Deferred and/or contingent consideration	\$ 15	\$ —

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



**CBRE GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(Unaudited)  
(Dollars in millions)

	CBRE Group, Inc. Stockholders'					
	Class A common stock	Additional paid-in capital	Accumulated earnings	Accumulated other comprehensive loss	Non- controlling interests	Total
Balance at March 31, 2024	\$ 3	\$ —	\$ 9,263	\$ ( 1,005 )	\$ 838	\$ 9,099
Net income	—	—	130	—	12	142
Compensation expense for equity awards	—	39	—	—	—	39
Units repurchased for payment of taxes on equity awards	—	( 1 )	—	—	—	( 1 )
Repurchase of common stock	—	( 39 )	( 9 )	—	—	( 48 )
Foreign currency translation (loss) gain	—	—	—	( 27 )	1	( 26 )
Unrealized holding gains on available for sale debt securities, net of tax	—	—	—	3	—	3
Contributions from non-controlling interests	—	—	—	—	16	16
Distributions to non-controlling interests	—	—	—	—	( 30 )	( 30 )
Other	—	1	—	( 2 )	( 4 )	( 5 )
Balance at June 30, 2024	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ 9,384</u>	<u>\$ ( 1,031 )</u>	<u>\$ 833</u>	<u>\$ 9,189</u>

	CBRE Group, Inc. Stockholders'					
	Class A common stock	Additional paid-in capital	Accumulated earnings	Accumulated other comprehensive loss	Non- controlling interests	Total
Balance at March 31, 2023	\$ 3	\$ —	\$ 8,810	\$ ( 953 )	\$ 782	\$ 8,642
Net income	—	—	201	—	5	206
Compensation expense for equity awards	—	21	—	—	—	21
Units repurchased for payment of taxes on equity awards	—	( 4 )	—	—	—	( 4 )
Foreign currency translation gain	—	—	—	24	13	37
Contributions from non-controlling interests	—	—	—	—	1	1
Distributions to non-controlling interests	—	—	—	—	( 1 )	( 1 )
Other	—	( 4 )	—	—	( 4 )	( 8 )
Balance at June 30, 2023	<u>\$ 3</u>	<u>\$ 13</u>	<u>\$ 9,011</u>	<u>\$ ( 929 )</u>	<u>\$ 796</u>	<u>\$ 8,894</u>

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

**CBRE GROUP, INC.**  
**CONSOLIDATED STATEMENTS OF EQUITY (Continued)**  
(Unaudited)  
(Dollars in thousands)

	CBRE Group, Inc. Stockholders'					
	Class A common stock	Additional paid-in capital	Accumulated earnings	Accumulated other comprehensive loss	Non- controlling interests	Total
Balance at December 31, 2023	\$ 3	\$ —	\$ 9,188	\$ ( 924 )	\$ 800	\$ 9,067
Net income	—	—	256	—	34	290
Compensation expense for equity awards	—	69	—	—	—	69
Units repurchased for payment of taxes on equity awards	—	( 46 )	( 51 )	—	—	( 97 )
Repurchase of common stock	—	( 39 )	( 9 )	—	—	( 48 )
Foreign currency translation loss	—	—	—	( 109 )	( 6 )	( 115 )
Unrealized holding gains on available for sale debt securities, net of tax	—	—	—	3	—	3
Contributions from non-controlling interests	—	—	—	—	17	17
Distributions to non-controlling interests	—	—	—	—	( 30 )	( 30 )
Acquisition of non-controlling interests	—	—	—	—	22	22
Other	—	16	—	( 1 )	( 4 )	11
Balance at June 30, 2024	\$ 3	\$ —	\$ 9,384	\$ ( 1,031 )	\$ 833	\$ 9,189

	CBRE Group, Inc. Stockholders'					
	Class A common stock	Additional paid-in capital	Accumulated earnings	Accumulated other comprehensive loss	Non- controlling interests	Total
Balance at December 31, 2022	\$ 3	\$ —	\$ 8,833	\$ ( 983 )	\$ 753	\$ 8,606
Net income	—	—	318	—	13	331
Compensation expense for equity awards	—	39	—	—	—	39
Units repurchased for payment of taxes on equity awards	—	( 16 )	( 34 )	—	—	( 50 )
Repurchase of common stock	—	—	( 114 )	—	—	( 114 )
Foreign currency translation gain	—	—	—	48	26	74
Unrealized holding gains on available for sale debt securities, net of tax	—	—	—	1	—	1
Contributions from non-controlling interests	—	—	—	—	2	2
Distributions to non-controlling interests	—	—	—	—	( 1 )	( 1 )
Other	—	( 10 )	8	5	3	6
Balance at June 30, 2023	\$ 3	\$ 13	\$ 9,011	\$ ( 929 )	\$ 796	\$ 8,894

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

**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**1. Basis of Presentation**

Readers of this Quarterly Report on Form 10-Q (Quarterly Report) should refer to the audited financial statements and notes to consolidated financial statements of CBRE Group, Inc., a Delaware corporation (which may be referred to in these financial statements as “CBRE,” “the company,” “we,” “us” and “our”), for the year ended December 31, 2023, which are included in our [2023 Annual Report on Form 10-K \(2023 Annual Report\)](#), filed with the United States Securities and Exchange Commission (SEC) and also available on our website ([www.cbre.com](http://www.cbre.com)), since we have omitted from this Quarterly Report certain footnote disclosures which would substantially duplicate those contained in such audited financial statements. You should also refer to Note 2, Significant Accounting Policies, in the notes to consolidated financial statements in our [2023 Annual Report](#) for further discussion of our significant accounting policies and estimates.

***Financial Statement Preparation***

The accompanying consolidated financial statements have been prepared in accordance with the rules applicable to quarterly reports on Form 10-Q and include all information and footnotes required for interim financial statement presentation, but do not include all disclosures required under accounting principles generally accepted in the United States (U.S.), or General Accepted Accounting Principles (GAAP), for annual financial statements. Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S., which require management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts reported in our consolidated financial statements and accompanying notes and are based on our best judgment. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors, including consideration of the current economic environment, and adjust such estimates and assumptions when facts and circumstances dictate. Actual results may differ from these estimates and assumptions.

**2. New Accounting Pronouncements**

***Recent Accounting Pronouncements Pending Adoption***

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, “*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*.” This update enhances reportable segment disclosures by requiring a public entity to: 1) disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss, 2) disclose, on an annual and interim basis, an amount of other segment items by reportable segment and a description of its composition, 3) provide all annual disclosures about a reportable segment’s profit or loss and assets currently required by Topic 280 in interim periods, 4) disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources, and 5) provide all the disclosures required by this update and all existing segment disclosures in Topic 280 if the entity has a single reportable segment. This ASU also clarifies that, in addition to the measure that is most consistent with the measurement principles under GAAP, a public entity is not precluded from reporting additional measures of a segment’s profit or loss that are used by the CODM in assessing segment performance and deciding how to allocate resources. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We are evaluating the impact this guidance will have on our consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, “*Improvements to Income Tax Disclosures*.” This ASU requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income taxes paid and will be effective for annual periods beginning after December 15, 2024. The new requirements should be applied on a prospective basis with an option to apply them retrospectively. Early adoption is permitted. We are evaluating the impact that ASU 2023-09 will have on our consolidated financial statements and related disclosures.

**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**(Unaudited)**

**3. J&J Worldwide Services Acquisition**

On February 27, 2024, we acquired a 100 % ownership interest in J&J Worldwide Services (J&J), a leading provider of engineering services, base support operations and facilities maintenance for the U.S. federal government. J&J primarily serves the U.S. Department of Defense through long-term, fixed-price contracts and is reported as part of our Global Workplace Solutions (GWS) segment. The acquisition is consistent with key elements of our M&A strategy that focus on enhancing our technical services capabilities, increasing revenue resilience and secular growth, and expanding our government client base within our GWS segment.

The J&J acquisition was treated as a business combination under FASB Accounting Standards Codification (ASC) Topic 805 and was accounted for using the acquisition method of accounting. We financed the acquisition with a new issuance in February 2024 of \$ 500.0 million in aggregate principal amount of 5.500 % senior notes due April 1, 2029; (ii) borrowings under our existing revolving credit facility under our 2023 Credit Agreement; and (iii) cash on hand. See Note 8 for more information on the above mentioned debt instruments.

The following summarizes the consideration transferred at closing for the J&J acquisition (dollars in millions):

Cash consideration	\$	809
Deferred and contingent consideration		11
Total consideration	\$	820

The purchase price included \$ 7.4 million of contingent consideration, representing the acquisition date fair value recognized for up to \$ 250.0 million gross of potential future earnout payments based on the achievement of certain performance thresholds during calendar years 2025 and 2026.

The following represents the summary of the excess purchase price over the fair value of net assets acquired (dollars in millions):

Purchase price	\$	820
Less: Estimated fair value of net assets acquired (see table below)		357
Excess purchase price over estimated fair value of net assets acquired	\$	463

The preliminary purchase accounting adjustments related to the J&J acquisition have been recorded in the accompanying consolidated financial statements. The excess purchase price over the fair value of net assets acquired and non-controlling interest has been recorded to goodwill. The goodwill arising from the J&J acquisition consists largely of the synergies and opportunities to deliver premier engineering services, base support operations and facilities maintenance services. Of the goodwill generated, approximately \$ 115.0 million is deductible for tax purposes.

The acquired assets and assumed liabilities of J&J were recorded at their estimated fair values. The purchase price allocation for the business combination is preliminary, primarily for intangibles, and subject to change within the respective measurement period which will not extend beyond one year from the acquisition date. Measurement period adjustments will be recognized in the reporting period in which the adjustment amounts are determined. Any such adjustments may be material.

**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

The following table summarizes the preliminary fair values assigned to the identified assets acquired and liabilities assumed at the acquisition date on February 27, 2024 (dollars in millions):

<b>Assets Acquired:</b>				
Cash and cash equivalents			\$	26
Receivables, net				91
Contract assets				22
Prepaid expenses				2
Other current assets				2
Property and equipment, net				11
Other intangible assets, net				297
Operating lease assets				2
Investments in unconsolidated subsidiaries				24
Other assets, net				15
Total assets acquired				492
<b>Liabilities Assumed:</b>				
Accounts payable and accrued expenses				54
Compensation and employee benefits payable				8
Contract liabilities				1
Income taxes payable				1
Other current liabilities				2
Non-current operating lease liabilities				3
Deferred tax liabilities, net				57
Other liabilities				3
Total liabilities assumed				129
<b>Non-controlling Interest Acquired</b>				6
<b>Estimated Fair Value of Net Assets Acquired</b>			\$	357

In connection with the J&J acquisition, below is a summary of the preliminary value allocated to the intangible assets acquired (dollars in millions):

Asset Class	Amortization Period	Amount Assigned at Acquisition Date	As of June 30, 2024	
			Accumulated Amortization	Net Carrying Value
Customer relationships	9 - 12 years	\$ 174	\$ 5	\$ 169
Backlog	4 - 6 years	111	9	102
Trademark	3 years	10	1	9
Technology	5 years	2	—	2

The accompanying consolidated statements of operations for the three months ended June 30, 2024 includes revenue, operating loss and net loss of \$ 105.7 million, \$ 4.8 million and \$ 4.4 million, respectively, and for the six months ended June 30, 2024 includes revenue, operating loss and net loss of \$ 147.1 million, \$ 5.1 million and \$ 3.9 million, respectively, attributable to the J&J acquisition. This does not include the total direct transaction and integration costs of \$ 17.5 million and \$ 1.0 million incurred during the first and second quarter of 2024, respectively, in connection with the J&J acquisition, which are included in the unaudited pro forma results.

The fair value of customer relationships and backlog was determined using the Multi-Period Excess Earnings Method (MPEEM), a form of the Income Approach. The MPEEM is a specific application of the Discounted Cash Flow Method. The principle behind the MPEEM is that the value of an intangible asset is equal to the present value of the incremental cash flows attributable only to the subject intangible asset. This estimation used certain unobservable key inputs such as timing of projected cash flows, growth rates, expected contract renewal probabilities, discount rates, and the assessment of useful life.

**CBRE GROUP, INC.**  
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The fair value of the trademark and the existing technology was determined by using the Relief-from-Royalty Method, a form of the Income Approach, and relied on key unobservable inputs such as timing of the projected cash flows, growth rates, and royalty rates. The basic tenet of the Relief-from-Royalty Method is that without ownership of the subject intangible asset, the user of that intangible asset would have to make a stream of payments to the owner of the asset in return for the rights to use that asset. By acquiring the intangible asset, the user avoids these payments.

Unaudited pro forma results, assuming the J&J acquisition had occurred as of January 1, 2023 for purposes of the pro forma disclosures for the three and six months ended June 30, 2024 and 2023 are presented below. They include certain adjustments for increased amortization expense related to the intangible assets acquired (approximately \$4.7 million for the three months ended June 30, 2023, and approximately \$3.2 million and \$9.4 million for the six months ended June 30, 2024 and 2023, respectively) as well as increased interest expense related to the long-term financing (\$7.0 million for the three months ended June 30, 2023, and approximately \$4.2 million and \$14.1 million for the six months ended June 30, 2024 and 2023, respectively). Direct transaction and integration costs of \$1.0 million incurred during the second quarter of 2024, \$17.5 million, incurred during the first quarter of 2024, and \$2.1 million incurred during the fourth quarter of 2023 as well as the tax impact of all pro forma adjustments are also included in the unaudited pro forma results.

These unaudited pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what operating results would have been had the J&J acquisition occurred on January 1, 2023 and may not be indicative of future operating results (dollars in millions, except share and per share data):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue	\$ 8,391	\$ 7,830	\$ 16,398	\$ 15,355
Operating income	247	295	461	308
Net income attributable to CBRE Group, Inc.	131	187	262	279
<i>Basic income per share:</i>				
Net income per share attributable to CBRE Group, Inc.	\$ 0.43	\$ 0.60	\$ 0.85	\$ 0.90
Weighted average shares outstanding for basic income per share	306,745,116	310,857,203	306,276,871	310,662,324
<i>Diluted income per share:</i>				
Net income per share attributable to CBRE Group, Inc.	\$ 0.42	\$ 0.59	\$ 0.85	\$ 0.89
Weighted average shares outstanding for diluted income per share	308,035,211	314,282,247	308,269,040	314,821,615

#### **Other acquisitions**

During the three months ended June 30, 2024, the company completed five in-fill business acquisitions, including one in the Advisory Services segment and four in the GWS segment, with an aggregate purchase price of approximately \$290.9 million in cash and non-cash consideration. Assets acquired and liabilities assumed are primarily working capital in nature. The results of operations of all acquisitions completed during the six months ended June 30, 2024 have been included in the company's consolidated financial results since their respective acquisition dates. These acquisitions were not significant in relation to the company's consolidated financial results and, therefore, pro-forma financial information has not been presented.

The following table identifies the company's allocation of purchase price to goodwill and other intangible assets by category (dollars in millions):

	Amount Assigned at Acquisition Date	Weighted-Average Life (in years)
Goodwill	\$ 118	N/A
Customer relationships	141	12 years
Other intangible assets	3	2 years
Total	\$ 262	

#### **4. Warehouse Receivables & Warehouse Lines of Credit**

Our wholly-owned subsidiary CBRE Capital Markets, Inc. (CBRE Capital Markets) is a Federal Home Loan Mortgage Corporation (Freddie Mac) approved Multifamily Program Plus Seller/Servicer and an approved Federal National Mortgage Association (Fannie Mae) Aggregation and Negotiated Transaction Seller/Servicer. In addition, CBRE Capital Markets'

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wholly-owned subsidiary CBRE Multifamily Capital, Inc. (CBRE MCI) is an approved Fannie Mae Delegated Underwriting and Servicing (DUS) Seller/Servicer and CBRE Capital Markets' wholly-owned subsidiary CBRE HMF, Inc. (CBRE HMF) is a U.S. Department of Housing and Urban Development (HUD) approved Non-Supervised Federal Housing Authority (FHA) Title II Mortgagee, an approved Multifamily Accelerated Processing (MAP) lender and an approved Government National Mortgage Association (Ginnie Mae) issuer of mortgage-backed securities (MBS). Under these arrangements, before loans are originated through proceeds from warehouse lines of credit, we obtain either a contractual loan purchase commitment from either Freddie Mac or Fannie Mae or a confirmed forward trade commitment for the issuance and purchase of a Fannie Mae or Ginnie Mae MBS that will be secured by the loans. The warehouse lines of credit are generally repaid within a one-month period when Freddie Mac or Fannie Mae buys the loans or upon settlement of the Fannie Mae or Ginnie Mae MBS, while we retain the servicing rights. Loans are funded at the prevailing market rates. We elect the fair value option for all warehouse receivables. At June 30, 2024 and December 31, 2023, all of the warehouse receivables included in the accompanying consolidated balance sheets were either under commitment to be purchased by Freddie Mac or had confirmed forward trade commitments for the issuance and purchase of Fannie Mae or Ginnie Mae MBS that will be secured by the underlying loans.

A rollforward of our warehouse receivables is as follows (dollars in millions):

Beginning balance at December 31, 2023	\$ 675
Origination of mortgage loans	4,408
Gains (premiums on loan sales)	14
Proceeds from sale of mortgage loans:	
Sale of mortgage loans	( 4,115 )
Cash collections of premiums on loan sales	( 14 )
Proceeds from sale of mortgage loans	( 4,129 )
Net increase in mortgage servicing rights included in warehouse receivables	5
Ending balance at June 30, 2024	\$ 973

The following table is a summary of our warehouse lines of credit in place as of June 30, 2024 and December 31, 2023 (dollars in millions):

Lender	Current Maturity	Pricing	June 30, 2024		December 31, 2023	
			Maximum Facility Size	Carrying Value	Maximum Facility Size	Carrying Value
JP Morgan Chase Bank, N.A. (JP Morgan)	12/13/2024	daily floating Secured Overnight Financing Rate (SOFR) plus 1.50 %, with a SOFR adjustment of 0.05 %	\$ 1,335	\$ 675	\$ 1,335	\$ 613
JP Morgan (Business Lending Activity)	12/13/2024	daily floating SOFR plus 2.75 %, with a SOFR adjustment of 0.05 %	15	—	15	—
Fannie Mae Multifamily As Soon As Pooled Plus Agreement and Multifamily As Soon As Pooled Sale Agreement (ASAP) Program	Cancelable anytime	daily floating SOFR plus 1.45 %, with a SOFR floor of 0.25 %	650	66	650	7
TD Bank, N.A. (TD Bank) <sup>(1)</sup>	7/31/2024	daily floating SOFR plus 1.30 %, with a SOFR adjustment of 0.10 %	600	16	600	28
Bank of America, N.A. (BoFA) <sup>(2)</sup>	5/21/2025	daily floating SOFR plus 1.25 %, with a SOFR adjustment of 0.10 %	350	204	350	18
BoFA <sup>(2)</sup>	5/21/2025	daily floating SOFR plus 1.25 %, with a SOFR adjustment of 0.10 %	250	—	250	—
			\$ 3,200	\$ 961	\$ 3,200	\$ 666

<sup>(1)</sup> Effective July 15, 2023, this facility was renewed and amended to a maximum aggregate principal amount of \$ 300.0 million, with an uncommitted \$ 300.0 million temporary line of credit and a maturity date of July 15, 2024. Effective July 15, 2024, the maturity date was extended until July 31, 2024 and there were no changes to the SOFR rate or the SOFR adjustment rate with the extension. As of June 30, 2024, the uncommitted \$ 300.0 million temporary line of credit was not utilized.

<sup>(2)</sup> Effective May 22, 2024, this facility was renewed and there were no changes to the SOFR rate or the SOFR adjustment rate at renewal.

During the six months ended June 30, 2024, we had a maximum of \$ 1.2 billion of warehouse lines of credit principal outstanding.

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## 5. Variable Interest Entities (VIEs)

We hold variable interests in certain VIEs primarily in our Real Estate Investments (REI) segment which are not consolidated as it was determined that we are not the primary beneficiary. Our involvement with these entities is in the form of equity co-investments and fee arrangements. As of June 30, 2024 and December 31, 2023, our maximum exposure to loss related to the VIEs that are not consolidated was as follows (dollars in millions):

	June 30, 2024	December 31, 2023
Investments in unconsolidated subsidiaries	\$ 181	\$ 165
Co-investment commitments	50	58
Maximum exposure to loss	\$ 231	\$ 223

## 6. Fair Value Measurements

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

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

There have been no significant changes to the valuation techniques and inputs used to develop the recurring fair value measurements from those disclosed in our [2023 Annual Report](#), except as described below.

The following tables present the fair value of assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 and December 31, 2023 (dollars in millions):

	As of June 30, 2024			
	Fair Value Measured and Recorded Using			
	Level 1	Level 2	Level 3	Total
Assets				
Available for sale debt securities:				
U.S. treasury securities	\$ 10	\$ —	\$ —	\$ 10
Corporate debt securities	—	16	—	16
Total available for sale debt securities	10	16	—	26
Equity securities	65	—	—	65
Investments in unconsolidated subsidiaries	96	—	457	553
Warehouse receivables	—	973	—	973
Other assets	—	12	31	43
Total assets at fair value	\$ 171	\$ 1,001	\$ 488	\$ 1,660
Liabilities				
Contingent consideration	—	—	40	40
Total liabilities at fair value	\$ —	\$ —	\$ 40	\$ 40



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	As of December 31, 2023			
	Fair Value Measured and Recorded Using			Total
	Level 1	Level 2	Level 3	
Assets				
Available for sale debt securities:				
U.S. treasury securities	\$ 12	\$ —	\$ —	\$ 12
Debt securities issued by U.S. federal agencies	—	11	—	11
Corporate debt securities	—	44	—	44
Asset-backed securities	—	1	—	1
Total available for sale debt securities	12	56	—	68
Equity securities	41	—	—	41
Investments in unconsolidated subsidiaries	168	—	477	645
Warehouse receivables	—	675	—	675
Other assets	—	—	16	16
Total assets at fair value	\$ 221	\$ 731	\$ 493	\$ 1,445
Liabilities				
Contingent consideration	—	—	36	36
Other liabilities	—	5	—	5
Total liabilities at fair value	\$ —	\$ 5	\$ 36	\$ 41

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

The equity securities are generally valued at the last reported sales price on the day of valuation or, if no sales occurred on the valuation date, at the mean of the bid and ask prices on such date. The above tables do not include our \$ 142.8 million as of both June 30, 2024 and December 31, 2023, for capital investments in certain non-public entities as they are non-marketable equity investments accounted for under the measurement alternative, defined as cost minus impairment. These investments are included in "Other assets, net" in the accompanying consolidated balance sheets.

The fair values of the warehouse receivables are primarily calculated based on already locked in purchase prices. At June 30, 2024 and December 31, 2023, all of the warehouse receivables included in the accompanying consolidated balance sheets were either under commitment to be purchased by Freddie Mac or had confirmed forward trade commitments for the issuance and purchase of Fannie Mae or Ginnie Mae mortgage backed securities that will be secured by the underlying loans (see Note 4). These assets are classified as Level 2 in the fair value hierarchy as a substantial majority of inputs are readily observable.

As of June 30, 2024 and December 31, 2023, investments in unconsolidated subsidiaries at fair value using NAV were \$ 351.8 million and \$ 352.3 million, respectively, and investments at fair value using NAV which are not accounted for under the equity method were \$ 19.6 million and \$ 19.2 million, respectively. These investments fall under practical expedient rules that do not require them to be included in the fair value hierarchy and as a result have been excluded from the tables above.

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The tables below present a reconciliation for assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) (dollars in millions):

	Investment in Unconsolidated Subsidiaries	Other Assets	Contingent Consideration
Balance as of March 31, 2024	\$ 458	\$ 18	\$ 43
Transfer in (out)	—	—	—
Net change in fair value	( 1 )	10	( 3 )
Purchases / Additions	—	3	2
Sales / Payments	—	—	( 2 )
Balance as of June 30, 2024	\$ 457	\$ 31	\$ 40
Balance as of December 31, 2023	\$ 477	\$ 16	\$ 36
Transfer in (out)	—	—	—
Net change in fair value	( 20 )	9	( 3 )
Purchases / Additions	—	6	9
Sales / Payments	\$ —	\$ —	\$ ( 2 )
Balance as of June 30, 2024	\$ 457	\$ 31	\$ 40

Net change in fair value, included in the table above, is reported in Net income as follows:

Category of Assets/Liabilities using Unobservable Inputs	Consolidated Financial Statements
Investments in unconsolidated subsidiaries	Equity (loss) income from unconsolidated subsidiaries
Other assets (liabilities)	Other income
Contingent consideration (short term)	Accounts payable and accrued expenses
Contingent consideration (long term)	Other liabilities

The table below presents information about the significant unobservable inputs used for recurring fair value measurements for certain Level 3 instruments as of June 30, 2024:

	Valuation Technique	Unobservable Input	Range	Weighted Average
<b>Investment in unconsolidated subsidiaries</b>	Discounted cash flow	Discount rate	18 %	—
	Monte Carlo	Volatility	35 % - 61 %	36 %
		Discount rate	25 %	—
<b>Other assets</b>	Discounted cash flow	Discount rate	18 %	—
<b>Contingent consideration</b>	Monte Carlo	Volatility	21 %	—
		Discount rate	5 %	—
	Discounted estimated payments	Discount rate	5 % - 6 %	6 %

There were no asset impairment charges or other significant non-recurring fair value measurement adjustments recorded during the three and six months ended June 30, 2024 and 2023.

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

- *Cash and Cash Equivalents and Restricted Cash* – These balances include cash and cash equivalents as well as restricted cash with maturities of less than three months. The carrying amount approximates fair value due to the short-term maturities of these instruments.
- *Receivables, less Allowance for Doubtful Accounts* – Due to their short-term nature, fair value approximates carrying value.

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- *Warehouse Receivables* – These balances are carried at fair value. The primary source of value is either a contractual purchase commitment from Freddie Mac or a confirmed forward trade commitment for the issuance and purchase of a Fannie Mae or Ginnie Mae MBS (see Note 4).
- *Investments in Unconsolidated Subsidiaries* – A portion of these investments are carried at fair value as discussed above. It includes our equity investment and related interests in both public and non-public entities. Our ownership of common shares in Altus Power, Inc. (Altus) is considered level 1 and is measured at fair value using a quoted price in an active market. Our ownership of alignment shares of Altus and our investment in Industrious and certain other non-controlling equity investments are considered level 3 which are measured at fair value using Monte Carlo and discounted cash flows. The valuation of Altus' common shares and alignment shares are dependent on its stock price which could be volatile and subject to wide fluctuations in response to various market conditions. Transfer out activities from level 3 represents annual conversion of a portion of our alignment shares in Altus to its common shares (see Note 7).
- *Available for Sale Debt Securities* – Primarily held by our wholly-owned captive insurance company, these investments are carried at their fair value.
- *Equity Securities* – Primarily held by our wholly-owned captive insurance company, these investments are carried at their fair value.
- *Other Assets and Liabilities* – Includes (i) the fair value of the unfunded commitment related to a revolving facility designated as Level 3. Valuations are based on discounted cash flow techniques, for which the significant inputs are the amount and timing of expected future cash flows, market comparables and recovery assumptions; (ii) the fair value of cross currency swaps reflects the net present value of expected payments and receipts under the swap agreement based on the market's expectation of future spot foreign currency exchange rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and discount rates. These are designated as Level 2.
- *Contingent Consideration* – The fair values of contingent consideration related to business acquisitions are estimated using Monte Carlo simulations or the probability-weighted present value of estimated future payments resulting from the achievement levels of financial targets.
- *Short-Term Borrowings* – The majority of this balance represents outstanding amounts under our warehouse lines of credit of our wholly-owned subsidiary, CBRE Capital Markets, and our revolving credit facilities. Due to the short-term nature and/or variable interest rates of these instruments, fair value approximates carrying value (see Notes 4 and 8).
- *Senior Term Loans and Senior Notes* – The table below presents the estimated fair value and actual carrying value of our long-term debt as of June 30, 2024 and December 31, 2023 (dollars in millions). The estimated fair value is determined based on dealers' quotes (which falls within Level 2 of the fair value hierarchy). The actual carrying value is presented net of unamortized debt issuance costs and discount (see Note 8).

Financial instrument		Estimated Fair Value		Carrying Value	
		June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Senior term loans	\$	\$36	\$46	\$41	752
5.950 % senior notes		1,012	1,049	975	974
4.875 % senior notes		593	600	598	597
5.500 % senior notes		502	—	495	—
2.500 % senior notes		415	424	491	490

- *Notes Payable on Real Estate* – As of June 30, 2024 and December 31, 2023, the carrying value of our notes payable on real estate, net of unamortized debt issuance costs, was \$ 47.7 million and \$ 36.3 million, respectively. These notes payable are not recourse to CBRE Group, Inc., except for being recourse to the single-purpose entities that held the real estate assets and were the primary obligors on the notes payable. These borrowings have either fixed interest rates or floating interest rates at spreads added to a market index. Although it is possible that certain portions of our notes payable on real estate may have fair values that differ from their carrying values, based on

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the terms of such loans as compared to current market conditions, or other factors specific to the borrower entity, we do not believe that the fair value of our notes payable is significantly different than their carrying value.

## 7. Investments in Unconsolidated Subsidiaries

Investments in unconsolidated subsidiaries are accounted for under the equity method of accounting. Our investment ownership percentages in equity method investments vary, generally ranging from 1.0 % to 50.0 %. The following table represents the composition of investments in unconsolidated subsidiaries under the equity method of accounting and fair value option (dollars in millions):

Investment type	June 30, 2024	December 31, 2023
Real Estate Investments (in projects and funds)	\$ 662	\$ 661
Investment in Altus:		
Class A common stock <sup>(1)</sup>	96	168
Alignment shares <sup>(2)</sup>	16	56
Subtotal	112	224
Other <sup>(3)</sup>	535	489
Total investment in unconsolidated subsidiaries	\$ 1,309	\$ 1,374

<sup>(1)</sup> CBRE held 24,557,823 and 24,556,012 shares of Altus Class A common stock as of June 30, 2024 and December 31, 2023, respectively, representing approximate ownership of 15.35 %.

<sup>(2)</sup> The alignment shares, also known as Class B common shares, will automatically convert into Altus Class A common stock based on the achievement of certain total return thresholds on Altus Class A common stock as of the relevant measurement date over the seven fiscal years following the merger. At March 31, 2024 (the third measurement date), 201,250 of alignment shares automatically converted into 2,011 shares of Class A common stock, of which CBRE was entitled to 1,811 shares.

<sup>(3)</sup> Consists of our investments in Industrious and other non-public entities.

Combined condensed financial information for the entities accounted for using the equity method is as follows (dollars in millions):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Revenue	\$ 950	\$ 559	\$ 1,963	\$ 4,658
Operating income (loss)	340	( 59 )	655	3,569
Net (loss) income <sup>(1)</sup>	( 198 )	( 1,114 )	( 1,235 )	572

<sup>(1)</sup> Included in Net (loss) income are realized and unrealized earnings and losses in investments in unconsolidated investment funds and realized earnings and losses from sales of real estate projects in investments in unconsolidated subsidiaries. These realized and unrealized earnings and losses are not included in Revenue and Operating income (loss).

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**8. Long-Term Debt and Short-Term Borrowings**

***Long-Term Debt***

Long-term debt consists of the following (dollars in millions):

	June 30, 2024	December 31, 2023
Senior term loans due in 2028	\$ 743	\$ 755
5.950 % senior notes due in 2034, net of unamortized discount	977	976
4.875 % senior notes due in 2026, net of unamortized discount	599	599
5.500 % senior notes due in 2029, net of unamortized discount	496	—
2.500 % senior notes due in 2031, net of unamortized discount	495	494
Total long-term debt	3,310	2,824
Less: current maturities of long-term debt	28	9
Less: unamortized debt issuance costs	10	11
Total long-term debt, net of current maturities	\$ 3,272	\$ 2,804

We maintain credit facilities with third-party lenders, which we use for a variety of purposes. On July 10, 2023, CBRE Group, Inc., CBRE Services, Inc. (CBRE Services) and Relam Amsterdam Holdings B.V., a wholly-owned subsidiary of CBRE Services, entered into a new 5-year senior unsecured Credit Agreement (2023 Credit Agreement) maturing on July 10, 2028, which refinanced and replaced a prior credit agreement. The 2023 Credit Agreement provides for a senior unsecured term loan credit facility comprised of (i) tranche A Euro-denominated term loans in an aggregate principal amount of € 366.5 million and (ii) tranche A U.S. Dollar-denominated term loans in an aggregate principal amount of \$ 350.0 million, both requiring quarterly principal payments beginning on December 31, 2024 and continuing through maturity on July 10, 2028. The proceeds of the term loans under the 2023 Credit Agreement were applied to the repayment of all remaining outstanding senior term loans under the prior 2022 Credit Agreement, the payment of related fees and expenses and other general corporate purposes. We entered into a cross currency swap to hedge the associated foreign currency exposure related to this transaction. The fair value of the derivative instrument was immaterial as of June 30, 2024 and December 31, 2023.

Borrowings denominated in euros under the 2023 Credit Agreement bear interest at a rate equal to (i) the applicable percentage plus (ii) at our option, either (1) the EURIBOR rate for the applicable interest period or (2) a rate determined by reference to Daily Simple Euro Short-Term Rate (ESTR). Borrowings denominated in U.S. dollars under the 2023 Credit Agreement bear interest at a rate equal to (i) the applicable percentage, plus (ii) at our option, either (1) the Term SOFR rate for the applicable interest period plus 10 basis points ("Adjusted Term SOFR") or (2) a base rate determined by the reference to the greatest of (x) the prime rate, (y) the federal funds rate plus 1/2 of 1% and (z) the sum of (A) Term SOFR rate published by CME Group Benchmark Administration Limited for an interest period of one month and (B) 1.00 %. The applicable rate for borrowings under the 2023 Credit Agreement is determined by reference to our Credit Rating (as defined in the 2023 Credit Agreement). As of June 30, 2024, we had (i) \$ 392.1 million of euro term loan borrowings outstanding under the 2023 Credit Agreement (at an interest rate of 1.25 % plus EURIBOR) and (ii) \$ 348.3 million of U.S. Dollar term loan borrowings outstanding under the 2023 Credit Agreement (at an interest rate of 1.25 % plus Adjusted Term SOFR), net of unamortized debt issuance costs, included in the accompanying consolidated balance sheets.

The term loan borrowings under the 2023 Credit Agreement are guaranteed on a senior basis by CBRE Group, Inc. and CBRE Services.

The 2023 Credit Agreement also requires us to maintain a minimum coverage ratio of consolidated EBITDA (as defined in the 2023 Credit Agreement) to consolidated interest expense of 2.00 x and a maximum leverage ratio of total debt less available cash to consolidated EBITDA (as defined in the 2023 Credit Agreement) of 4.25 x (and in the case of the first four full fiscal quarters following consummation of a qualified acquisition (as defined in the 2023 Credit Agreement), 4.75 x) as of the end of each fiscal quarter. In addition, the 2023 Credit Agreement also contains other customary affirmative and negative covenants and events of default. We were in compliance with the covenants under this agreement as of June 30, 2024.

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On February 23, 2024, CBRE Services issued \$ 500.0 million in aggregate principal amount of 5.500 % senior notes due April 1, 2029 (the 5.500 % senior notes) at a price equal to 99.837 % of their face value. The 5.500 % senior notes are unsecured obligations of CBRE Services, senior to all of its current and future subordinated indebtedness. The 5.500 % senior notes are guaranteed on a senior basis by CBRE Group, Inc. Interest accrues at a rate of 5.500 % per year and is payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2024. The 5.500 % senior notes are redeemable at our option, in whole or in part, on or after March 1, 2029 at a redemption price of 100 % of the principal amount on that date, plus accrued and unpaid interest, if any, to, but excluding the date of redemption. At any time prior to March 1, 2029, we may redeem all or a portion of the notes at a redemption price equal to the greater of (1) 100 % of the principal amount of the notes to be redeemed and (2) the sum of the present value at the date of redemption of the remaining scheduled payments of principal and interest thereon to March 1, 2029, assuming the notes matured on March 1, 2029, discounted to the date of redemption on a semi-annual basis at an adjusted rate equal to the treasury rate plus 20 basis points, minus accrued interest to the date of redemption, plus, in either case, accrued and unpaid interest, if any, to the redemption date.

On June 23, 2023, CBRE Services issued \$ 1.0 billion in aggregate principal amount of 5.950 % senior notes due August 15, 2034 (the 5.950 % senior notes) at a price equal to 98.174 % of their face value. The 5.950 % senior notes are unsecured obligations of CBRE Services, senior to all of its current and future subordinated indebtedness. The 5.950 % senior notes are guaranteed on a senior basis by CBRE Group, Inc. Interest accrues at a rate of 5.950 % per year and is payable semi-annually in arrears on February 15 and August 15 of each year, beginning on February 15, 2024. The 5.950 % senior notes are redeemable at our option, in whole or in part, on or after May 15, 2034 at a redemption price of 100 % of the principal amount on that date, plus accrued and unpaid interest, if any, to, but excluding the date of redemption. At any time prior to May 15, 2034, we may redeem all or a portion of the notes at a redemption price equal to the greater of (1) 100 % of the principal amount of the notes to be redeemed and (2) the sum of the present value at the date of redemption of the remaining scheduled payments of principal and interest thereon to May 15, 2034, assuming the notes matured on May 15, 2034, discounted to the date of redemption on a semi-annual basis at an adjusted rate equal to the treasury rate plus 40 basis points, minus accrued interest to the date of redemption, plus, in either case, accrued and unpaid interest, if any, to the redemption date.

On March 18, 2021, CBRE Services issued \$ 500.0 million in aggregate principal amount of 2.500 % senior notes due April 1, 2031 (the 2.500 % senior notes) at a price equal to 98.451 % of their face value. The 2.500 % senior notes are unsecured obligations of CBRE Services, senior to all of its current and future subordinated indebtedness. The 2.500 % senior notes are guaranteed on a senior basis by CBRE Group, Inc. Interest accrues at a rate of 2.500 % per year and is payable semi-annually in arrears on April 1 and October 1 of each year. The 2.500 % senior notes are redeemable at our option, in whole or in part, on or after January 1, 2031 at a redemption price of 100 % of the principal amount on that date, plus accrued and unpaid interest, if any, to, but excluding the date of redemption. At any time prior to January 1, 2031, we may redeem all or a portion of the notes at a redemption price equal to the greater of (1) 100 % of the principal amount of the notes to be redeemed and (2) the sum of the present value at the date of redemption of the remaining scheduled payments of principal and interest thereon to January 1, 2031, assuming the notes matured on January 1, 2031, discounted to the date of redemption on a semi-annual basis at an adjusted rate equal to the treasury rate plus 20 basis points, minus accrued and unpaid interest to, but excluding, the date of redemption, plus, in either case, accrued and unpaid interest, if any, to, but not including, the redemption date.

On August 13, 2015, CBRE Services issued \$ 600.0 million in aggregate principal amount of 4.875 % senior notes due March 1, 2026 (the 4.875 % senior notes) at a price equal to 99.24 % of their face value. The 4.875 % senior notes are unsecured obligations of CBRE Services, senior to all of its current and future subordinated indebtedness. The 4.875 % senior notes are guaranteed on a senior basis by CBRE Group, Inc. Interest accrues at a rate of 4.875 % per year and is payable semi-annually in arrears on March 1 and September 1 of each year. The 4.875 % senior notes are redeemable at our option, in whole or in part, prior to December 1, 2025 at a redemption price equal to the greater of (1) 100 % of the principal amount of the 4.875 % senior notes to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon to December 1, 2025 (not including any portions of payments of interest accrued as of the date of redemption) discounted to the date of redemption on a semi-annual basis at the Adjusted Treasury Rate (as defined in the indenture governing these notes). In addition, at any time on or after December 1, 2025, the 4.875 % senior notes may be redeemed by us, in whole or in part, at a redemption price equal to 100 % of the principal amount, plus accrued and unpaid interest, if any, to (but excluding) the date of redemption. If a change of control triggering event (as defined in the indenture governing these notes) occurs, we are obligated to make an offer to purchase the then outstanding 4.875 % senior notes at a redemption price of 101 % of the principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

The indentures governing our 5.950 % senior notes, 5.500 % senior notes, 4.875 % senior notes and 2.500 % senior notes (1) contain restrictive covenants that, among other things, limit our ability to create or permit liens on assets securing indebtedness, enter into sale/leaseback transactions and enter into consolidations or mergers, and (2) require that the notes be jointly and severally guaranteed on a senior basis by CBRE Group, Inc. and any domestic subsidiary that guarantees the 2023 Credit Agreement or the Revolving Credit Agreement. The indentures also contain other customary affirmative and negative covenants and events of default. We were in compliance with the covenants under our debt instruments as of June 30, 2024.

**Short-Term Borrowings**

*Revolving Credit Agreement*

On August 5, 2022, we entered into a new 5-year senior unsecured Revolving Credit Agreement (the Revolving Credit Agreement). The Revolving Credit Agreement provides for a senior unsecured revolving credit facility available to CBRE Services with commitments in an aggregate principal amount of up to \$ 3.5 billion and a maturity date of August 5, 2027. Borrowings bear interest at (i) CBRE Services' option, either (a) a Term SOFR rate published by CME Group Benchmark Administration Limited for the applicable interest period or (b) a base rate determined by reference to the greatest of (1) the prime rate determined by Wells Fargo, (2) the federal funds rate plus 1/2 of 1% and (3) the sum of (x) a Term SOFR rate published by CME Group Benchmark Administration Limited for an interest period of one month and (y) 1.00 % plus (ii) 10 basis points, plus (iii) a rate equal to an applicable rate (in the case of borrowings based on the Term SOFR rate, 0.630 % to 1.100 % and in the case of borrowings based on the base rate, 0.0 % to 0.100 %, in each case, as determined by reference to our Debt Rating (as defined in the Revolving Credit Agreement)). The applicable rate is also subject to certain increases and/or decreases specified in the Revolving Credit Agreement linked to achieving certain sustainability goals.

The Revolving Credit Agreement requires us to pay a fee based on the total amount of the revolving credit facility commitment (whether used or unused). In addition, the Revolving Credit Agreement also includes capacity for letters of credit not to exceed \$ 300.0 million in the aggregate.

The Revolving Credit Agreement also requires us to maintain a minimum coverage ratio of consolidated EBITDA (as defined in the Revolving Credit Agreement) to consolidated interest expense of 2.00 x and a maximum leverage ratio of total debt less available cash to consolidated EBITDA (as defined in the Revolving Credit Agreement) of 4.25 x (and in the case of the first four full fiscal quarters following consummation of a qualified acquisition (as defined in the Revolving Credit Agreement), 4.75 x) as of the end of each fiscal quarter. In addition, the Revolving Credit Agreement also contains other customary affirmative and negative covenants and events of default. We were in compliance with the covenants under this agreement as of June 30, 2024.

As of June 30, 2024, \$ 940.0 million was outstanding under the Revolving Credit Agreement. \$ 10.0 million of letters of credit were outstanding as of June 30, 2024. Letters of credit are issued in the ordinary course of business and would reduce the amount we may borrow under the Revolving Credit Agreement.

*Turner & Townsend Revolving Credit Facility*

Turner & Townsend maintains a £ 120.0 million revolving credit facility pursuant to a credit agreement dated March 31, 2022, with an additional accordion option of £ 20.0 million, that matures on March 31, 2027. As of June 30, 2024, no amount was outstanding under this revolving credit facility.

*Warehouse Lines of Credit*

CBRE Capital Markets has warehouse lines of credit with third-party lenders for the purpose of funding mortgage loans that will be resold, and a funding arrangement with Fannie Mae for the purpose of selling a percentage of certain closed multifamily loans to Fannie Mae. These warehouse lines are recourse only to CBRE Capital Markets and are secured by our related warehouse receivables. See Note 4 for additional information.

**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

## 9. Leases

We are the lessee in contracts for our office space tenancies, for leased vehicles, and for some leases of land in our global development business. At times, we enter into ground leases on development projects in our REI segment. These arrangements account for the significant portion of our lease liabilities and right-of-use assets. We monitor our service arrangements to evaluate whether they meet the definition of a lease.

Supplemental balance sheet information related to our leases is as follows (dollars in millions):

Category	Classification	June 30, 2024	December 31, 2023
<b>Assets</b>			
Operating	Operating lease assets	\$ 1,032	\$ 1,030
Financing	Other assets, net	210	210
Total leased assets		<u>\$ 1,242</u>	<u>\$ 1,240</u>
<b>Liabilities</b>			
Current:			
Operating	Operating lease liabilities	\$ 244	\$ 242
Financing	Other current liabilities	36	36
Non-current:			
Operating	Non-current operating lease liabilities	1,091	1,089
Financing	Other liabilities	75	72
Total lease liabilities		<u>\$ 1,446</u>	<u>\$ 1,439</u>

Supplemental cash flow information and non-cash activity related to our operating and financing leases are as follows (dollars in millions):

	Six Months Ended June 30,	
	2024	2023
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 66	\$ 71
Right-of-use assets obtained in exchange for new financing lease liabilities	30	25
Other non-cash increases (decreases) in operating lease right-of-use assets <sup>(1)</sup>	45	( 38 )
Other non-cash decrease in financing lease right-of-use assets <sup>(1)</sup>	( 5 )	—

<sup>(1)</sup> The non-cash activity in the right-of-use assets resulted from lease modifications/remeasurements and terminations .

## 10. Commitments and Contingencies

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

In January 2008, CBRE MCI, a wholly-owned subsidiary of CBRE Capital Markets, entered into an agreement with Fannie Mae under Fannie Mae's Delegated Underwriting and Servicing Lender Program (DUS Program) to provide financing for multifamily housing with five or more units. Under the DUS Program, CBRE MCI originates, underwrites, closes and services loans without prior approval by Fannie Mae, and typically, is subject to sharing up to one-third of any losses on loans originated under the DUS Program. CBRE MCI has funded loans with unpaid principal balances of \$ 42.9 billion at June 30, 2024, of which \$ 39.5 billion is subject to such loss sharing arrangements. CBRE MCI, under its agreement with Fannie Mae, must post cash reserves or other acceptable collateral under formulas established by Fannie Mae to provide for sufficient capital in the event losses occur. As of June 30, 2024 and December 31, 2023, CBRE MCI had \$ 150.0 million and \$ 140.0 million, respectively, of letters of credit under this reserve arrangement and had recorded a liability of approximately \$ 60.4 million and \$ 67.4 million, respectively, for its loan loss guarantee obligation under such arrangement. Fannie Mae's recourse under the DUS Program is limited to the assets of CBRE MCI, which assets totaled approximately \$ 2.1 billion (including \$ 505.7 million of warehouse receivables, a substantial majority of which are pledged against warehouse lines of credit and are therefore not available to Fannie Mae) at June 30, 2024.



**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
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CBRE Capital Markets participates in Freddie Mac's Multifamily Small Balance Loan (SBL) Program. Under the SBL program, CBRE Capital Markets has certain repurchase and loss reimbursement obligations. We could potentially be obligated to repurchase any SBL loan originated by CBRE Capital Markets that remains in default for 120 days following the forbearance period, if the default occurred during the first 12 months after origination and such loan had not been earlier securitized. In addition, CBRE Capital Markets may be responsible for a loss not to exceed 10 % of the original principal amount of any SBL loan that is not securitized and goes into default after the 12-month repurchase period. CBRE Capital Markets must post a cash reserve or other acceptable collateral to provide for sufficient capital in the event the obligations are triggered. As of both June 30, 2024 and December 31, 2023, CBRE Capital Markets had posted a \$ 5.0 million letter of credit under this reserve arrangement.

***Letters of credit***

We had outstanding letters of credit totaling \$ 254.7 million as of June 30, 2024, excluding letters of credit for which we have outstanding liabilities already accrued on our consolidated balance sheet related to our subsidiaries' outstanding reserves for claims under certain insurance programs as well as letters of credit related to operating leases. The CBRE Capital Markets letters of credit totaling \$ 155.0 million as of June 30, 2024 referred to in the preceding paragraphs represented the majority of the \$ 254.7 million outstanding letters of credit as of such date. The remaining letters of credit are primarily executed by us in the ordinary course of business and expire at the end of each of the respective agreements.

***Guarantees***

We had guarantees totaling \$ 196.5 million as of June 30, 2024, excluding guarantees related to pension liabilities, consolidated indebtedness and other obligations for which we have outstanding liabilities already accrued on our consolidated balance sheet, and excluding guarantees related to operating leases. The \$ 196.5 million primarily represents guarantees executed by us in the ordinary course of business, including various guarantees of management and vendor contracts in our operations overseas, which expire at the end of each of the respective agreements.

In addition, as of June 30, 2024, we had issued numerous non-recourse carveout, completion and budget guarantees relating to development projects for the benefit of third parties. These guarantees are commonplace in our industry and are made by us in the ordinary course of our Real Estate Investments business. Non-recourse carveout guarantees generally require that our project-entity borrower not commit specified improper acts, with us potentially liable for all or a portion of such entity's indebtedness or other damages suffered by the lender if those acts occur. Completion and budget guarantees generally require us to complete construction of the relevant project within a specified timeframe and/or within a specified budget, with us potentially being liable for costs to complete in excess of such timeframe or budget. While there can be no assurance, we do not expect to incur any material losses under these guarantees.

***Performance and payment bonds***

In the ordinary course of business, we are required by certain customers to provide performance and payment bonds for contractual commitments related to our projects. These bonds provide a guarantee to the customer that the company will perform under the terms of a contract and that we will pay our subcontractors and vendors. If we fail to perform under a contract or to pay our subcontractors and vendors, the customer may demand that the surety make payments or provide services under the bond. We must reimburse the surety for expenses or outlays it incurs. As of June 30, 2024 and December 31, 2023, outstanding performance and payment bonds approximated \$ 988.5 million and \$ 241.8 million, respectively.

***Deferred and contingent consideration***

The purchase price for our business acquisitions often includes deferred and contingent consideration. As of June 30, 2024 and December 31, 2023, we had short-term deferred and contingent consideration of \$ 267.6 million and \$ 264.1 million, respectively, which was included within Accounts payable and accrued expenses, and long-term deferred and contingent consideration of \$ 271.3 million and \$ 266.1 million, respectively, which was included within Other liabilities in the accompanying consolidated balance sheets.

**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

***Indirect Taxes: U.S. Sales and Use Tax Liability***

The company is subject to indirect taxation in some, but not all, of the various U.S. states and foreign jurisdictions in which it conducts business. Such taxes are collected from clients and remitted to the respective states. From time to time, we are audited by those states and may incur settlements, interest charges and penalties. As of June 30, 2024 and December 31, 2023, we had reserves of \$ 24.2 million and \$ 3.2 million, respectively, for sales and use taxes. The increase in accrual, recorded in second quarter of 2024, was related to closure of certain ongoing state audits. In accordance with FASB ASC Topic 450, "Contingencies," the company establishes accruals for contingencies, including uncertainties related to taxes not based on income, when the company believes it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Based on the information available, the company continues to evaluate and assess the jurisdictions in which indirect tax nexus exists and will adjust its estimated liability as new information becomes available in the future.

***Other***

An important part of the strategy for our REI segment involves co-investing our capital in certain real estate investments with our clients. For our investment funds, we generally co-invest up to 2.0 % of the equity in a particular fund. As of June 30, 2024, we had aggregate future commitments of \$ 157.9 million related to co-investment funds. Additionally, we make selective investments in real estate development projects on our own account or co-invest with our clients with up to 50 % of the project's equity as a principal in unconsolidated real estate projects. We had unfunded capital commitments of \$ 168.0 million and \$ 68.7 million to consolidated and unconsolidated projects, respectively, as of June 30, 2024.

Also refer to Note 15 for the Telford Fire Safety Remediation provision.

**11. Income Taxes**

Our provision for income taxes on a consolidated basis was \$ 32.2 million for the three months ended June 30, 2024 as compared to a provision for income taxes of \$ 55.4 million for the three months ended June 30, 2023. The decrease of \$ 23.2 million is primarily related to a decrease in earnings. Our effective tax rate decreased to 18.5 % for the three months ended June 30, 2024 from 21.2 % for the three months ended June 30, 2023.

Our provision for income taxes on a consolidated basis was \$ 3.4 million for the six months ended June 30, 2024 as compared to a provision for income taxes of \$ 84.0 million for the six months ended June 30, 2023. The decrease of \$ 80.6 million is primarily related to a decrease in earnings and the reversal of unrecognized tax positions. Our effective tax rate decreased to 1.1 % for the six months ended June 30, 2024 from 20.1 % for the six months ended June 30, 2023.

Our effective tax rate for the three and six months ended June 30, 2024 were different than the U.S. federal statutory tax rate of 21.0 % primarily due to the reversal of unrecognized tax positions, U.S. state taxes, and favorable permanent book tax differences.

As of June 30, 2024 and December 31, 2023, the company had gross unrecognized tax benefits of \$ 343.1 million and \$ 413.5 million, respectively. The decrease of \$ 70.4 million primarily relates to an audit closure and the expiration of statute of limitations in various tax jurisdictions.

**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

## 12. Income Per Share and Stockholders' Equity

The calculations of basic and diluted income per share attributable to CBRE Group, Inc. stockholders are as follows (dollars in millions, except share and per share data):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>Basic Income Per Share</b>				
Net income attributable to CBRE Group, Inc. stockholders	\$ 130	\$ 201	\$ 256	\$ 318
Weighted average shares outstanding for basic income per share	306,745,116	310,857,203	306,276,871	310,662,324
Basic income per share attributable to CBRE Group, Inc. stockholders	\$ 0.42	\$ 0.65	\$ 0.84	\$ 1.02
<b>Diluted Income Per Share</b>				
Net income attributable to CBRE Group, Inc. stockholders	\$ 130	\$ 201	\$ 256	\$ 318
Weighted average shares outstanding for basic income per share	306,745,116	310,857,203	306,276,871	310,662,324
Dilutive effect of contingently issuable shares	1,290,095	3,425,044	1,992,169	4,159,291
Weighted average shares outstanding for diluted income per share	308,035,211	314,282,247	308,269,040	314,821,615
Diluted income per share attributable to CBRE Group, Inc. stockholders	\$ 0.42	\$ 0.64	\$ 0.83	\$ 1.01

For the three and six months ended June 30, 2024, 983,949 and 693,772 , respectively, of contingently issuable shares were excluded from the computation of diluted income per share because their inclusion would have had an anti-dilutive effect.

For the three and six months ended June 30, 2023, 1,433,176 and 988,371 , respectively, of contingently issuable shares were excluded from the computation of diluted income per share because their inclusion would have had an anti-dilutive effect.

On November 19, 2021, our board of directors authorized a program for the repurchase of up to \$ 2.0 billion of our Class A common stock over five years (the 2021 program). On August 18, 2022, our board of directors authorized an additional \$ 2.0 billion, bringing the total authorized repurchase amount under this program to a total of \$ 4.0 billion. We did not repurchase any of our common stock during the three months ended March 31, 2024 under the 2021 program. During the three months ended June 30, 2024, we repurchased 554,741 shares of our common stock with an average price of \$ 87.25 per share using cash on hand for an aggregate of \$ 48.4 million under the 2021 program. As of June 30, 2024, we had approximately \$ 1.4 billion of capacity remaining under the 2021 program. During the three months ended March 31, 2023, we repurchased 1,368,173 shares of our common stock using cash on hand for an aggregate of \$ 114.2 million. We did not repurchase any of our common stock during the three months ended June 30, 2023 under the 2021 program.

**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

**13. Revenue from Contracts with Customers**

We account for revenue with customers in accordance with FASB ASC Topic, “ *Revenue from Contracts with Customers*” (Topic 606). Revenue is recognized when or as control of the promised services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to receive in exchange for those services.

**Disaggregated Revenue**

The following tables represent a disaggregation of revenue from contracts with customers by type of service and/or segment (dollars in millions):

	Three Months Ended June 30, 2024				
	Advisory Services	Global Workplace Solutions	Real Estate Investments	Corporate, other and eliminations	Consolidated
<b>Topic 606 Revenue:</b>					
Facilities management	\$ —	\$ 4,127	\$ —	\$ —	\$ 4,127
Project management	—	1,817	—	—	1,817
Advisory leasing	884	—	—	—	884
Advisory sales	386	—	—	—	386
Property management	555	—	—	( 3 )	552
Valuation	184	—	—	—	184
Commercial mortgage origination <sup>(1)</sup>	44	—	—	—	44
Loan servicing <sup>(2)</sup>	22	—	—	—	22
Investment management	—	—	149	—	149
Development services	—	—	80	—	80
Topic 606 Revenue	2,075	5,944	229	( 3 )	8,245
<b>Out of Scope of Topic 606 Revenue:</b>					
Commercial mortgage origination	81	—	—	—	81
Loan servicing	62	—	—	—	62
Development services <sup>(3)</sup>	—	—	3	—	3
Total Out of Scope of Topic 606 Revenue	143	—	3	—	146
Total Revenue	\$ 2,218	\$ 5,944	\$ 232	\$ ( 3 )	\$ 8,391

Three Months Ended June 30, 2023

	Advisory Services	Global Workplace Solutions	Real Estate Investments	Corporate, other and eliminations	Consolidated
<b>Topic 606 Revenue:</b>					
Facilities management	\$ —	\$ 3,687	\$ —	\$ —	\$ 3,687
Project management	—	1,739	—	—	1,739
Advisory leasing	814	—	—	—	814
Advisory sales	398	—	—	—	398
Property management	481	—	—	( 4 )	477
Valuation	180	—	—	—	180
Commercial mortgage origination <sup>(1)</sup>	32	—	—	—	32
Loan servicing <sup>(2)</sup>	18	—	—	—	18
Investment management	—	—	151	—	151
Development services	—	—	103	—	103
Topic 606 Revenue	1,923	5,426	254	( 4 )	7,599
<b>Out of Scope of Topic 606 Revenue:</b>					
Commercial mortgage origination	58	—	—	—	58
Loan servicing	61	—	—	—	61
Development services <sup>(3)</sup>	—	—	2	—	2
Total Out of Scope of Topic 606 Revenue	119	—	2	—	121
Total Revenue	\$ 2,042	\$ 5,426	\$ 256	\$ ( 4 )	\$ 7,720

**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

Six Months Ended June 30, 2024					
	Advisory Services	Global Workplace Solutions	Real Estate Investments	Corporate, other and eliminations	Consolidated
<b>Topic 606 Revenue:</b>					
Facilities management	\$ —	\$ 8,193	\$ —	\$ —	\$ 8,193
Project management	—	3,560	—	—	3,560
Advisory leasing	1,624	—	—	—	1,624
Advisory sales	712	—	—	—	712
Property management	1,051	—	—	( 9 )	1,042
Valuation	351	—	—	—	351
Commercial mortgage origination <sup>(1)</sup>	73	—	—	—	73
Loan servicing <sup>(2)</sup>	42	—	—	—	42
Investment management	—	—	298	—	298
Development services	—	—	158	—	158
Topic 606 Revenue	3,853	11,753	456	( 9 )	16,053
<b>Out of Scope of Topic 606 Revenue:</b>					
Commercial mortgage origination	146	—	—	—	146
Loan servicing	123	—	—	—	123
Development services <sup>(3)</sup>	—	—	4	—	4
Total Out of Scope of Topic 606 Revenue	269	—	4	—	273
Total Revenue	\$ 4,122	\$ 11,753	\$ 460	\$ ( 9 )	\$ 16,326

  

Six Months Ended June 30, 2023					
	Advisory Services	Global Workplace Solutions	Real Estate Investments	Corporate, other and eliminations	Consolidated
<b>Topic 606 Revenue:</b>					
Facilities management	\$ —	\$ 7,367	\$ —	\$ —	\$ 7,367
Project management	—	3,397	—	—	3,397
Advisory leasing	1,523	—	—	—	1,523
Advisory sales	765	—	—	—	765
Property management	945	—	—	( 8 )	937
Valuation	345	—	—	—	345
Commercial mortgage origination <sup>(1)</sup>	57	—	—	—	57
Loan servicing <sup>(2)</sup>	35	—	—	—	35
Investment management	—	—	299	—	299
Development services	—	—	177	—	177
Topic 606 Revenue	3,670	10,764	476	( 8 )	14,902
<b>Out of Scope of Topic 606 Revenue:</b>					
Commercial mortgage origination	104	—	—	—	104
Loan servicing	121	—	—	—	121
Development services <sup>(3)</sup>	—	—	4	—	4
Total Out of Scope of Topic 606 Revenue	225	—	4	—	229
Total Revenue	\$ 3,895	\$ 10,764	\$ 480	\$ ( 8 )	\$ 15,131

<sup>(1)</sup> We earn fees for arranging financing for borrowers with third-party lender contacts. Such fees are in scope of Topic 606.

<sup>(2)</sup> Loan servicing fees earned from servicing contracts for which we do not hold mortgage servicing rights are in scope of Topic 606.

<sup>(3)</sup> Out of scope revenue for development services represents selling profit from transfers of sales-type leases in the scope of Topic 842.

**Contract Assets and Liabilities**

We had contract assets totaling \$ 545.2 million (\$ 453.6 million of which was current) and \$ 517.4 million (\$ 442.9 million of which was current) as of June 30, 2024 and December 31, 2023, respectively.



**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

We had contract liabilities totaling \$ 311.0 million (all of which was current) and \$ 304.3 million (\$ 297.6 million of which was current) as of June 30, 2024 and December 31, 2023, respectively. During the three and six months ended June 30, 2024, we recognized revenue of \$ 57.8 million and \$ 189.7 million, respectively, that was included in the contract liability balance at December 31, 2023. The majority of contract liabilities are recognized as revenue within 90 days.

#### 14. Segments

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>Revenue</b>				
Advisory Services	\$ 2,218	\$ 2,042	\$ 4,122	\$ 3,895
Global Workplace Solutions	5,944	5,426	11,753	10,764
Real Estate Investments	232	256	460	480
Corporate, other and eliminations <sup>(1)</sup>	( 3 )	( 4 )	( 9 )	( 8 )
Total revenue	<u>\$ 8,391</u>	<u>\$ 7,720</u>	<u>\$ 16,326</u>	<u>\$ 15,131</u>
<b>Segment Operating Profit</b>				
Advisory Services	\$ 344	\$ 315	\$ 606	\$ 585
Global Workplace Solutions	258	233	490	462
Real Estate Investments	10	33	44	165
Total reportable segment operating profit	<u>\$ 612</u>	<u>\$ 581</u>	<u>\$ 1,140</u>	<u>\$ 1,212</u>

<sup>(1)</sup> Eliminations represent revenue from transactions with other operating segments. See Note 13.

Reconciliation of total reportable segment operating profit to net income is as follows (dollars in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income attributable to CBRE Group, Inc.	\$ 130	\$ 201	\$ 256	\$ 318
Net income attributable to non-controlling interests	12	5	34	13
Net income	142	206	290	331
Adjustments to increase (decrease) net income:				
Depreciation and amortization	161	155	319	316
Interest expense, net of interest income	63	43	99	71
Provision for income taxes	32	55	3	84
Costs associated with efficiency and cost-reduction initiatives	67	3	97	141
Charges related to indirect tax settlement	13	—	13	—
Carried interest incentive compensation expense (reversal) to align with the timing of associated revenue	1	( 1 )	15	6
Costs incurred related to legal entity restructuring	—	—	2	—
Integration and other costs related to acquisitions <sup>(1)</sup>	13	36	8	54
Corporate and other loss, including eliminations	120	84	294	209
Total reportable segment operating profit	<u>\$ 612</u>	<u>\$ 581</u>	<u>\$ 1,140</u>	<u>\$ 1,212</u>

<sup>(1)</sup> During the first quarter of 2024, we incurred integration and other costs related to acquisitions of \$ 17.5 million in deal and integration costs, offset by reversal of \$ 21.7 million in previously recognized transaction-related bonus expense due to change in estimate.

Our chief operating decision maker (CODM) is not provided with total asset information by segment and accordingly, does not measure or allocate total assets on a segment basis. As a result, we have not disclosed any asset information by segment.





**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

**Geographic Information**

Revenue in the table below is allocated based upon the country in which services are performed (dollars in millions):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<b>Revenue</b>				
United States	\$ 4,670	\$ 4,211	\$ 9,092	\$ 8,356
United Kingdom	1,195	1,056	2,280	2,051
All other countries	2,526	2,453	4,954	4,724
<b>Total revenue</b>	<b>\$ 8,391</b>	<b>\$ 7,720</b>	<b>\$ 16,326</b>	<b>\$ 15,131</b>

On June 24, 2024, we announced plans to combine our project management business with our Turner & Townsend subsidiary and expect this transaction to close early 2025. We intend to organize our operations around, and publicly report our financial results on, four reportable segments in 2025. For the remainder of 2024, we will continue to report our financial results under our existing reportable segments given this is how the CODM currently manages the business.

**15. Telford Fire Safety Remediation**

The accompanying consolidated balance sheets include an estimated liability of approximately \$ 185.2 million (of which \$ 92.7 million was current) and \$ 192.1 million (of which \$ 82.2 million was current) as of June 30, 2024 and December 31, 2023, respectively, related to the remediation efforts. The balance decreased as of June 30, 2024 primarily due to the movement of foreign exchange rates and certain costs incurred for work performed so far this year.

There were no significant adjustments made during the three and six months ended June 30, 2024 related to the Telford Fire Safety Remediation provision. Management obtained additional fire safety assessments, reviewed various inputs and assumptions, including bids from subcontractors, and believes the above balance remains our best estimate of future losses associated with overall remediation efforts.

The estimated remediation costs for in-scope buildings are subjective, highly complex and dependent on a number of variables outside of Telford Homes' control. These include, but are not limited to, individual remediation requirements for each building, the time required for the remediation to be completed, cost of construction or remediation materials, availability of construction materials, potential discoveries made during remediation that could necessitate incremental work, investigation costs, availability of qualified fire safety engineers, potential business disruption costs, potential changes to or new regulations and regulatory approval. We will continue to assess new information as it becomes available during the remediation process and adjust our estimated liability accordingly.

**CBRE GROUP, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
(Unaudited)

## 16. Restructuring Activities

The company continued to execute various restructuring activities during the second quarter of 2024 to simplify management and workforce structure and improve efficiencies in its operations. The following tables present the detail of expenses incurred during the three and six months ended June 30, 2024 (dollars in millions):

The following tables present the detail of expenses incurred by segment (dollars in millions):

Three Months Ended June 30, 2024					
	Advisory Services	Global Workplace Solutions	Real Estate Investments	Corporate	Consolidated
Employee separation benefits	\$ —	\$ 30	\$ —	\$ 21	\$ 51
Professional fees and other	—	—	—	37	37
Total	\$ —	\$ 30	\$ —	\$ 58	\$ 88

Six Months Ended June 30, 2024					
	Advisory Services	Global Workplace Solutions	Real Estate Investments	Corporate	Consolidated
Employee separation benefits	\$ —	\$ 30	\$ —	\$ 50	\$ 80
Professional fees and other	—	—	—	39	39
Total	\$ —	\$ 30	\$ —	\$ 89	\$ 119

Six Months Ended June 30, 2023					
	Advisory Services	Global Workplace Solutions	Real Estate Investments	Corporate	Consolidated
Employee separation benefits	\$ 19	\$ 30	\$ 13	\$ 3	\$ 65
Lease exit costs	39	1	5	1	46
Professional fees and other	6	19	4	1	30
Subtotal	64	50	22	5	141
Depreciation expense	6	—	3	—	9
Total	\$ 70	\$ 50	\$ 25	\$ 5	\$ 150

Of the total expenses above, \$ 2.3 million were incurred during the three months ended June 30, 2023 and the remaining \$ 147.2 million were incurred during the three months ended March 31, 2023.

The following table shows ending liability balances associated major cash-based charges (dollars in millions):

	Employee separation benefits	Professional fees and other
Balance at December 31, 2023	\$ 13	\$ —
Expense incurred	80	26
Payments made	( 59 )	( 5 )
Balance at June 30, 2024	\$ 34	\$ 21

We expect these restructuring activities to be substantially completed by the end of fiscal year 2024.

Ending balance related to employee separation benefits is included in "Compensation and employee benefits payable" in the accompanying consolidated balance sheets. Of the total charges incurred, \$ 17.4 million is included within the "Cost of revenue" line item and \$ 62.5 million is included in the "Operating, administrative, and other" line item in the accompanying consolidated statement of operations for the six months ended June 30, 2024.

Ending balance related to professional fees and other is included in "Accounts payable and accrued expenses" in the accompanying consolidated balance sheets. The majority of charges are included within the "Operating, administrative, and other" line item in the accompanying consolidated statement of operations for the six months ended June 30, 2024.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) provides the reader with management's perspective on our financial condition, results of operations, liquidity and certain other factors that may affect future results. The MD&A in this Quarterly Report on Form 10-Q (Quarterly Report) for CBRE Group, Inc. for the three and six months ended June 30, 2024 should be read in conjunction with our consolidated financial statements and related notes included in our [2023 Annual Report on Form 10-K \(2023 Annual Report\)](#) as well as the unaudited financial statements included elsewhere in this Quarterly Report.

In addition, the statements and assumptions in this Quarterly Report that are not statements of historical fact are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934, each as amended, including, in particular, statements about our plans, strategies and prospects as well as estimates of industry growth for the next quarter and beyond. For important information regarding these forward-looking statements, please see the discussion below under the caption "Cautionary Note on Forward-Looking Statements."

### **Business Environment**

The overall operating environment for commercial real estate is improving. While the borrowing costs are still high, liquidity has improved across multiple sources of funding amid lower interest rate volatility. The decline in investment sales slowed in the second quarter. Capital has begun to return to real estate, and pipelines suggest increased opportunities to harvest gains from real estate development and investment management portfolios. Office leasing markets have continued to improve reflecting a resilient economy, coupled with many occupiers moving forward with expansion plans.

### **Capital Allocation**

We invested approximately \$339.3 million in the quarter in M&A and share repurchases, most notably our acquisition of a firm that specializes in delivering highly specialized facilities management services to data center owners and operators, while maintaining substantial liquidity to finance future growth. In the quarter, the company announced plans to combine its project management business with its Turner & Townsend subsidiary. The combined business, which the company will report as a separate business segment beginning in 2025, will create a premier provider of project, program and cost management services with more than 20,000 employees serving clients in over 60 countries.

## Results of Operations

The following table sets forth items derived from our consolidated statements of operations for the three and six months ended June 30, 2024 and 2023 (dollars in millions):

	Three Months Ended June 30,				Six Months Ended June 30,							
	2024		2023		2024		2023					
Revenue:												
Net revenue:												
Facilities management	\$	1,697	20.2 %	\$	1,439	18.6 %	\$	3,249	19.9 %	\$	2,834	18.7 %
Property management		532	6.3 %		460	5.9 %		1,004	6.1 %		901	6.0 %
Project management		850	10.1 %		766	9.9 %		1,640	10.0 %		1,501	9.9 %
Valuation		184	2.2 %		180	2.3 %		351	2.1 %		345	2.3 %
Loan servicing		84	1.0 %		79	1.0 %		165	1.0 %		156	1.0 %
Advisory leasing		884	10.5 %		814	10.5 %		1,624	9.9 %		1,523	10.1 %
Capital markets:												
Advisory sales		386	4.6 %		398	5.2 %		712	4.4 %		765	5.1 %
Commercial mortgage origination		125	1.5 %		90	1.2 %		219	1.3 %		161	1.1 %
Investment management		149	1.8 %		151	2.0 %		298	1.8 %		299	2.0 %
Development services		83	1.0 %		105	1.4 %		162	1.0 %		181	1.2 %
Corporate, other and eliminations		(3)	0.0 %		(4)	0.0 %		(9)	(0.1)%		(8)	(0.1)%
Total net revenue		4,971	59.2 %		4,478	58.0 %		9,415	57.4 %		8,658	57.3 %
Pass-through costs also recognized as revenue		3,420	40.8 %		3,242	42.0 %		6,911	42.6 %		6,473	42.7 %
Total revenue		8,391	100.0 %		7,720	100.0 %		16,326	100.0 %		15,131	100.0 %
Costs and expenses:												
Cost of revenue		6,793	81.0 %		6,179	80.0 %		13,268	81.2 %		12,186	80.5 %
Operating, administrative and other		1,191	14.2 %		1,089	14.1 %		2,302	14.1 %		2,297	15.2 %
Depreciation and amortization		161	1.9 %		155	2.0 %		319	2.0 %		316	2.1 %
Total costs and expenses		8,145	97.1 %		7,423	96.1 %		15,889	97.3 %		14,799	97.8 %
Gain on disposition of real estate		—	0.0 %		9	0.1 %		13	0.1 %		12	0.1 %
Operating income		246	2.9 %		306	4.0 %		450	2.8 %		344	2.3 %
Equity (loss) income from unconsolidated subsidiaries												
		(15)	(0.2)%		(8)	(0.1)%		(73)	(0.4)%		134	0.9 %
Other income		6	0.1 %		6	0.1 %		15	0.1 %		8	0.1 %
Interest expense, net of interest income		63	0.7 %		43	0.6 %		99	0.7 %		71	0.5 %
Income before provision for income taxes		174	2.1 %		261	3.4 %		293	1.8 %		415	2.8 %
Provision for income taxes		32	0.4 %		55	0.7 %		3	0.0 %		84	0.6 %
Net income		142	1.7 %		206	2.7 %		290	1.8 %		331	2.2 %
Less: Net income attributable to non-controlling interests												
		12	0.2 %		5	0.1 %		34	0.2 %		13	0.1 %
Net income attributable to CBRE Group, Inc.	\$	130	1.5 %	\$	201	2.6 %	\$	256	1.6 %	\$	318	2.1 %
Core EBITDA	\$	505	6.0 %	\$	504	6.5 %	\$	930	5.7 %	\$	1,036	6.8 %

### Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023

We reported consolidated net income of \$130.0 million for the quarter, a decrease of 35.5% from \$201.4 million in the same period in 2023. Over the same time period, revenue rose 8.7% to \$8.4 billion.

The revenue increase reflected an increase across all lines of businesses in the Advisory Services segment, except sales, with strong growth in leasing, commercial mortgage origination, and property management, as well as continued strong growth in the Global Workplace Solutions (GWS) segment. Overall, revenue from our Resilient Businesses (comprised of facilities management, project management, property management, loan servicing, asset management fees in our investment management business and valuations), which generally grow across market cycles, increased approximately 9.5% in the



quarter. Our Transactional Businesses (sales, leasing, mortgage origination, carried interest and incentive fees in our investment management business, and development fees), which are subject to market cycles, saw revenue edge up 5.2% in the quarter. Higher interest rates continued to weigh on property sales in the Advisory Services segment and investment and development activities in the Real Estate Investments (REI) segment, both of which are sensitive to market cycles.

Foreign currency translation had a 0.7% negative impact on revenue, reflecting the weakness in the Argentina peso and Japanese yen, partially offset by strength in the British pound sterling.

Cost of revenue increased 9.9% during the quarter due to higher pass-through costs, higher compensation, and higher indirect reimbursed costs. Foreign currency translation had a 0.8% positive impact on total cost of revenue. Cost of revenue increased to 81.0% of total revenue from 80.0% in the second-quarter 2023, driven by higher cost to support growth in GWS revenues and a decline of higher-margin property sales in our Advisory Services segment.

Operating, administrative and other expenses increased by 9.3%, primarily due to \$80.3 million of restructuring charges (employee separation benefits, contract termination fees, consulting charges, etc.) and indirect tax settlement accrual in the second quarter of 2024 versus \$3.0 million recorded in the same period in the prior year. In addition, we recorded higher incentive compensation expense than the same quarter in the prior year to align with improved business performance. Foreign currency translation had a 0.4% positive impact on total operating, administrative and other expenses during the quarter. Operating expenses as a percentage of revenue slightly increased to 14.2% in the second-quarter 2024 from 14.1% in the 2023 quarter, reflecting higher operating expenses related to restructuring charges.

Depreciation and amortization expense increased by 4.4% during the quarter, reflecting higher amortization expense related to intangibles from recent acquisitions such as J&J Worldwide Services.

We incurred an equity loss of \$14.9 million versus an equity loss of \$7.5 million in last year's second quarter. This was mainly due to higher unrealized losses related to our non-core strategic equity investment in Altus Power, Inc. (Altus) this quarter.

Interest expense, net of interest income, increased by 45.6%, compared with the second-quarter 2023. This increase was primarily due to the impact of higher interest rates, increased borrowings on the revolving credit facilities, and the issuance of new debt in 2024 and in late second-quarter 2023.

Our provision for income taxes on a consolidated basis was \$32.2 million for the three months ended June 30, 2024 as compared to a provision for income taxes of \$55.4 million for the three months ended June 30, 2023. The decrease of \$23.2 million is primarily related to a decrease in earnings. Our effective tax rate decreased to 18.5% for the three months ended June 30, 2024 from 21.2% for the three months ended June 30, 2023. Our effective tax rate for the three months ended June 30, 2024 was different than the U.S. federal statutory tax rate of 21.0%, primarily due to U.S. state taxes and favorable permanent book tax differences.

The Organization for Economic Co-operation & Development (OECD) Pillar Two Model Rules established a minimum global effective tax rate of 15% on country-by-country profits for large multinational companies. European Union member states along with many other countries have adopted, or expect to adopt, the OECD Pillar Two Model effective January 1, 2024 or thereafter. The OECD and other countries continue to publish guidelines and legislation which include transition and safe harbor rules. The Pillar Two top-up taxes are not expected to have a material impact to our financial statements for 2024. However, we continue to monitor new legislative changes and assess the global impact of the Pillar Two Model Rules.

#### ***Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023***

We reported consolidated net income of \$256.2 million for the six months ended June 30, 2024 on revenue of \$16.3 billion as compared to consolidated net income of \$318.3 million on revenue of \$15.1 billion for the six months ended June 30, 2023.

The revenue increase reflected growth in leasing activity, particularly for office space, commercial mortgage origination, property management, loan servicing, and continued strong growth in the GWS segment. High interest rates continued to weigh on property sales in the Advisory Services segment and investment and development activities in the REI segment, both of which are sensitive to market cycles. Overall, revenue from our Resilient Businesses increased 8.8% for the period. Our Transactional Businesses saw revenue edge up 3.5%.

Foreign currency translation had a 0.3% negative impact on total revenue during the six months ended June 30, 2024, primarily driven by weakness in the Argentina peso and Japanese yen, partially offset by strength in the British pound sterling.

Cost of revenue increased 8.9% during the six months ended June 30, 2024 as compared to the same period in 2023 due to higher pass-through costs, higher compensation, and higher indirect reimbursed costs. Foreign currency translation had a 0.2% positive impact on total cost of revenue. Cost of revenue increased to 81.2% of total revenue from 80.5%, driven by higher cost to support growth in GWS revenues and a decline of high-margin property sales in our Advisory Services segment.

Operating, administrative and other expenses were relatively flat as compared to the same period last year. The company incurred approximately \$109.6 million in restructuring and indirect tax settlement related charges this year. This was partially offset by bonus expense reversal as part of the restructuring activities and lower bonus expense related to the REI segment to align with overall expected segment performance. Foreign currency translation had a 0.1% positive impact on total operating expenses during the six months ended June 30, 2024. Operating expenses as a percentage of revenue decreased to 14.1% from 15.2%, given operating expenses were relatively flat and the overall revenue grew.

Depreciation and amortization expense increased by 0.9% during the six months ended June 30, 2024 as compared to the same period in 2023, reflecting higher accelerated depreciation expense on certain assets as part of the cost savings initiative and increased amortization expense on intangibles related to the J&J acquisition.

We incurred an equity loss of \$73.2 million versus equity income of \$134.2 million during the six months ended June 30, 2024 as compared to the same period in 2023. This was mainly due to an unusually large development asset disposition in first-quarter 2023 that did not recur in 2024. In addition, we recorded higher unrealized loss related to our non-core strategic equity investment in Altus Power, Inc. (Altus).

Other income increased to \$15.3 million from \$8.1 million, reflecting positive fair value adjustments on certain financial instruments related to our investment in Industrious this year as compared to the same period last year.

Interest expense, net of interest income, increased by 38.7% for the six months ended June 30, 2024 as compared to the same period in 2023. This increase was primarily due to the impact of higher interest rates, increased borrowings on the revolving credit facilities, and the issuance of new debt during the first quarter of 2024 and in late second-quarter 2023.

Our provision for income taxes on a consolidated basis was \$3.4 million for the six months ended June 30, 2024 as compared to a provision for income taxes of \$84.0 million for the six months ended June 30, 2023. The decrease of \$80.6 million is primarily related to a decrease in earnings and the reversal of unrecognized tax positions. Our effective tax rate decreased to 1.1% for the six months ended June 30, 2024 from 20.1% for the six months ended June 30, 2023. Our effective tax rate for the six months ended June 30, 2024 was different than the U.S. federal statutory tax rate of 21.0% primarily due to the reversal of unrecognized tax positions, U.S. state taxes, and favorable permanent book tax differences.

The Organization for Economic Co-operation & Development (OECD) Pillar Two Model Rules established a minimum global effective tax rate of 15% on country-by-country profits for large multinational companies. European Union member states along with many other countries have adopted, or expect to adopt, the OECD Pillar Two Model effective January 1, 2024 or thereafter. The OECD and other countries continue to publish guidelines and legislation which include transition and safe harbor rules. The Pillar Two top-up taxes are not expected to have a material impact to our financial statements for 2024. However, we continue to monitor new legislative changes and assess the global impact of the Pillar Two Model Rules.



## Segment Operations

On June 24, 2024, we announced plans to combine our project management business with our Turner & Townsend subsidiary and expect this transaction to close early 2025. We intend to organize our operations around, and publicly report our financial results on, four reportable segments in 2025. For the remainder of 2024, we will continue to report our financial results under our existing reportable segments given this is how the chief operating decision maker currently manages the business.

As of June 30, 2024, we organize our operations around, and publicly report our financial results on, three global business segments: (1) Advisory Services; (2) Global Workplace Solutions; and (3) Real Estate Investments.

Advisory Services provides a comprehensive range of services globally, including property leasing, capital markets (property sales and mortgage origination), mortgage sales and servicing, property management, and valuation. Global Workplace Solutions provides a broad suite of integrated, contractually based outsourcing services to occupiers of real estate, including facilities management and project management. Real Estate Investments includes investment management services provided globally and development services in the U.S., U.K. and Continental Europe.

We also have a Corporate and Other segment. Corporate primarily consists of corporate overhead costs. Other consists of activities from strategic non-core non-controlling equity investments and is considered an operating segment but does not meet the aggregation criteria for presentation as a separate reportable segment and is, therefore, combined with Corporate and reported as Corporate and other. It also includes eliminations related to inter-segment revenue. For additional information on our segments, see Note 14 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report.

## Advisory Services

The following table summarizes our results of operations for our Advisory Services operating segment for the three and six months ended June 30, 2024 and 2023 (dollars in millions):

	Three Months Ended June 30,				Six Months Ended June 30,							
	2024		2023		2024		2023					
Revenue:												
Net revenue:												
Property management	\$	532	24.0 %	\$	460	22.5 %	\$	1,004	24.3 %	\$	901	23.1 %
Valuation		184	8.3 %		180	8.8 %		351	8.5 %		345	8.9 %
Loan servicing		84	3.8 %		79	3.9 %		165	4.0 %		156	4.0 %
Advisory leasing		884	39.9 %		814	39.9 %		1,624	39.5 %		1,523	39.2 %
Capital markets:												
Advisory sales		386	17.4 %		398	19.5 %		712	17.3 %		765	19.6 %
Commercial mortgage origination		125	5.6 %		90	4.4 %		219	5.3 %		161	4.1 %
Total segment net revenue		2,195	99.0 %		2,021	99.0 %		4,075	98.9 %		3,851	98.9 %
Pass-through costs also recognized as revenue		23	1.0 %		21	1.0 %		47	1.1 %		44	1.1 %
Total segment revenue		2,218	100.0 %		2,042	100.0 %		4,122	100.0 %		3,895	100.0 %
Costs and expenses:												
Cost of revenue		1,359	61.3 %		1,234	60.4 %		2,507	60.9 %		2,360	60.6 %
Operating, administrative and other		515	23.2 %		498	24.4 %		1,012	24.5 %		1,021	26.2 %
Depreciation and amortization		63	2.9 %		72	3.5 %		132	3.2 %		150	3.9 %
Total costs and expenses		1,937	87.4 %		1,804	88.3 %		3,651	88.6 %		3,531	90.7 %
Operating income		281	12.6 %		238	11.7 %		471	11.4 %		364	9.3 %
Equity income from unconsolidated subsidiaries		—	0.0 %		1	0.1 %		1	0.0 %		3	0.1 %
Other income		—	0.0 %		2	0.1 %		2	0.1 %		4	0.1 %
Add-back: Depreciation and amortization		63	2.9 %		72	3.5 %		132	3.2 %		150	3.9 %
Adjustments:												
Costs associated with efficiency and cost-reduction initiatives		—	0.0 %		2	0.1 %		—	0.0 %		64	1.6 %
Segment operating profit and segment operating profit on revenue margin	\$	344	15.5 %	\$	315	15.5 %	\$	606	14.7 %	\$	585	15.0 %
Segment operating profit on net revenue margin			15.7 %			15.6 %			14.9 %			15.2 %

### Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023

Revenue increased 8.6% during the quarter. Global leasing revenue rose 8.7%, driven by Americas which grew 12.4%, including 13.3% in the United States and Asia-Pacific (APAC), which grew 2.8%, with solid growth across most of the region. Property sales revenue was down 3.1%, reflecting continued high interest rates and difficult credit conditions. The company's loan origination business benefited from 20% higher loan origination fees driven by increased refinancing activity from debt funds and a significant increase in interest earnings on escrow balances. Property management also grew solidly, fueled by the onboarding of the Brookfield 65 million sq. ft. U.S. office portfolio. Foreign currency translation had a 0.7% negative impact on total revenue during the quarter, primarily driven by weakness in the Japanese yen, partially offset by strength in the British pound sterling.

Cost of revenue increased 10.1%, primarily reflecting business growth, higher pass-through costs in property management, higher professional compensation as bonuses reset and higher commission expense due to producers entering higher commission tranches. Foreign currency translation had a 0.7% positive impact on total cost of revenue. Cost of revenue increased to 61.3% of total revenue from 60.4% in the 2023 second-quarter, primarily due to producers earning commission at higher tranches and increased pass through costs related to growth in the property management line of business.

Operating, administrative and other expenses increased by 3.4%, primarily due to incentive compensation expense reset in the current quarter to align with business performance. Foreign currency translation had a 0.5% positive impact on total operating expenses.

In connection with the origination and sale of mortgage loans for which the company retains servicing rights, we record servicing assets or liabilities based on the fair value of the retained mortgage servicing rights (MSRs) on the date the loans are sold. Upon origination of a mortgage loan held for sale, the fair value of the mortgage servicing rights to be retained is included in the forecasted proceeds from the anticipated loan sale and results in a net gain (which is reflected in revenue). Subsequent to the initial recording, MSRs are amortized (within amortization expense) and carried at the lower of amortized cost or fair value in other intangible assets in the accompanying consolidated balance sheets. They are amortized in proportion to and over the estimated period that the servicing income is expected to be received.

For the three months ended June 30, 2024, MSRs contributed \$23.3 million to operating income, offset by \$33.5 million of amortization of related intangible assets. The MSR contribution to second-quarter 2023 operating income was \$21.1 million and amortization totaled \$37.1 million.

Depreciation and amortization expense decreased 11.1% primarily due to lower amortization of mortgage servicing rights as described above.

***Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023***

Revenue increased 5.8% for the six months ended June 30, 2024 as compared to the six months ended June 30, 2023. Global leasing revenue rose 6.6%, driven by Americas which grew 8.3%, including 9.5% in the United States and APAC, which grew 5.3%, with solid growth across most of the region. Property sales revenue was down 7.0%, reflecting continued high interest rates and difficult credit conditions. The company's loan origination business benefited from higher loan fees and a significant increase in interest earnings on escrow balances. Property management also grew solidly and was up 11.5%. Foreign currency translation had a 0.4% negative impact on total revenue during the six months ended June 30, 2024, primarily driven by weakness in Japanese yen, partially offset by strength in the British pound sterling.

Cost of revenue increased 6.2%, primarily reflecting business growth, higher pass-through costs, higher professional compensation and higher commission expense. Foreign currency translation had a 0.4% positive impact on total cost of revenue. Cost of revenue slightly increased to 60.9% of total revenue from 60.6% for the same period in 2023.

Operating, administrative and other expenses slightly decreased by 0.9% for the six months ended June 30, 2024 as compared to the same period in 2023. The Advisory Services segment recorded significant restructuring expenses during the six months ended June 30, 2023, as the segment went through rapid cost take out that did not recur this year at the same rate. Foreign currency translation also had a 0.2% positive impact on total operating expenses.

For the six months ended June 30, 2024, MSRs contributed \$35.9 million to operating income, offset by \$68.0 million of amortization of related intangible assets. For the six months ended June 30, 2023, MSRs contributed \$37.8 million to operating income, offset by \$73.7 million of amortization of related intangible assets. The decline was associated with lower origination activity given the higher cost of debt.

Depreciation and amortization expense decreased 11.9% primarily due to lower amortization of mortgage servicing rights as described above and due to accelerated depreciation expense recorded during the six months ended June 30, 2023, as part of cost savings initiatives that did not recur this year.

## Global Workplace Solutions

The following table summarizes our results of operations for our Global Workplace Solutions (GWS) operating segment for the three and six months ended June 30, 2024 and 2023 (dollars in millions):

	Three Months Ended June 30,				Six Months Ended June 30,				
	2024		2023		2024		2023		
Revenue:									
Net revenue:									
Facilities management	\$	1,697	28.6 %	\$	1,439	26.5 %	\$	2,834	26.3 %
Project management		850	14.3 %		766	14.1 %		1,501	14.0 %
Total segment net revenue		2,547	42.9 %		2,205	40.6 %		4,335	40.3 %
Pass-through costs also recognized as revenue		3,397	57.1 %		3,221	59.4 %		6,429	59.7 %
Total segment revenue		5,944	100.0 %		5,426	100.0 %		10,764	100.0 %
Costs and expenses:									
Cost of revenue		5,377	90.4 %		4,897	90.3 %		9,740	90.5 %
Operating, administrative and other		354	6.0 %		307	5.6 %		629	5.8 %
Depreciation and amortization		81	1.4 %		65	1.2 %		129	1.2 %
Total costs and expenses		5,812	97.8 %		5,269	97.1 %		10,498	97.5 %
Operating income		132	2.2 %		157	2.9 %		266	2.5 %
Equity income from unconsolidated subsidiaries		3	0.0 %		—	0.0 %		—	0.0 %
Other (loss) income		(1)	0.0 %		2	0.0 %		2	0.0 %
Add-back: Depreciation and amortization		81	1.4 %		65	1.2 %		129	1.2 %
Adjustments:									
Integration and other costs related to acquisitions <sup>(1)</sup>		13	0.2 %		8	0.1 %		15	0.1 %
Costs associated with efficiency and cost-reduction initiatives		30	0.5 %		1	0.1 %		50	0.5 %
Segment operating profit and segment operating profit on revenue margin	\$	258	4.3 %	\$	233	4.3 %	\$	462	4.3 %
Segment operating profit on net revenue margin			10.1 %			10.6 %			10.7 %

<sup>(1)</sup> During the first quarter of 2024, we incurred integration and other costs related to acquisitions of \$17.5 million in deal and integration costs, offset by reversal of \$21.7 million in previously recognized transaction-related bonus expense due to change in estimate.

### Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023

Revenue increased 9.5%, reflecting a double-digit increase in facilities management, led by the Local business and growth in project management due to continued strong growth from Turner & Townsend. Foreign currency translation had a 0.8% negative impact on total revenue during the quarter, primarily driven by weakness in the Argentina peso, partially offset by strength in the British pound sterling.

Cost of revenue increased 9.8%, driven by higher pass-through costs and increased professional compensation. Foreign currency translation had a 0.8% positive impact on total cost of revenue. Cost of revenue was 90.4% of total revenue, slightly changed from 90.3% in second-quarter 2023.

Operating, administrative and other expenses increased 15.6%, primarily due to restructuring and severance charges related to cost savings initiatives this quarter. Foreign currency translation had a 0.5% positive impact on total operating expenses during the quarter.

Depreciation and amortization expense increased 23.2% reflecting higher amortization expense related to intangibles from recent acquisitions such as J&J Worldwide Services.

***Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023***

Revenue increased 9.2% for the six months ended June 30, 2024 as compared to the same period in 2023, reflecting a double-digit increase in facilities management, led by the Local business and growth in project management due to continued strong growth from Turner & Townsend. Foreign currency translation had a 0.2% negative impact on total revenue, primarily driven by weakness in the Argentina peso, partially offset by strength in the British pound sterling.

Cost of revenue increased 9.4%, driven by higher pass-through costs, higher indirect reimbursed costs, and increased professional compensation to support the growth in the business. Foreign currency translation had a 0.3% positive impact on total cost of revenue. Cost of revenue was 90.7% of total revenue, slightly changed from 90.5% for the six months ended June 30, 2023, primarily due to a slight shift in composition of revenue with more revenue coming from facilities management, supported by the J&J acquisition, which generally has lower margin as compared to project management.

Operating, administrative and other expenses increased 3.5%, primarily due to restructuring charges incurred related to cost savings initiatives and the inclusion of J&J's operating results since acquisition at the end of February 2024. Foreign currency translation also had a 0.3% positive impact on total operating expenses during the six months ended June 30, 2024.

Depreciation and amortization expense increased 17.6% primarily due to increased amortization expense on intangibles related to the J&J and certain other in-fill acquisitions.

## Real Estate Investments

The following table summarizes our results of operations for our Real Estate Investments (REI) operating segment for the three and six months ended June 30, 2024 and 2023 (dollars in millions):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
Revenue:								
Investment management	\$ 149	64.2 %	\$ 151	59.2 %	\$ 298	64.7 %	\$ 299	62.3 %
Development services	83	35.8 %	105	40.8 %	162	35.3 %	181	37.7 %
Total segment revenue	232	100.0 %	256	100.0 %	460	100.0 %	480	100.0 %
Costs and expenses:								
Cost of revenue	57	24.7 %	51	20.1 %	100	21.8 %	90	18.8 %
Operating, administrative and other	169	72.6 %	177	69.0 %	357	77.6 %	428	89.4 %
Depreciation and amortization	3	1.4 %	3	1.1 %	7	1.4 %	10	2.0 %
Total costs and expenses	229	98.7 %	231	90.2 %	464	100.8 %	528	110.2 %
Gain on disposition of real estate	—	0.0 %	9	3.6 %	13	2.9 %	12	2.7 %
Operating income (loss)	3	1.3 %	34	13.4 %	9	2.1 %	(36)	(7.5) %
Equity income (loss) from unconsolidated subsidiaries	4	1.9 %	(3)	(1.3) %	15	3.2 %	163	34.0 %
Other (loss) income	(1)	(0.8) %	—	0.0 %	(2)	(0.3) %	—	0.0 %
Add-back: Depreciation and amortization	3	1.4 %	3	1.1 %	7	1.4 %	10	2.0 %
Adjustments:								
Carried interest incentive compensation expense (reversal) to align with the timing of associated revenue	1	0.5 %	(1)	(0.2) %	15	3.3 %	6	1.4 %
Costs associated with efficiency and cost-reduction initiatives	—	0.0 %	—	0.0 %	—	0.0 %	22	4.4 %
Segment operating profit and segment operating profit on revenue margin	\$ 10	4.3 %	\$ 33	13.0 %	\$ 44	9.7 %	\$ 165	34.3 %

### Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023

Revenue decreased 9.2% for the current quarter. This reflected lower development and construction fees, and lower asset management revenue, partially offset by higher carried interest. Foreign currency translation had a negligible impact on total revenue.

Cost of revenue increased 11.5%, and was 24.7% of total revenue – up from 20.1% in the same period in 2023. We incurred higher costs related to real estate development as compared to the same period in 2023 despite a decline in revenue. Foreign currency translation had a 1.3% negative impact on total cost of revenue during the quarter.

Operating, administrative and other expenses decreased 4.5% primarily because of lower profit share expense, partially offset by higher equity incentive compensation expense in the current quarter. Foreign currency translation had a 0.1% positive impact on total operating expenses.

We recorded equity income from unconsolidated subsidiaries of approximately \$4.3 million versus equity loss of \$3.4 million in the 2023 second quarter, primarily due to higher co-investment returns in investment management. Gain on disposition of real estate decreased by \$9.5 million compared with second-quarter 2023 given limited disposition activity.

A roll forward of our AUM by product type for the three months ended June 30, 2024 is as follows (dollars in billions):

	Funds	Separate Accounts	Securities	Total
Balance at March 31, 2024	\$ 64.2	\$ 70.8	\$ 9.0	\$ 144.0
Inflows	1.6	1.6	0.4	3.6
Outflows	(0.7)	(3.3)	(0.3)	(4.3)
Market depreciation	(0.6)	—	(0.2)	(0.8)
Balance at June 30, 2024	\$ 64.5	\$ 69.1	\$ 8.9	\$ 142.5

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:

- 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
- 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 investments.

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.

#### **Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023**

Revenue decreased 4.1% for the six months ended June 30, 2024 as compared to the same period in 2023. This reflected lower development and construction fees and lower asset management revenue, partially offset by higher carried interest and incentive fees in investment management. Foreign currency translation had a 0.6% positive impact on total revenue during the six months ended June 30, 2024, primarily driven by strength in the British pound sterling, partially offset by weakness in the Japanese yen.

Cost of revenue increased 11.5% for the six months ended June 30, 2024 as compared to the same period in 2023 due to higher costs incurred on our real estate development and construction projects. Foreign currency translation had a 2.6% negative impact on total cost of revenue during the six months ended June 30, 2024.

Operating, administrative and other expenses decreased 16.6%, primarily due to lower bonus expense to align with overall segment performance, and \$21.0 million in charges associated with the company's efficiency and cost-reduction initiatives incurred during the six months ended June 30, 2023 with no such cost in 2024, partially offset by higher stock incentive compensation expense to align with overall consolidated CBRE performance. Foreign currency translation had a 0.4% negative impact on total operating expenses during the six months ended June 30, 2024.

We recorded equity income from unconsolidated subsidiaries of approximately \$14.9 million versus equity income of \$163.2 million during the six months ended June 30, 2024 as compared to the same period in 2023, which included an unusually large gain on a development portfolio asset sale. Gain on disposition of real estate increased by \$0.8 million compared to the same period in 2023.

A roll forward of our AUM by product type for the six months ended June 30, 2024 is as follows (dollars in billions):

	<b>Funds</b>	<b>Separate Accounts</b>	<b>Securities</b>	<b>Total</b>
Balance at December 31, 2023	\$ 65.3	\$ 72.8	\$ 9.4	\$ 147.5
Inflows	2.0	3.1	0.5	5.6
Outflows	(1.4)	(4.7)	(0.8)	(6.9)
Market depreciation	(1.4)	(2.1)	(0.2)	(3.7)
Balance at June 30, 2024	\$ 64.5	\$ 69.1	\$ 8.9	\$ 142.5

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.

## Corporate and Other

Our Corporate segment primarily consists of corporate overhead costs. Other consists of activities from strategic non-core non-controlling equity investments and is considered an operating segment but does not meet the aggregation criteria for presentation as a separate reportable segment and is, therefore, combined with our core Corporate function and reported as Corporate and other. The following table summarizes our results of operations for our core Corporate and other segment for the three and six months ended June 30, 2024 and 2023 (dollars in millions):

	Three Months Ended June 30, <sup>(1)</sup>		Six Months Ended June 30, <sup>(1)</sup>	
	2024	2023	2024	2023
Elimination of inter-segment revenue	\$ (3)	\$ (4)	\$ (9)	\$ (8)
Costs and expenses:				
Cost of revenue <sup>(2)</sup>	—	(3)	5	(4)
Operating, administrative and other	153	107	282	219
Depreciation and amortization	14	15	28	27
Total costs and expenses	167	119	315	242
Operating loss	(170)	(123)	(324)	(250)
Equity loss from unconsolidated subsidiaries	(22)	(6)	(93)	(32)
Other income	8	2	13	2
Add-back: Depreciation and amortization	14	15	28	27
Adjustments:				
Costs associated with efficiency and cost-reduction initiatives	37	—	67	5
Charges related to indirect tax settlement	13	—	13	—
Costs incurred related to legal entity restructuring	—	—	2	—
Integration and other costs related to acquisitions	—	28	—	39
Segment operating loss	\$ (120)	\$ (84)	\$ (294)	\$ (209)

<sup>(1)</sup> Percentage of revenue calculations are not meaningful and therefore not included.

<sup>(2)</sup> Primarily relates to inter-segment eliminations.

### Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023

#### Core corporate

Operating, administrative and other expenses for our core corporate functions rose 41.7% to \$152.7 million for the second quarter of 2024, mainly due to increased charges associated with employee separation and certain one-time charges related to strategic projects. In addition, we recorded higher incentive compensation expense primarily due to a resetting of incentive compensation which had been reduced in prior year's second quarter.

#### Other (non-core)

We recorded an equity loss of \$22.0 million, reflecting the lower value of our investment in publicly traded Altus Power, Inc. (Altus). This compares with a \$5.9 million loss in second-quarter 2023, reflecting the market value of our Altus ownership interest. We recorded a positive fair value adjustment on our investment portfolio in Industrious which partially offset the losses from Altus and generated positive other income of \$9.5 million.

### Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023

#### Core corporate

Operating, administrative and other expenses for our core corporate functions rose 28.5% to \$281.1 million for the six months ended June 30, 2024, due to increased charges associated with employee separation and certain one-time charges related to strategic projects. In addition, we recorded higher incentive compensation expense primarily due to a resetting of incentive compensation which had been reduced in prior year's second quarter.



### **Other (non-core)**

We recorded equity loss of \$92.7 million, reflecting the lower value of our investment in Altus. This compares with a \$32.2 million loss during the same period in 2023, reflecting the market value of our Altus ownership interest. We recorded positive fair value adjustment on our investment portfolio in Industrious which partially offset the losses from Altus and generated positive other income of \$9.2 million.

### **Liquidity and Capital Resources**

We believe that we can satisfy our working capital and funding requirements with internally generated cash flow and, as necessary, borrowings under our revolving credit facilities. Our expected capital requirements for 2024 include up to \$329.1 million of anticipated capital expenditures, net of tenant concessions. During the six months ended June 30, 2024, we incurred \$121.4 million of capital expenditures, net of tenant concessions received. As of June 30, 2024, we had aggregate future commitments of \$157.9 million related to co-investments funds in our REI segment, \$76.2 million of which is expected to be funded in 2024. Additionally, as of June 30, 2024, we are committed to fund additional capital of \$168.0 million and \$68.7 million to consolidated and unconsolidated projects, respectively, within our REI segment. As of June 30, 2024, we had \$2.7 billion of borrowings available under our revolving credit facilities (under both the Revolving Credit Agreement, as described below, and the Turner & Townsend revolving credit facility) and \$927.7 million of cash and cash equivalents.

We have historically relied on our internally generated cash flow and our revolving credit facilities to fund our working capital, capital expenditure and general investment requirements (including in-fill acquisitions) and have not sought other external sources of financing to help fund these requirements. In the absence of extraordinary events, large strategic acquisitions or large returns of capital to shareholders, we anticipate that our cash flow from operations and our revolving credit facilities would be sufficient to meet our anticipated cash requirements for the foreseeable future, and at a minimum for the next 12 months. Given compensation is our largest expense and our sales and leasing professionals are generally paid on a commission and/or bonus basis that correlates with their revenue production, the negative effect of difficult market conditions is partially mitigated by the inherent variability of our compensation cost structure. We may seek to take advantage of market opportunities to refinance existing debt instruments, as we have done in the past, with new debt instruments at interest rates, maturities and terms we deem attractive. We may also, from time to time in our sole discretion, purchase, redeem, or retire our existing senior notes, through tender offers, in privately negotiated or open market transactions, or otherwise.

In February 2024, we conducted a new issuance for \$500.0 million in aggregate principal amount of 5.500% senior notes due in 2029 (the 5.500% senior notes) generating net proceeds of \$494.9 million which included debt issuance cost of \$1.3 million related to this issuance.

As noted above, we believe that any future significant acquisitions 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 obtain acquisition financing on favorable terms, or at all, in the future.

Our long-term liquidity needs, other than those related to ordinary course obligations and commitments such as operating leases, are generally comprised of the following elements. The first is the repayment of the outstanding and anticipated principal amounts of our long-term indebtedness. If our cash flow is insufficient to repay our long-term debt when it comes due, 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 consideration in future periods that are subject to the passage of time or achievement of certain performance metrics and other conditions. As of June 30, 2024 and December 31, 2023, we had accrued deferred purchase and contingent consideration totaling \$538.9 million (\$267.6 million of which was a current liability) and \$530.2 million (\$264.1 million of which was a current liability), respectively, 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 1 of this Quarterly Report.

The third, as described in Note 12 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report, in November 2021, our board of directors authorized a program for the company to repurchase up to \$2.0 billion of our Class A common stock over five years, effective November 19, 2021 (the 2021 program). In August 2022, our board of directors authorized an additional \$2.0 billion, bringing the total authorized repurchase amount under the 2021 program to a total of \$4.0 billion. We did not repurchase any shares of our Class A common stock during the three months ended March 31, 2024. During the three months ended June 30, 2024, we repurchased 554,741 shares of our Class A common stock with an average price of \$87.25 per share using cash on hand for an aggregate of \$48.4 million. During the period July 1, 2024 thru July 22, 2024, we repurchased 79,879 shares of our Class A common stock with an average price of \$87.63 per share using cash on hand for an aggregate of \$7.0 million. As of both June 30, 2024 and July 22, 2024, we had \$1.4 billion of capacity remaining under the 2021 program.

Our stock repurchases have been funded with cash on hand and we intend to continue funding future repurchases with existing cash. We may utilize our stock repurchase programs to continue offsetting the impact of our stock-based compensation program and on a more opportunistic basis if we believe our stock presents a compelling investment compared to other discretionary uses. The timing of any future repurchases and the actual amounts repurchased will depend on a variety of factors, including the market price of our common stock, general market and economic conditions and other factors.

### ***Historical Cash Flows***

#### *Operating Activities*

Net cash used in operating activities totaled \$204.8 million for the six months ended June 30, 2024 as compared to \$755.6 million during the six months ended June 30, 2023. The primary drivers that contributed to the lower usage were as follows: (1) net inflow from working capital; the net positive working capital change was mainly due to lower accounts receivable due to better collection which lagged during the six months ended June 30, 2023, partially offset by lesser outflows related to accounts payable and accrued expenses, (2) lower outflow related to certain real estate development activities given the strained economic conditions, (3) higher non-cash charges for share-based compensation expense, and (4) add back of equity loss from unconsolidated subsidiaries net of lower distribution of income, partially offset by subdued operating performance.

#### *Investing Activities*

Net cash used in investing activities totaled \$1.3 billion for the six months ended June 30, 2024, an increase of \$937.8 million as compared to the six months ended June 30, 2023. The increase was primarily due to the acquisition of J&J Worldwide Services in February 2024 and Direct Line Global in June 2024.

#### *Financing Activities*

Net cash provided by financing activities totaled \$1.2 billion for the six months ended June 30, 2024 as compared to \$1.1 billion for the six months ended June 30, 2023. The increased inflow was primarily driven by net proceeds from the revolver, lower outflow related to share repurchases and deferred purchase considerations, partially offset by higher net distributions to non-controlling interest, lower fixed term debt financing, and increased payment of taxes on equity awards.

## ***Indebtedness***

We use a variety of financing arrangements, both long-term and short-term, to fund our operations in addition to cash generated from operating activities. We also use several funding sources to avoid becoming overly dependent on one financing source, and to lower funding costs.

### ***Long-Term Debt***

On July 10, 2023, CBRE Group, Inc., CBRE Services, Inc. (CBRE Services) and Relam Amsterdam Holdings B.V., a wholly-owned subsidiary of CBRE Services, entered into a new 5-year senior unsecured Credit Agreement (2023 Credit Agreement) maturing on July 10, 2028, which refinanced and replaced the previous credit agreement. The 2023 Credit Agreement provides for a senior unsecured term loan credit facility comprised of (i) tranche A Euro-denominated term loans in an aggregate principal amount of €366.5 million and (ii) tranche A U.S. Dollar-denominated term loans in an aggregate principal amount of \$350.0 million with weighted average interest rate of 5.7% as of June 30, 2024, both requiring quarterly principal payments beginning on December 31, 2024 and continuing through maturity on July 10, 2028. The proceeds of the term loans under the 2023 Credit Agreement were applied to the repayment of all remaining outstanding senior term loans, approximately \$437.5 million, under the previous credit agreement, the payment of related fees and expenses and other general corporate purposes.

On February 23, 2024, CBRE Services issued \$500.0 million in aggregate principal amount of 5.500% senior notes due April 1, 2029 (the 5.500% senior notes) at a price equal to 99.837% of their face value. The 5.500% senior notes are unsecured obligations of CBRE Services and are guaranteed on a senior basis by CBRE Group, Inc. Interest accrues at a rate of 5.500% per year and is payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2024.

On June 23, 2023, CBRE Services issued \$1.0 billion in aggregate principal amount of 5.950% senior notes due August 15, 2034 (the 5.950% senior notes) at a price equal to 98.174% of their face value. The 5.950% senior notes are unsecured obligations of CBRE Services and are guaranteed on a senior basis by CBRE Group, Inc. Interest accrues at a rate of 5.950% per year and is payable semi-annually in arrears on February 15 and August 15 of each year.

On March 18, 2021, CBRE Services issued \$500.0 million in aggregate principal amount of 2.500% senior notes due April 1, 2031 (the 2.500% senior notes) at a price equal to 98.451% of their face value. The 2.500% senior notes are unsecured obligations of CBRE Services and are guaranteed on a senior basis by CBRE Group, Inc. Interest accrues at a rate of 2.500% per year and is payable semi-annually in arrears on April 1 and October 1 of each year.

On August 13, 2015, CBRE Services issued \$600.0 million in aggregate principal amount of 4.875% senior notes due March 1, 2026 (the 4.875% senior notes) at a price equal to 99.24% of their face value. The 4.875% senior notes are unsecured obligations of CBRE Services and are guaranteed on a senior basis by CBRE Group, Inc. Interest accrues at a rate of 4.875% per year and is payable semi-annually in arrears on March 1 and September 1 of each year.

The indentures governing our 5.950% senior notes, 5.500% senior notes, 4.875% senior notes and 2.500% senior notes contain restrictive covenants that, among other things, limit our ability to create or permit liens on assets securing indebtedness, enter into sale/leaseback transactions and enter into consolidations or mergers.

The term loan borrowings under the 2023 Credit Agreement is fully and unconditionally guaranteed by CBRE Group, Inc. and CBRE Services. Our Revolving Credit Agreement, 5.950% senior notes, 5.500% senior notes, 4.875% senior notes and 2.500% senior notes are fully and unconditionally guaranteed by CBRE Group, Inc.

Combined summarized financial information for CBRE Group, Inc. (parent) and CBRE Services (subsidiary issuer) is as follows (dollars in millions):

	June 30, 2024	December 31, 2023
<b>Balance Sheet Data:</b>		
Current assets	\$ 8	\$ 7
Non-current assets	1,735	1,733
Total assets	\$ 1,743	\$ 1,740
Current liabilities	\$ 990	\$ 48
Non-current liabilities <sup>(1)</sup>	3,752	2,994
Total liabilities <sup>(1)</sup>	\$ 4,742	\$ 3,042
	Six Months Ended June 30,	
	2024	2023
<b>Statement of Operations Data:</b>		
Revenue	\$ —	\$ —
Operating loss	(1)	(1)
Net loss	(63)	(28)

<sup>(1)</sup> Includes \$1.2 billion and \$932.5 million of intercompany loan payables to non-guarantor subsidiaries as of June 30, 2024 and December 31, 2023, respectively. All intercompany balances and transactions between CBRE Group, Inc. and CBRE Services have been eliminated.

For additional information on all of our long-term debt, see Note 11 of the Notes to Consolidated Financial Statements set forth in Item 8 included in our [2023 Annual Report](#) and Note 8 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report.

#### *Short-Term Borrowings*

On August 5, 2022, we entered into a new 5-year senior unsecured Revolving Credit Agreement (the Revolving Credit Agreement). The Revolving Credit Agreement provides for a senior unsecured revolving credit facility available to CBRE Services with commitments in an aggregate principal amount of up to \$3.5 billion and a maturity date of August 5, 2027.

The Revolving Credit Agreement requires us to pay a fee based on the total amount of the revolving credit facility commitment (whether used or unused). In addition, the Revolving Credit Agreement also includes capacity for letters of credit not to exceed \$300.0 million in the aggregate.

As of June 30, 2024, \$940.0 million was outstanding under the Revolving Credit Agreement. \$10.0 million of letters of credit were outstanding as of June 30, 2024. Letters of credit are issued in the ordinary course of business and would reduce the amount we may borrow under the Revolving Credit Agreement.

In addition, Turner & Townsend maintains a £120.0 million revolving credit facility pursuant to a credit agreement dated March 31, 2022, with an additional accordion option of £20.0 million, that matures on March 31, 2027. As of June 30, 2024, no amount was outstanding under this revolving credit facility.

For additional information on all of our short-term borrowings, see Notes 5 and 11 of the Notes to Consolidated Financial Statements set forth in Item 8 included in our [2023 Annual Report](#) and Notes 4 and 8 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report.

We also maintain warehouse lines of credit with certain third-party lenders. See Note 4 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report.

#### **Off-Balance Sheet Arrangements**

We do not have off-balance sheet arrangements that we believe could have a material current or future impact on our financial condition, liquidity or results of operations. Our off-balance sheet arrangements are described in Note 10 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report and are incorporated by reference herein.

### **Critical Accounting Policies and Estimates**

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP, which require us to make estimates and assumptions that affect reported amounts. The estimates and assumptions are based on historical experience and on other factors that we believe 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. A discussion of such critical accounting policies, which include revenue recognition, business combinations, goodwill and other intangible assets, income taxes, contingencies, and investments in unconsolidated subsidiaries – fair value option can be found in our [2023 Annual Report](#). There have been no material changes to these policies and estimates as of June 30, 2024.

### **New Accounting Pronouncements**

See Note 2 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report.

## Non-GAAP Financial Measures

Net revenue, segment operating profit on revenue margin, segment operating profit on net revenue margin, and core EBITDA are not recognized measurements under accounting principles generally accepted in the United States, or GAAP. When analyzing our operating performance, investors should use these measures in addition to, and not as an alternative for, their most directly comparable financial measure calculated and presented in accordance with GAAP. We generally use these non-GAAP financial measures to evaluate operating performance and for other discretionary purposes. We believe 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 costs and charges that may obscure the underlying performance of our business and related trends. Because not all companies use identical calculations, our presentation of net revenue and core EBITDA may not be comparable to similarly titled measures of other companies.

Net revenue is gross revenue less costs largely associated with subcontracted vendor work performed for clients and generally has no margin. Segment operating profit on revenue margin is computed by dividing segment operating profit by revenue and provides a comparable profitability measure against our peers. Segment operating profit on net revenue margin is computed by dividing segment operating profit by net revenue and is a better indicator of the segment's margin since it does not include the diluting effect of pass-through revenue which generally has no margin.

We use core EBITDA as an indicator of the company's operating financial performance. Core EBITDA represents earnings before the portion attributable to non-controlling interests, net interest expense, write-off of financing costs on extinguished debt, income taxes, depreciation and amortization, asset impairments, adjustments related to carried interest incentive compensation expense to align with the timing of associated revenue, costs incurred related to legal entity restructuring, efficiency and cost-reduction initiatives, charges related to indirect tax settlement, and integration and other costs related to acquisitions. We believe that investors may find this measure 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.

Core EBITDA is not intended to be measures of free cash flow for our discretionary use because it does not consider certain cash requirements such as tax and debt service payments. This measure may also differ from the amounts calculated under similarly titled definitions in our credit facilities and debt instruments, which 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. We also use core EBITDA as a significant components when measuring our operating performance under our employee incentive compensation programs.

Core EBITDA is calculated as follows (dollars in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income attributable to CBRE Group, Inc.	\$ 130	\$ 201	\$ 256	\$ 318
Net income attributable to non-controlling interests	12	5	34	13
Net income	142	206	290	331
Adjustments:				
Depreciation and amortization	161	155	319	316
Interest expense, net of interest income	63	43	99	71
Provision for income taxes	32	55	3	84
Costs associated with efficiency and cost-reduction initiatives	67	3	97	141
Charges related to indirect tax settlement	13	—	13	—
Integration and other costs related to acquisitions <sup>(1)</sup>	13	36	8	54
Carried interest incentive compensation expense (reversal) to align with the timing of associated revenue	1	(1)	15	6
Costs incurred related to legal entity restructuring	—	—	2	—
Net fair value adjustments on strategic non-core investments	13	7	84	33
Core EBITDA	\$ 505	\$ 504	\$ 930	\$ 1,036

<sup>(1)</sup> During the first quarter of 2024, we incurred integration and other costs related to acquisitions of \$17.5 million in deal and integration costs, offset by reversal of \$21.7 million in previously recognized transaction-related bonus expense due to change in estimate.

### Cautionary Note on Forward-Looking Statements

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The words “anticipate,” “believe,” “could,” “should,” “propose,” “continue,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “will,” “forecast,” “target,” and similar terms and phrases are used in this Quarterly Report to identify forward-looking statements. Except for historical information contained herein, the matters addressed in this Quarterly Report 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, political and regulatory conditions and significant public health events, particularly in geographies or industry sectors where our business may be concentrated;
- volatility or adverse developments in the securities, capital or credit markets, interest rate increases and conditions affecting the value of real estate assets, inside and outside the U.S.;
- poor performance of real estate investments or other conditions that negatively impact clients' willingness to make real estate or long-term contractual commitments and the cost and availability of capital for investment in real estate;
- foreign currency fluctuations and changes in currency restrictions, trade sanctions and import/export and transfer pricing rules;
- our ability to compete globally, or in specific geographic markets or business segments that are material to us;
- our ability to identify, acquire and integrate accretive businesses;
- costs and potential future capital requirements relating to companies we may acquire;
- integration challenges arising out of companies we may acquire;
- increases in unemployment and general slowdowns in commercial activity;
- trends in pricing and risk assumption for commercial real estate services;
- the effect of significant changes in capitalization 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;
- our ability to further diversify our revenue model to offset cyclical economic trends in the commercial real estate industry;
- our ability to attract new occupier 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 continue investing in our platform and client service offerings;
- our ability to maintain expense discipline;
- the emergence of disruptive business models and technologies;
- negative publicity or harm to our brand and reputation;

- the failure by third parties we do business with to comply with service level agreements or regulatory or legal requirements;
- the ability of our 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;
- the ability of CBRE Capital Markets to periodically amend, or replace, on satisfactory terms, the agreements for its warehouse lines of credit;
- declines in lending activity of U.S. GSEs, regulatory oversight of such activity and our mortgage servicing revenue from the commercial real estate mortgage market;
- changes in U.S. and international law and regulatory environments (including relating to anti-corruption, anti-money laundering, trade sanctions, tariffs, currency controls and other trade control laws), particularly in Asia, Africa, Russia, Eastern Europe and the Middle East, due to the level of political instability in those regions;
- litigation and its financial and reputational risks to us;
- our exposure to liabilities in connection with real estate advisory and property management activities and our ability to procure sufficient insurance coverage on acceptable terms;
- our ability to retain, attract and incentivize key personnel;
- our ability to manage organizational challenges associated with our size;
- liabilities under guarantees, or for construction defects, that we incur in our development services business;
- 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;
- our and our employees' ability to execute on, and adapt to, information technology strategies and trends;
- cybersecurity threats or other threats to our information technology networks, including the potential misappropriation of assets or sensitive information, corruption of data or operational disruption;
- our ability to comply with laws and regulations related to our global operations, including real estate licensure, tax, labor and employment laws and regulations, fire and safety building requirements and regulations, as well as data privacy and protection regulations, ESG matters, and the anti-corruption laws and trade sanctions of the U.S. and other countries;
- changes in applicable tax or accounting requirements;
- any inability for us to implement and maintain effective internal controls over financial reporting;
- the effect of implementation of new accounting rules and standards or the impairment of our goodwill and intangible assets;
- the performance of our equity investments in companies we do not control; and
- the other factors described elsewhere in this Quarterly Report on Form 10-Q, included under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates," "Quantitative and Qualitative Disclosures About Market Risk" and Part II, Item 1A, "Risk Factors" or as described in our [2023 Annual Report](#), in particular in Part I, Item 1A "Risk Factors", or as described in the other documents and reports we file with the Securities and Exchange Commission (SEC).

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



Investors and others should note that we routinely announce financial and other material information using our Investor Relations website (<https://ir.cbre.com>), SEC filings, press releases, public conference calls and webcasts. We use these channels of distribution to communicate with our investors and members of the public about our company, our services and other items of interest. Information contained on our website is not part of this Quarterly Report or our other filings with the SEC.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information in this section should be read in connection with the information on market risk related to changes in interest rates and non-U.S. currency exchange rates in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in our [2023 Annual Report](#).

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 Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 815, “*Derivatives and Hedging*,” 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.

#### International Operations

We conduct a significant portion of our business and employ a substantial number of people outside the U.S. As a result, we are subject to risks associated with doing business globally. Our Real Estate Investments (REI) business segment has significant euro and British pound denominated assets under management (AUM), as well as associated revenue and earnings in Europe. In addition, our Global Workplace Solutions (GWS) business segment also derives significant revenue and earnings in foreign currencies, such as the euro and British pound sterling. Fluctuations in foreign currency exchange rates may continue to produce corresponding changes in our AUM, revenue and earnings.

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 the U.S. dollar.

Our businesses could suffer from adverse effects of high interest rates, a rapid increase in interest rates, limited access to debt capital or liquidity constraints, downturns in general macroeconomic conditions, regulatory or financial market uncertainty, or unforeseen disruptions such as public health crises and geopolitical events like the wars in Ukraine and in the Middle East (or the perception that such disruptions may occur).

During the three and six months ended June 30, 2024, approximately 44.3% of our revenue was transacted in foreign currencies. The following table sets forth our revenue derived from our most significant currencies (dollars in millions):

	Three Months Ended June 30,					Six Months Ended June 30,						
	2024			2023		2024		2023				
United States dollar	\$	4,671	55.7 %	\$	4,220	54.7 %	\$	9,094	55.7 %	\$	8,365	55.3 %
British pound sterling		1,195	14.2 %		1,056	13.7 %		2,280	14.0 %		2,051	13.6 %
Euro		779	9.3 %		722	9.4 %		1,496	9.2 %		1,380	9.1 %
Canadian dollar		251	3.0 %		286	3.7 %		539	3.3 %		580	3.8 %
Australian dollar		236	2.8 %		220	2.8 %		428	2.6 %		411	2.7 %
Indian rupee		176	2.1 %		159	2.1 %		355	2.2 %		313	2.1 %
Chinese yuan		124	1.5 %		136	1.8 %		231	1.4 %		246	1.6 %
Japanese yen		104	1.2 %		113	1.5 %		230	1.4 %		229	1.5 %
Swiss franc		116	1.4 %		100	1.3 %		227	1.4 %		197	1.3 %
Singapore dollar		100	1.2 %		101	1.3 %		201	1.2 %		196	1.3 %
Other currencies <sup>(1)</sup>		639	7.6 %		607	7.7 %		1,245	7.6 %		1,163	7.7 %
Total revenue	\$	8,391	100.0 %	\$	7,720	100.0 %	\$	16,326	100.0 %	\$	15,131	100.0 %

<sup>(1)</sup> Approximately 44 currencies comprise 7.6% of our revenue for the three months ended June 30, 2024, and approximately 46 currencies comprise 7.7% of our revenue for the three months ended June 30, 2023, respectively. Approximately 46 currencies comprise 7.6% and 7.7% of our revenues for the six months ended June 30, 2024 and 2023, respectively.

Although we operate globally, we report our results in U.S. dollars. As a result, the strengthening or weakening of the U.S. dollar will positively or negatively impact our reported results. A hypothetical 10% adverse change in the value of the U.S. dollar relative to the British pound sterling during the six months ended June 30, 2024, would have increased pre-tax income by \$2.2 million. A hypothetical 10% adverse change in the value of the U.S. dollar relative to the euro would have increased pre-tax income by \$6.0 million. These hypothetical calculations estimate the impact of translating results into U.S. dollars 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.

Fluctuations in foreign currency exchange rates may result in corresponding fluctuations in revenue and earnings as well as the assets under management for our investment management business, which could have a material adverse effect on 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. Our international operations also are subject to, among other things, political instability and changing regulatory environments, which affect 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.

### ***Interest Rates***

We manage our interest expense by using a combination of fixed and variable rate debt. Historically, we have entered into interest rate swap agreements to attempt to hedge the variability of future interest payments due to changes in interest rates. As of June 30, 2024, we did not have any outstanding interest rate swap agreements.

The estimated fair value of our senior term loans was approximately \$736.4 million at June 30, 2024. Based on dealers' quotes, the estimated fair values of our 5.950% senior notes, 5.500% senior notes, 4.875% senior notes and 2.500% senior notes were \$1.0 billion, \$502.2 million, \$592.9 million and \$415.1 million, respectively, at June 30, 2024.

We utilize sensitivity analyses to assess the potential effect on our variable rate debt. If interest rates were to increase 100 basis points on our outstanding variable rate debt at June 30, 2024, the net impact of the additional interest cost would be a decrease of \$8.4 million on pre-tax income and an increase of \$8.4 million in cash used in operating activities for the six months ended June 30, 2024.

**Item 4. Controls and Procedures**

***Disclosure Controls and Procedures***

Rule 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934, as amended, requires that we conduct an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report, and we have a disclosure policy in furtherance of the same. This evaluation is designed to ensure that all corporate disclosure is complete and accurate in all material respects. The evaluation is further designed to ensure that all information required to be disclosed in our SEC reports is accumulated and communicated to management to allow timely decisions regarding required disclosures and recorded, processed, summarized and reported within the time periods and in the manner specified in the SEC's rules and forms. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our Chief Executive Officer and Chief Financial Officer supervise and participate in this evaluation, and they are assisted by members of our Disclosure Committee. Our Disclosure Committee consists of our General Counsel, our Chief Accounting Officer, our Senior Officers of significant business lines and other select employees.

We conducted the required evaluation, and our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined by Securities Exchange Act Rule 13a-15(e)) were effective as of June 30, 2024 to accomplish their objectives at the reasonable assurance level.

***Changes in Internal Control Over Financial Reporting***

There have been no changes in our internal control over financial reporting during the fiscal quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II – OTHER INFORMATION

### Item 1. Legal Proceedings

There have been no material changes to our legal proceedings as previously disclosed in our [2023 Annual Report](#).

### Item 1A. Risk Factors

There have been no material changes to our risk factors as previously disclosed in our [2023 Annual Report](#).

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Open market share repurchase activity during the three months ended June 30, 2024 was as follows (dollars in millions, except per share amounts):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup>
April 1, 2024 - April 30, 2024	158,380	\$ 86.63	158,380	
May 1, 2024 - May 31, 2024	198,043	87.48	198,043	
June 1, 2024 - June 30, 2024	198,318	87.54	198,318	
	<u>554,741</u>	<u>\$ 87.25</u>	<u>554,741</u>	<u>\$ 1,418</u>

<sup>(1)</sup> In November 2021, our board of directors authorized a program for the company to repurchase up to \$2.0 billion of our Class A common stock over five years, effective November 19, 2021 (the 2021 program). In August 2022, our board of directors authorized an additional \$2.0 billion under this program, bringing the total authorized amount under the 2021 program to a total of \$4.0 billion. During the second quarter of 2024, we repurchased an aggregate of \$48.4 million of our common stock under the 2021 program. The remaining \$1.4 billion in the table represents the amount available to repurchase shares under the 2021 program as of June 30, 2024.

Our stock repurchase program does not obligate us to acquire any specific number of shares. Under this program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act. Our stock repurchases have been funded with cash on hand and we intend to continue funding future repurchases with existing cash. We may utilize our stock repurchase programs to continue offsetting the impact of our stock-based compensation program and on a more opportunistic basis if we believe our stock presents a compelling investment compared to other discretionary uses. The timing of any future repurchases and the actual amounts repurchased will depend on a variety of factors, including the market price of our common stock, general market and economic conditions and other factors.

### Item 5. Other Information

During the three months ended June 30, 2024, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

**Item 6. Exhibits**

Exhibit No.	Exhibit Description	Incorporated by Reference				
		Form	SEC File No.	Exhibit	Filing Date	Filed Herewith
3.1	<a href="#">Amended and Restated Certificate of Incorporation of CBRE Group, Inc.</a>	8-K	001-32205	3.1	05/23/2018	
3.2	<a href="#">Amended and Restated By-Laws of CBRE Group, Inc.</a>	8-K	001-32205	3.1	02/17/2023	
10.1	<a href="#">Separation Agreement, dated as of April 4, 2024, by and between CBRE, Inc. and Chandra Dhandapani</a> +	8-K	001-32205	10.1	04/05/2024	
22.1	<a href="#">Subsidiary Issuers and Guarantors of CBRE Group, Inc.'s Registered Debt</a>					X
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002</a>					X
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002</a>					X
32	<a href="#">Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002</a>					X
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

+ Denotes a management contract or compensatory arrangement

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### CBRE GROUP, INC.

/s/ EMMA E. GIAMARTINO

Emma E. Giamartino

*Chief Financial Officer (Principal Financial Officer)*

/s/ LINDSEY S. CAPLAN

Lindsey S. Caplan

*Chief Accounting Officer (Principal Accounting Officer)*

Date: July 25, 2024

Date: July 25, 2024

**SUBSIDIARY ISSUERS AND GUARANTORS OF CBRE GROUP, INC.'S  
REGISTERED DEBT**

**AT JUNE 30, 2024**

CBRE Services, Inc., a subsidiary of CBRE Group, Inc., is the issuer of the 5.500%, 5.950%, 4.875% and 2.500% senior notes (as defined in CBRE Group, Inc.'s Quarterly Report on Form 10-Q for the six months ended June 30, 2024), which are guaranteed by CBRE Group, Inc.



**Certification of Chief Executive Officer Pursuant to  
Rule 13a-14(a) Under the Securities Exchange Act of 1934, as Amended**

I, Robert E. Sulentic, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of CBRE Group, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2024

/s/ ROBERT E. SULENTIC

Robert E. Sulentic

*Chair of the Board, President and Chief Executive Officer*

**Certification of Chief Financial Officer Pursuant to  
Rule 13a-14(a) Under the Securities Exchange Act of 1934, as Amended**

I, Emma E. Giamartino, certify that:

- 1) I have reviewed this quarterly report on Form 10-Q of CBRE Group, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 25, 2024

/s/ EMMA E. GIAMARTINO

Emma E. Giamartino

Chief Financial Officer (Principal Financial Officer)

**Certifications of Chief Executive Officer and Chief Financial Officer  
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act Of 2002**

The undersigned, Robert E. Sulentic, Chief Executive Officer, and Emma E. Giamartino, Chief Financial Officer of CBRE Group, Inc. (the "Company"), hereby certify as of the date hereof, solely for the purposes of 18 U.S.C. §1350, that:

- (i) the Quarterly Report on Form 10-Q for the period ended June 30, 2024, of the Company (the "Report") fully complies with the requirements of Section 13(a) and 15(d), as applicable, of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: July 25, 2024

/s/ ROBERT E. SULENTIC

Robert E. Sulentic

*Chair of the Board, President and Chief Executive Officer*

Date: July 25, 2024

/s/ EMMA E. GIAMARTINO

Emma E. Giamartino

*Chief Financial Officer (Principal Financial Officer)*

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.