CB RICHARD ELLIS GROUP INC
Form 10-Q
November 09, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2009

o **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

CB RICHARD ELLIS GROUP, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**94-3391143**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
11150 Santa Monica Boulevard, Suite 1600 Los Angeles, California	**90025**
(Address of principal executive offices)	(Zip Code)
(310) 405-8900	
(Registrant's telephone number, including area code)	(Former name, former address and former fiscal year if changed since last report)

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 ý No o.

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

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

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

The number of shares of Class A common stock outstanding at October 30, 2009 was 292,817,544.

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FORM 10-Q

September 30, 2009

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CB RICHARD ELLIS GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share data)

	September 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 326,045	$ 158,823
Restricted cash	42,768	36,322
Receivables, less allowance for doubtful accounts of $38,817 and $56,303 at September 30, 2009 and December 31, 2008, respectively	681,238	751,940
Warehouse receivables	193,029	210,473
Deferred compensation assets	8,898	225,704
Income taxes receivable	133,383	117,720
Prepaid expenses	99,367	94,282
Deferred tax assets, net	87,170	147,770
Real estate under development	10,337	56,322
Real estate and other assets held for sale	11,238	40,434
Other current assets	39,593	75,743
Total Current Assets	1,633,066	1,915,533
Property and equipment, net	179,852	207,976
Goodwill	1,309,405	1,251,823
Other intangible assets, net of accumulated amortization of $132,903 and $114,685 at September 30, 2009 and December 31, 2008, respectively	320,076	311,447
Investments in unconsolidated subsidiaries	156,180	145,726
Deferred tax assets, net	37,576	44,483
Real estate under development	135,361	158,090
Real estate held for investment	559,456	535,979
Available for sale securities	32,034	28,794
Other assets, net	112,338	126,563
Total Assets	$ 4,475,344	$ 4,726,414
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	$ 426,900	$ 399,877
Compensation and employee benefits payable	235,758	255,408
Accrued bonus and profit sharing	187,967	295,219
Deferred compensation liabilities	4,062	239,464
Short-term borrowings:		
Warehouse lines of credit	192,958	210,473
Revolving credit facility	41,115	25,765
Other	5,870	9,827
Total short-term borrowings	239,943	246,065
Current maturities of long-term debt	96,739	210,662
Notes payable on real estate	161,450	176,372
Liabilities related to real estate and other assets held for sale	1,386	22,740
Other current liabilities	15,639	27,038
Total Current Liabilities	1,369,844	1,872,845
Long-Term Debt:		
Senior secured term loans	1,590,170	1,865,200
	436,228	

11.625% senior subordinated notes, net of unamortized discount of $13,772 at September 30, 2009				
Other long-term debt		507		1,559
Total Long-Term Debt		2,026,905		1,866,759
Pension liability		21,319		19,802
Non-current tax liabilities		81,565		78,705
Notes payable on real estate		392,271		420,242
Other liabilities		117,284		122,338
Total Liabilities		4,009,188		4,380,691
Commitments and contingencies				
Equity:				
CB Richard Ellis Group, Inc. Stockholders' Equity:				
Class A common stock; $0.01 par value; 525,000,000 shares authorized; 292,707,565 and 262,336,032 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively		2,927		2,623
Additional paid-in capital		453,038		285,825
Accumulated deficit		(79,298)		(48,349)
Accumulated other comprehensive loss		(77,571)		(125,413)
Total CB Richard Ellis Group, Inc. Stockholders' Equity		299,096		114,686
Non-controlling interests		167,060		231,037
Total Equity		466,156		345,723
Total Liabilities and Equity	$	4,475,344	$	4,726,414

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

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CB RICHARD ELLIS GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars in thousands, except share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Revenue	$ 1,023,205	$ 1,299,735	$ 2,869,321	$ 3,845,533
Costs and expenses:				
Cost of services	606,470	755,362	1,726,720	2,197,013
Operating, administrative and other	338,062	420,352	972,892	1,321,536
Depreciation and amortization	24,445	25,412	74,003	74,236
Total costs and expenses	968,977	1,201,126	2,773,615	3,592,785
Gain on disposition of real estate	2,766	9,766	5,691	13,808
Operating income	56,994	108,375	101,397	266,556
Equity loss from unconsolidated subsidiaries	6,312	3,408	18,252	25,922
Other loss				4,607
Interest income	1,248	4,400	4,790	14,107
Interest expense	54,075	42,290	136,291	126,855
Write-off of financing costs			29,255	
(Loss) income from continuing operations before provision for income taxes	(2,145)	67,077	(77,611)	123,279
Provision for income taxes	8,498	37,701	1,157	64,493
(Loss) income from continuing operations	(10,643)	29,376	(78,768)	58,786
Income from discontinued operations, net of income taxes		26,748		26,748
Net (loss) income	(10,643)	56,124	(78,768)	85,534
Less: Net (loss) income attributable to non-controlling interests	(23,020)	15,751	(47,819)	8,144
Net income (loss) attributable to CB Richard Ellis Group, Inc.	$ 12,377	$ 40,373	$ (30,949)	$ 77,390
Basic income (loss) per share attributable to CB Richard Ellis Group, Inc. shareholders				
Income (loss) from continuing operations attributable to CB Richard Ellis Group, Inc.	$ 0.04	$ 0.15	$ (0.11)	$ 0.33
Income from discontinued operations, net of income taxes, attributable to CB Richard Ellis Group, Inc.		0.05		0.05
Net income (loss) attributable to CB Richard Ellis Group, Inc.	$ 0.04	$ 0.20	$ (0.11)	$ 0.38
Weighted average shares outstanding for basic income (loss) per share	282,732,848	203,680,475	270,214,427	203,409,873

Diluted income (loss) per share attributable to CB Richard Ellis Group, Inc. shareholders				
Income (loss) from continuing operations attributable to CB Richard Ellis Group, Inc.	$ 0.04	$ 0.14	$ (0.11)	$ 0.32
Income from discontinued operations, net of income taxes, attributable to CB Richard Ellis Group, Inc.		0.05		0.05
Net income (loss) attributable to CB Richard Ellis Group, Inc.	$ 0.04	$ 0.19	$ (0.11)	$ 0.37
Weighted average shares outstanding for diluted income (loss) per share	285,923,601	207,706,250	270,214,427	207,942,875
Amounts attributable to CB Richard Ellis Group, Inc. shareholders				
Income (loss) from continuing operations, net of tax	$ 12,377	$ 30,148	$ (30,949)	$ 67,165
Discontinued operations, net of tax		10,225		10,225
Net income (loss)	$ 12,377	$ 40,373	$ (30,949)	$ 77,390

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

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CB RICHARD ELLIS GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(Dollars in thousands)

	Nine Months Ended September 30,	
	2009	**2008**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	$ (78,768)	$ 85,534
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	74,003	74,328
Amortization and write-off of financing costs	35,850	9,078
Amortization of long-term debt discount	300	
Write-down of impaired real estate and other assets	29,315	4,607
Gain on sale of servicing rights and other assets	(14,144)	(11,478)
Gain on disposition of real estate held for investment	(2,721)	
Equity loss from unconsolidated subsidiaries	18,252	25,922
Provision for doubtful accounts	135	14,626
Deferred income taxes	1,105	(444)
Compensation expense related to stock options and non-vested stock awards	26,608	21,250
Incremental tax benefit from stock options exercised	(1,039)	(4,272)
Deferred compensation deferrals		24,540
Distribution of earnings from unconsolidated subsidiaries	7,838	17,782
Tenant concessions received	2,296	8,712
Decrease in receivables	100,410	219,131
Decrease in deferred compensation assets	217,079	16,036
Decrease (increase) in prepaid expenses and other assets	16,122	(19,767)
Increase in real estate held for sale and under development	(2,674)	(2,333)
Decrease in accounts payable and accrued expenses	(42,843)	(115,278)
Decrease in compensation and employee benefits payable and accrued bonus and profit sharing	(133,458)	(433,533)
Increase (decrease) in income taxes payable	53,273	(115,515)
Decrease in other liabilities, including deferred compensation liabilities	(245,282)	(48,357)
Other operating activities, net	(8,206)	(1,914)
Net cash provided by (used in) operating activities	53,451	(231,345)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(12,647)	(39,895)
Acquisition of businesses, including net assets acquired, intangibles and goodwill, net of cash acquired	(28,263)	(195,963)
Contributions to unconsolidated subsidiaries	(41,666)	(44,062)
Distributions from unconsolidated subsidiaries	4,762	19,811
	6,963	6,263

Proceeds from the sale of servicing rights and other assets		
Additions to real estate held for investment	(22,952)	(122,618)
Net proceeds from disposition of real estate held for investment	3,408	
Increase in restricted cash	(6,384)	(29,779)
Other investing activities, net	(1,126)	(4,744)
Net cash used in investing activities	(97,905)	(410,987)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from senior secured term loans		300,000
Repayment of senior secured term loans	(429,250)	(9,750)
Proceeds from revolving credit facility	800,928	1,720,801
Repayment of revolving credit facility	(752,210)	(1,379,429)
Proceeds from 11.625% senior subordinated notes, net	435,928	
Proceeds from notes payable on real estate held for investment	13,764	109,520
Repayment of notes payable on real estate held for investment	(5,432)	(13,975)
Proceeds from notes payable on real estate held for sale and under development	48,640	120,601
Repayment of notes payable on real estate held for sale and under development	(34,968)	(120,620)
Repayment of short-term borrowings and other loans, net	(4,193)	(37,773)
Proceeds from issuance of common stock, net	146,361	
Proceeds from exercise of stock options	14,735	3,805
Incremental tax benefit from stock options exercised	1,039	4,272
Non-controlling interests contributions	20,470	42,344
Non-controlling interests distributions	(12,501)	(28,510)
Payment of financing costs	(38,698)	(9,729)
Other financing activities, net	(2,368)	(1,327)
Net cash provided by financing activities	202,245	700,230
Effect of currency exchange rate changes on cash and cash equivalents	9,431	8
NET INCREASE IN CASH AND CASH EQUIVALENTS	167,222	57,906
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	158,823	342,874
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 326,045	$ 400,780
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid (received) during the period for:		
Interest	$ 100,310	$ 112,742
Income tax (refunds) payments, net	$ (53,918)	$ 185,021

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

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CB RICHARD ELLIS GROUP, INC.

CONSOLIDATED STATEMENT OF EQUITY

(Unaudited)

(Dollars in thousands)

	CB Richard Ellis Group, Inc. Shareholders					
	Class A common stock	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Non-controlling interests	Total
Balance at December 31, 2008	$ 2,623	$ 285,825	$ (48,349)	$ (125,413)	$ 231,037	$ 345,723
Net loss			(30,949)		(47,819)	(78,768)
Compensation expense for stock options and non-vested stock awards		26,608				26,608
Foreign currency translation gain				39,208	1,053	40,261
Issuance of common stock, net	191	146,170				146,361
Stock options exercised (including tax benefit)	22	15,752				15,774
Unrealized gains on interest rate swaps and interest rate caps, net of tax				7,818		7,818
Contributions from non-controlling interests					20,470	20,470
Distributions to non-controlling interests					(12,501)	(12,501)
Acquisition of non-controlling interests		(18,031)			(25,194)	(43,225)
Other	91	(3,286)		816	14	(2,365)
Balance at September 30, 2009	$ 2,927	$ 453,038	$ (79,298)	$ (77,571)	$ 167,060	$ 466,156

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

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Nature of Operations

CB Richard Ellis Group, Inc. (formerly known as CBRE Holding, Inc.), a Delaware corporation (which may be referred to in these financial statements as "we," "us," and "our"), was incorporated on February 20, 2001 and was created to acquire all of the outstanding shares of CB Richard Ellis Services, Inc. (CBRE), an international commercial real estate services firm. Prior to July 20, 2001, we were a wholly-owned subsidiary of Blum Strategic Partners, L.P. (Blum Strategic), formerly known as RCBA Strategic Partners, L.P., which is an affiliate of Richard C. Blum, a director of CBRE and our company.

On July 20, 2001, we acquired all of the outstanding stock of CBRE pursuant to an Amended and Restated Agreement and Plan of Merger, dated May 31, 2001, among CBRE, Blum CB Corp. (Blum CB) and us. Blum CB was merged with and into CBRE with CBRE being the surviving corporation (the 2001 Merger). In July 2003, our global position in the commercial real estate services industry was further solidified as CBRE acquired Insignia Financial Group, Inc. (Insignia). On July 23, 2003, pursuant to an Amended and Restated Agreement and Plan of Merger, dated May 28, 2003 (the Insignia Acquisition Agreement), by and among us, CBRE, Apple Acquisition Corp. (Apple Acquisition), a Delaware corporation and wholly-owned subsidiary of CBRE, and Insignia, Apple Acquisition was merged with and into Insignia (the Insignia Acquisition). Insignia was the surviving corporation in the Insignia Acquisition and at the effective time of the Insignia Acquisition became a wholly-owned subsidiary of CBRE.

On June 15, 2004, we completed the initial public offering of shares of our Class A common stock (the IPO). In connection with the IPO, we issued and sold 23,180,292 shares of our Class A common stock and received aggregate net proceeds of approximately $135.0 million, after deducting underwriting discounts and commissions and offering expenses payable by us. Also in connection with the IPO, selling stockholders sold an aggregate of 48,819,708 shares of our Class A common stock and received net proceeds of approximately $290.6 million, after deducting underwriting discounts and commissions. On July 14, 2004, selling stockholders sold an additional 687,900 shares of our Class A common stock to cover over-allotments of shares by the underwriters and received net proceeds of approximately $4.1 million, after deducting underwriting discounts and commissions. On December 13, 2004 and November 15, 2005, we completed secondary public offerings that provided further liquidity for some of our stockholders. We did not receive any of the proceeds from the sales of shares by the selling stockholders on June 15, 2004, July 14, 2004, December 13, 2004 and November 15, 2005. On November 18, 2008, we completed a public offering of 57.5 million shares of our Class A common stock, which raised $206.7 million of net proceeds used for general corporate purposes. Lastly, in June 2009, we completed two offerings that resulted in the sale of approximately 19.1 million shares of our Class A common stock and raised approximately $146.4 million of net proceeds. The net proceeds from these two offerings were used for general corporate purposes, including the repayment of some of our outstanding indebtedness under our current credit agreement.

In December 2006, we expanded our global leadership with the acquisition of Trammell Crow Company, our largest acquisition to date. On December 20, 2006, pursuant to an Agreement and Plan of Merger dated October 30, 2006 (the Trammell Crow Company Acquisition Agreement), by and among us, A-2 Acquisition Corp., a Delaware corporation and our wholly-owned subsidiary (Merger Sub), and Trammell Crow Company, Merger Sub was merged with and into the Trammell Crow Company (the Trammell Crow Company Acquisition). Trammell Crow Company was the surviving

CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

1. Nature of Operations (Continued)

corporation in the Trammell Crow Company Acquisition, and upon the closing of the Trammell Crow Company Acquisition it became our indirect wholly-owned subsidiary. We have no substantive operations other than our investment in CBRE and Trammell Crow Company.

We offer a full range of services to occupiers, owners, lenders and investors in office, retail, industrial, multi-family and other commercial real estate assets globally under the "CB Richard Ellis" brand name and provide development services under the "Trammell Crow" brand name. Our business is focused on several service competencies, including commercial property and corporate facilities management, tenant representation, property/agency leasing, property sales, valuation, real estate investment management, commercial mortgage origination and servicing, capital markets (equity and debt) solutions, development services and proprietary research. We generate revenues from contractual management fees and on a per project or transactional basis.

2. Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the rules applicable to 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 (GAAP) for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments, except as otherwise noted) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, and reported amounts of revenue and expenses. Such estimates include the value of real estate assets, accounts receivable, investments in unconsolidated subsidiaries and assumptions used in the calculation of income taxes, retirement and other post-employment benefits, among others. These estimates and assumptions are based on management's best judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including consideration of the current economic environment, and adjusts such estimates and assumptions when facts and circumstances dictate. Illiquid credit markets, volatility in equity prices and foreign currency exchange rates, among other things, have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in these estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

Beginning in the fourth quarter of 2008 and continuing until the third quarter of 2009, worldwide commercial real estate activity weakened significantly, as evidenced by the decline in the United States (U.S.) Gross Domestic Product, rising unemployment rates and significant capital markets turmoil. Weakened economic activity negatively impacted office markets as companies deferred occupancy decisions and placed space on the market for sublease. Reduced global trade and lower domestic demand adversely affected warehouse and distribution markets. Constrained consumer spending negatively affected the retail sector. Investment sales transactions declined significantly due to illiquidity in the capital markets as many lenders tightened underwriting standards for commercial real estate. Capitalization rates have increased as potential buyers of commercial real estate re-evaluated

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

2. Basis of Presentation (Continued)

commercial real estate versus other asset classes available for investment. Market fundamentals in the primary markets and product types in which we invest and/or develop real estate have weakened significantly. As a result, our ability to recover our investments in unconsolidated subsidiaries and our investments in real estate has been impacted. The assumptions utilized in our recoverability analysis of these investments reflected our outlook for the commercial real estate industry and the impact on our business. This outlook incorporated our belief that market conditions had deteriorated and that these challenging conditions could persist for some time. If conditions worsen in the broader economy, commercial real estate industry, specific markets or product types in which we operate, and/or markets remain illiquid, we could have additional impairment charges.

The results of operations for the three and nine months ended September 30, 2009 are not necessarily indicative of the results of operations to be expected for the year ending December 31, 2009. The consolidated financial statements and notes to consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2008, as amended by the Current Report on Form 8-K filed with the Securities and Exchange Commission on September 11, 2009, which contains the latest available audited consolidated financial statements, which are as of and for the year ended December 31, 2008.

3. New Accounting Pronouncements

In the third quarter of 2009, we adopted the provisions of the Financial Accounting Standards Board (FASB) Codification literature (formerly known as Statement of Financial Accounting Standards (SFAS) No. 168). As a result, all references to accounting literature in this Quarterly Report on Form 10-Q refer to the Codification literature.

In December 2008, the FASB issued FASB Staff Position SFAS No. 132R-1, "*Employers' Disclosures about Postretirement Benefit Plan Assets,*" which is now included in the "*Compensation-Retirement Benefits*" Topic of the FASB Accounting Standards Codification (ASC) (Topic 715), requiring employers to provide additional disclosures about plan assets of a defined benefit pension or other post-retirement plan. These disclosures should principally include information detailing investment policies and strategies, the major categories of plan assets, the inputs and valuation techniques used to measure the fair value of plan assets and an understanding of significant concentrations of risk within plan assets. The disclosures required shall be provided for fiscal years ending after December 15, 2009. We are currently evaluating the disclosure impact of adoption on our consolidated financial statements.

In June 2009, the FASB issued SFAS No. 166, "*Accounting for Transfers of Financial Assets, an amendment of SFAS No. 140,*" which is now included in the "*Transfers and Servicing*" Topic of the FASB ASC (Topic 860). Such literature eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures in order to enhance information reported to users of financial statements by providing greater transparency about transfers of financial assets, including securitization transactions, and an entity's continuing involvement in and exposure to the risks related to transferred financial assets effective for fiscal years beginning after November 15, 2009. We are currently evaluating the impact of adoption on our consolidated financial position and results of operations.

CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

3. New Accounting Pronouncements (Continued)

In June 2009, the FASB issued SFAS No. 167, "*Amendments to FASB Interpretation No. 46(R)*," which is now included in the "*Consolidation*" Topic of the FASB ASC (Topic 810). Such literature (1) addresses the elimination of the concept of a qualifying special purpose entity, (2) replaces the quantitative-based risks and rewards calculation for determining which enterprise has a controlling financial interest in a variable interest entity with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity and the obligation to absorb losses of the entity or the right to receive benefits from the entity and (3) provides more timely and useful information about an enterprise's involvement with a variable interest entity. This literature is effective for fiscal years beginning after November 15, 2009, with earlier adoption prohibited. We are currently evaluating the impact of adoption on our consolidated financial position and results of operations.

In August 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-05 "*Fair Value Measurements and Disclosures (Topic 820) Measuring Liabilities at Fair Value.*" ASU No. 2009-05 provides clarification on measuring liabilities at fair value in circumstances in which a quoted price in an active market is not available. ASU No. 2009-05 also clarifies that both a quoted price in an active market for an identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. This literature is effective for fiscal years and interim periods beginning after August 28, 2009. We are currently evaluating the impact of adoption on our consolidated financial position and results of operations.

In September 2009, the FASB issued ASU No. 2009-12, "*Fair Value Measurements and Disclosures (Topic 820) Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent).*" This ASU provides amendments for the fair value measurement of investments to create a practical expedient to measure the fair value of an investment in certain entities on the basis of the net asset value per share of the investment (or its equivalent) determined as of the reporting entity's measurement date. Therefore, certain attributes of the investment (such as restrictions on redemption) and transaction prices from principal-to-principal or brokered transactions will not be considered in measuring the fair value of the investment if the practical expedient is used. The amendment in this ASU also requires disclosures by major category of investment about the attributes of those investments, such as the nature of any restrictions on the investor's ability to redeem its investments at measurement date, any unfunded commitments, and the investment strategies of the investees. ASU No. 2009-12 is effective for interim and annual periods ending after December 15, 2009. We are currently evaluating the impact of adoption on our consolidated financial position and results of operations.

4. Fair Value Measurements

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

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

4. Fair Value Measurements (Continued)

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.

We do not have any material assets or liabilities that are required to be recorded at fair value on a recurring basis.

The following non-recurring fair value measurements were recorded during the three and nine months ended September 30, 2009 (dollars in thousands):

	Net Carrying Value as of September 30, 2009	Fair Value Measured and Recorded Using			Total Impairment Charges for the Three Months Ended September 30, 2009
		Level 1	Level 2	Level 3	
Investments in unconsolidated subsidiaries	$ 37,396	$	$	$ 37,396	$ 5,270
Real estate	$ 58,045	$	$	$ 58,045	17,232
Total impairment charges					$ 22,502

	Net Carrying Value as of September 30, 2009	Fair Value Measured and Recorded Using			Total Impairment Charges for the Nine Months Ended September 30, 2009
		Level 1	Level 2	Level 3	
Investments in unconsolidated subsidiaries	$ 65,155	$	$	$ 65,155	$ 15,952
Real estate	$ 79,299	$	$	$ 79,299	23,455

Notes receivable	$	$	$	$		5,860
Total impairment charges					$	45,267

Investments in Unconsolidated Subsidiaries

During the three and nine months ended September 30, 2009, we recorded investment write-downs of $5.3 million and $16.0 million, respectively. Such write-downs were included in equity loss from unconsolidated subsidiaries in the accompanying consolidated statements of operations. Of these amounts, $2.7 million and $5.7 million during the three and nine months ended September 30, 2009, respectively, were attributable to non-controlling interests. During the three and nine months ended

CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

4. Fair Value Measurements (Continued)

September 30, 2009, $2.8 million and $6.3 million, respectively, of the investment write-downs were reported in our Global Investment Management segment and were primarily driven by a decrease in the estimated holding period of certain assets held within our global investment management portfolio. In addition, during the three and nine months ended September 30, 2009, we incurred an additional $2.5 million and $9.7 million, respectively, of impairment charges, mainly attributable to declines in value of several investments, primarily as a result of significant capital market turmoil, which has continued to adversely affect global commercial real estate fundamentals (as evidenced by low transaction volumes and illiquidity in the capital markets due to the tightened lending standards for commercial real estate). Of the additional impairment charges noted above, $7.2 million were reported in our Global Investment Management segment for the nine months ended September 30, 2009 and $2.5 million were reported in our Development Services segment for the three and nine months ended September 30, 2009.

When we performed our impairment analysis, the assumptions utilized reflected our outlook for the commercial real estate industry and the impact on our business. This outlook incorporated our belief that market conditions continued to deteriorate and that these challenging conditions could persist for some time. If either general economic conditions or activity in the capital markets worsen, we may be required to evaluate additional investments or re-evaluate previously impaired investments for potential impairment. These evaluations could result in additional write-downs, which may be material. The fair value measurements employed for these investments were generally based on a discounted cash flow approach and/or review of comparable activities in the market place, which falls within Level 3 of the fair value hierarchy.

Real Estate

During the three and nine months ended September 30, 2009, we recorded charges of $17.2 million and $23.5 million, respectively, including impairment charges on real estate held for investment and a provision for loss on real estate held for sale. These charges are included in operating, administrative and other expenses in the accompanying consolidated statements of operations within our Development Services segment. Of these amounts, $15.7 million and $20.3 million during the three and nine months ended September 30, 2009, respectively, were attributable to non-controlling interests. During the fourth quarter of 2008, commercial real estate fundamentals in the U.S. weakened significantly, impacted by the overall downturn in the economy and market illiquidity. These conditions have continued through the third quarter of 2009. As a result, during the three and nine months ended September 30, 2009, we recorded impairment charges of $17.2 million and $20.3 million, respectively, related to eight projects where the carrying value was not recoverable primarily due to a decrease in the estimated holding periods of the projects. Additionally, during the second quarter of 2009, we recorded a provision for loss on real estate held for sale of $3.2 million to reduce the carrying value of a condominium project to its fair value less cost to sell, primarily due to reduced unit selling prices resulting from market conditions.

If conditions in the broader economy, commercial real estate industry, specific markets or product types in which we operate worsen and/or markets remain illiquid, we may be required to evaluate additional projects or re-evaluate previously impaired projects for potential impairment. These evaluations could result in additional impairment charges, which may be material.

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

4. Fair Value Measurements (Continued)

The fair value measurements employed for our impairment evaluations were generally based on a discounted cash flow approach and/or review of comparable activities in the market place, which falls within Level 3 of the fair value hierarchy.

Notes Receivable

During the nine months ended September 30, 2009, we recorded a $5.9 million impairment charge on two notes receivable secured by real estate as a result of the borrower defaulting on the notes. This impairment charge was included in operating, administrative and other expenses in the accompanying consolidated statement of operations within our Development Services segment. Of this amount, $5.4 million was attributable to non-controlling interests. These defaults resulted from the borrowers' noncompliance with certain terms of the note agreements. As a result, we accepted assignment of the underlying real estate assets in lieu of foreclosing under our security deeds. The impairment charge we recorded represents the difference between the carrying amounts of the notes and the fair value of the real estate assets acquired. This transaction also resulted in a non-cash reclassification of $17.3 million from notes receivable to real estate held for investment during the nine months ended September 30, 2009.

The fair value measurements employed for this impairment evaluation were generally based on a discounted cash flow approach and review of comparable activities in the market place, which falls within Level 3 of the fair value hierarchy.

FASB ASC Topic 820 also requires disclosure of fair value information about financial instruments, whether or not recognized in the accompanying consolidated balance sheets, as follows:

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

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

Warehouse Receivables: Due to their short-term nature, fair value approximates carrying value. Fair value is determined based on the terms and conditions of funded mortgage loans and generally reflects the values of the warehouse lines of credit outstanding for our wholly-owned subsidiary, CBRE Capital Markets (See Note 11).

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

Short-Term Borrowings: The majority of this balance represents our revolving credit facility and our warehouse lines of credit outstanding for CBRE Capital Markets. Due to the short-term nature and variable interest rates of these instruments, fair value approximates carrying value (See Note 11).

Senior Secured Term Loans: Based upon information from third-party banks, the estimated fair value of our senior secured term loans was approximately $1.6 billion at September 30, 2009. Their actual carrying value totaled $1.7 billion at September 30, 2009 (See Note 11).

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

4. Fair Value Measurements (Continued)

11.625% Senior Subordinated Notes: Based on dealers' quotes, the estimated fair value of our 11.625% senior subordinated notes was $459.1 million at September 30, 2009. Their actual carrying value totaled $436.2 million at September 30, 2009 (See Note 11).

Notes Payable on Real Estate: As of September 30, 2009, the carrying value of our notes payable on real estate was $554.9 million. These borrowings have floating interest rates at spreads over a market rate index. Given the credit crunch experienced during 2008 that continued through the third quarter of 2009, it is likely that some portion of our notes payable on real estate have fair values lower than actual carrying values. However, given the volume of notes payable we have and the cost involved in estimating their fair value, we determined it was not practicable to do so. Additionally, only $5.7 million of these notes payable are recourse to us as of September 30, 2009.

5. Restricted Cash

Included in the accompanying consolidated balance sheets as of September 30, 2009 and December 31, 2008, is restricted cash of $42.8 million and $36.3 million, respectively. The balances primarily include restricted cash set aside to cover funding obligations as required by contracts executed by us in the normal course of business, including escrow accounts held in our Development Services segment. The balances also include restricted cash set aside to cover deferred purchase consideration associated with the Trammell Crow Company Acquisition, escrow accounts related to strategic in-fill acquisitions and cash pledged to secure the guarantee of certain short-term notes issued in connection with previous acquisitions by Insignia in the United Kingdom (U.K.). The deferred purchase consideration relates to outstanding shares of Trammell Crow Company common stock that have not yet been surrendered for payment. Payment in full is being made as share certificates are surrendered for payment.

6. Goodwill and Other Intangible Assets

The following table summarizes the changes in the carrying amount of goodwill for the nine months ended September 30, 2009 (dollars in thousands):

	Americas	EMEA	Asia Pacific	Total
Balance at December 31, 2008	$ 834,758	$ 330,465	$ 86,600	$ 1,251,823
Purchase accounting related to acquisitions	2,796	10,244	16,501	29,541
Foreign exchange movement	1,745	15,239	11,057	28,041
Balance at September 30, 2009	$ 839,299	$ 355,948	$ 114,158	$ 1,309,405

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

6. Goodwill and Other Intangible Assets (Continued)

Other intangible assets totaled $320.1 million and $311.4 million, net of accumulated amortization of $132.9 million and $114.7 million, as of September 30, 2009 and December 31, 2008, respectively, and are comprised of the following (dollars in thousands):

	As of September 30, 2009		As of December 31, 2008	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Unamortizable intangible assets				
Trademarks	$ 56,800		$ 56,800	
Trade name	19,826		19,826	
	$ 76,626		$ 76,626	
Amortizable intangible assets				
Customer relationships	$ 230,308	$ (35,044)	$ 229,748	$ (25,382)
Backlog and incentive fees	47,639	(47,639)	47,126	(47,126)
Management contracts	25,414	(23,281)	24,161	(21,332)
Loan servicing rights	43,463	(13,062)	29,239	(9,584)
Other	29,529	(13,877)	19,232	(11,261)
	$ 376,353	$ (132,903)	$ 349,506	$ (114,685)
Total intangible assets	$ 452,979	$ (132,903)	$ 426,132	$ (114,685)

Trademarks of $56.8 million were separately identified as a result of the 2001 Merger. As a result of the Insignia Acquisition, a $19.8 million trade name was separately identified, which represented the Richard Ellis trade name in the U.K. that was owned by Insignia.

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

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

Management contracts consist primarily of property management contracts in the U.S., Canada, the U.K. and France, as well as valuation services and fund management contracts in the U.K. These management contracts are being amortized over useful lives of up to ten years.

Loan servicing rights represent the fair value of servicing assets in our mortgage brokerage line of business in the U.S. The loan servicing rights are being amortized over the useful lives of the underlying loans, which are generally up to ten years.

Other amortizable intangible assets mainly represent other intangible assets acquired as a result of the Trammell Crow Company Acquisition and Insignia Acquisition. These include certain acquired Trammell Crow Company contract intangibles. Additionally, these include other intangible assets recognized for non-contractual revenue acquired in the U.S. as well as franchise agreements and a

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

6. Goodwill and Other Intangible Assets (Continued)

trade name in France acquired in the Insignia Acquisition. Other intangible assets are being amortized over useful lives of up to 20 years.

Amortization expense related to intangible assets was $5.0 million and $5.2 million for the three months ended September 30, 2009 and 2008, respectively, and $14.4 million and $16.0 million for the nine months ended September 30, 2009 and 2008, respectively. The estimated annual amortization expense for each of the years ending December 31, 2009 through December 31, 2013 approximates $19.5 million, $19.9 million, $19.1 million, $16.6 million and $15.9 million, respectively.

7. Investments in Unconsolidated Subsidiaries

Investments in unconsolidated subsidiaries are accounted for under the equity method of accounting. Combined condensed financial information for these entities is as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Development Services:				
Revenue	$ 24,448	$ 12,261	$ 62,566	$ 34,392
Operating income	$ 5,735	$ 3,133	$ 21,305	$ 31,993
Net (loss) income	$ (4,685)	$ (1,518)	$ (332)	$ 19,433
Global Investment Management:				
Revenue	$ 162,978	$ 133,215	$ 451,713	$ 404,258
Operating (loss) income	$ (141,971)	$ 7,737	$ (537,953)	$ 71,258
Net loss	$ (157,606)	$ (248,356)	$ (661,779)	$ (242,203)
Other:				
Revenue	$ 43,692	$ 124,505	$ 114,524	$ 224,034
Operating income (loss)	$ 5,312	$ (36,177)	$ 13,821	$ (84,784)
Net income (loss)	$ 5,457	$ (41,809)	$ 14,089	$ (12,089)
Total:				
Revenue	$ 231,118	$ 269,981	$ 628,803	$ 662,684
Operating (loss) income	$ (130,924)	$ (25,307)	$ (502,827)	$ 18,467
Net loss	$ (156,834)	$ (291,683)	$ (648,022)	$ (234,859)

During the three and nine months ended September 30, 2009, we recorded non-cash write-downs of investments of $5.3 million and $16.0 million, respectively (see Note 4).

During the three and nine months ended September 30, 2008, we recorded non-cash write-downs of $4.1 million and $14.7 million, respectively, of our investment in Realty Finance Corporation, a mortgage REIT, within our Americas segment. During the nine months ended September 30, 2008, we also recorded a $7.3 million write-down of our investment in CBRE Property Trust within our Global Investment Management segment. All of the impairment charges recorded during the three and nine months ended September 30, 2008 were attributable to a decline in market valuation and were included

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

7. Investments in Unconsolidated Subsidiaries (Continued)

in equity loss from unconsolidated subsidiaries in the accompanying consolidated statements of operations.

Our Global Investment Management segment involves investing our own capital in certain real estate investments with clients. We have provided investment management, property management, brokerage and other professional services in connection with these real estate investments on an arm's length basis and earned revenues from these unconsolidated subsidiaries. We have also provided development, property management and brokerage services to certain of our unconsolidated subsidiaries in our Development Services segment on an arm's length basis and earned revenues from these unconsolidated subsidiaries.

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

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

Real estate and other assets held for sale and related liabilities were as follows (dollars in thousands):

	September 30, 2009	December 31, 2008
Assets:		
Real estate held for sale (see Note 9)	$ 11,143	$ 39,582
Other current assets	95	689
Other assets		163
Total real estate and other assets held for sale	11,238	40,434
Liabilities:		
Notes payable on real estate held for sale (see Note 10)	1,175	21,049
Accounts payable and accrued expenses	210	1,511
Other current liabilities	1	180
Total liabilities related to real estate and other assets held for sale	1,386	22,740
Net real estate and other assets held for sale	$ 9,852	$ 17,694

9. Real Estate

We provide build-to-suit services for our clients and also develop or purchase certain projects which we intend to sell to institutional investors upon project completion or redevelopment. Therefore, we have ownership of real estate until such projects are sold or otherwise disposed. Certain real estate assets owned by us secure the outstanding balances of underlying mortgage or construction loans. The

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

9. Real Estate (Continued)

majority of our real estate is included in our Development Services segment. Real estate owned by us consisted of the following (dollars in thousands):

	September 30, 2009	December 31, 2008
Real estate under development (current)	$ 10,337	$ 56,322
Real estate included in assets held for sale (see Note 8)	11,143	39,582
Real estate under development (non-current)	135,361	158,090
Real estate held for investment (1)	559,456	535,979
Total real estate (2)	$ 716,297	$ 789,973

(1) Net of accumulated depreciation of $24.3 million and $14.6 million at September 30, 2009 and December 31, 2008, respectively.

(2) Includes balances for lease intangibles and tenant origination costs of $5.8 million and $6.2 million, respectively, at September 30, 2009 and $6.5 million and $8.3 million, respectively, at December 31, 2008. We record lease intangibles and tenant origination costs upon acquiring buildings with in-place leases. The balances are shown net of amortization, which is recorded as an increase to, or a reduction of, rental income for lease intangibles and as amortization expense for tenant origination costs.

During the three and nine months ended September 30, 2009, we recorded impairment charges of $17.2 million and $20.3 million, respectively, on our real estate held for investment within our Development Services segment. In addition, during the nine months ended September 30, 2009, we also recorded a provision for loss on real estate held for sale of $3.2 million within our Development Services segment (See Note 4). No material write-downs were recorded by us during the three and nine months ended September 30, 2008.

In June 2009, upon substantial completion of a real estate project under development, one of our consolidated subsidiaries assigned its assets and liabilities (and contributed $0.5 million) to an entity controlled and owned 60% by a third party. Our consolidated subsidiary retained a 40% ownership in the new entity and now accounts for this investment using the equity method. No gain or loss was

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

9. Real Estate (Continued)

recognized as a result of this transaction, and we recorded the following non-cash activity (dollars in thousands):

	Debit (Credit)
Assets:	
Real estate under development, current	$ (57,399)
Receivables	(1,207)
Other current assets	(1,485)
Total assets	(60,091)
Liabilities:	
Notes payable on real estate, current	56,662
Accounts payable and accrued expenses	3,429
Total liabilities	$ 60,091

In July 2009, our partner in a limited liability company that we accounted for as an investment in unconsolidated subsidiaries assigned their full interest in the limited liability company to us, in accordance with a buy-sell provision in the limited liability company agreement. As a result, we consolidated the limited liability company as it became our wholly-owned and controlled subsidiary. As a result of this transaction, we recorded the following non-cash activity (dollars in thousands):

	Debit (Credit)
Assets:	
Real estate held for investment	$ 12,533
Investments in unconsolidated subsidiaries	(5,902)
Total assets	6,631
Liabilities:	
Notes payable on real estate, current	(6,400)
Accounts payable and accrued expenses	(231)
Total liabilities	$ (6,631)

In the third quarter of 2009, we conveyed two real estate projects to their respective lenders in order to satisfy the underlying non-recourse notes that were in default. In addition, we sold short another property and the lender forgave the balance of the related non-recourse mortgage note. We recorded a net gain of $2.7 million from these transactions, which has been included in gain on disposition of real estate in the accompanying consolidated statements of operations within our

CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

9. Real Estate (Continued)

Development Services segment for the three and nine months ended September 30, 2009 and recorded the following non-cash activity (dollars in thousands):

	Debit (Credit)
Assets:	
Real estate held for investment	$ (29,856)
Restricted cash	(1,118)
Other current assets	(869)
Other assets	(1,149)
Total assets	(32,992)
Liabilities:	
Notes payable on real estate, current	30,369
Notes payable on real estate, long-term	4,006
Accounts payable and accrued expenses	1,291
Total liabilities	$ 35,666

10. Notes Payable on Real Estate

We had loans secured by real estate, which consisted of the following (dollars in thousands):

	September 30, 2009	December 31, 2008
Current portion of notes payable on real estate	$ 161,450	$ 176,372
Notes payable on real estate included in liabilities related to real estate and other assets held for sale (see Note 8)	1,175	21,049
Total notes payable on real estate, current portion	162,625	197,421
Notes payable on real estate, non-current portion	392,271	420,242
Total notes payable on real estate	$ 554,896	$ 617,663

At September 30, 2009, $5.7 million of the non-current portion of notes payable on real estate were recourse to us, beyond being recourse to the single-purpose entity that held the real estate asset and was the primary obligor on the note payable.

11. Debt

Since 2001, we have maintained a credit agreement with Credit Suisse (CS) and other lenders to fund strategic acquisitions and to provide for our working capital needs. On March 24, 2009, we entered into a second amendment and restatement to our credit agreement (the Credit Agreement) with a syndicate of banks led by CS, as administrative and collateral agent, amending and restating our amended and restated credit agreement dated December 20, 2006. In connection with this amendment and restatement, we wrote off financing costs of $29.3 million during the nine months ended September 30, 2009, which included the write-off of $18.1 million of unamortized deferred financing costs and $11.2 million of Credit Agreement amendment fees paid in March 2009. On August 24, 2009, we entered into a loan modification agreement to

our Credit Agreement, which included the conversion of $41.9 million of amounts outstanding under our revolving credit facility to term loans.

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

11. Debt (Continued)

Subsequent to the August 24, 2009 loan modification, our Credit Agreement includes the following: (1) a $558.1 million revolving credit facility, including revolving credit loans, letters of credit and a swingline loan facility, with tranche 1 in the amount of $357.6 million maturing on June 24, 2011 and tranche 2 in the amount of $200.5 million maturing on June 24, 2013; (2) an $871.5 million A term loan facility, which is further broken down as follows: i) a $335.5 million tranche A term loan facility requiring quarterly principal payments through September 30, 2011, with the balance payable on December 20, 2011; ii) a $48.6 million tranche A-1 term loan facility payable on December 20, 2013; iii) a $290.3 million tranche A-2 term loan facility, requiring quarterly principal payments of $8.7 million beginning March 30, 2010 and continuing through March 31, 2013, with the balance payable on June 24, 2013; and iv) a $197.1 million tranche A-3 term loan facility payable on December 20, 2013; and (3) a $943.5 million B term loan facility, which is further broken down as follows: i) a $646.6 million tranche B term loan facility requiring quarterly principal payments of $1.9 million through September 30, 2013, with the balance payable on December 20, 2013; and ii) a $296.9 million tranche B-1 term loan facility payable on December 20, 2015. During the nine months ended September 30, 2009, we repaid the following amounts: $252.3 million of our tranche A term loan facility, which was applied to the required 2009 principal repayments and a portion of the first quarter 2010 principal payment; $52.0 million of our tranche A-1 term loan facility, which covered all the required quarterly principal payments and a portion of the balance due at maturity; $87.1 million of our tranche A-2 term loan facility, which was applied to quarterly principal payments from the first quarter of 2010 through the second quarter of 2012; $29.6 million of our tranche A-3 term loan facility, which covered a portion of the balance due at maturity; $7.4 million of our tranche B term loan facility, which covered all required quarterly principal payments to date in 2009; and $0.9 million of our tranche B-1 term loan facility, which covered a portion of the balance due at maturity. These prepayments led to a reduction in the interest rate spreads governing our tranche A and A-1 term loan facilities as well as our revolving credit facility.

The revolving credit facility allows for borrowings outside of the U.S., with sub-facilities of $5.0 million available to one of our Canadian subsidiaries, $35.0 million in aggregate available to one of our Australian and one of our New Zealand subsidiaries and $50.0 million available to one of our U.K. subsidiaries. Additionally, outstanding borrowings under these sub-facilities may be up to 5.0% higher as allowed under the currency fluctuation provision in the Credit Agreement. Borrowings under the revolving credit facility as of September 30, 2009 bear interest at varying rates, based at our option, on either the applicable fixed rate plus 2.25% to 4.00% or the daily rate plus 1.25% to 3.00% for the tranche 1 facility, and on either the applicable fixed rate plus 2.50% to 4.75% or the daily rate plus 1.50% to 3.75% for the tranche 2 facility, in all cases as determined by reference to our ratio of total debt less available cash to EBITDA (as defined in the Credit Agreement). As of September 30, 2009 and December 31, 2008, we had $41.1 million ($16.3 million under tranche 1 and $24.8 million under tranche 2) and $25.8 million, respectively, of revolving credit facility principal outstanding with related weighted average interest rates of 5.3% and 5.7%, respectively, which are included in short-term borrowings in the accompanying consolidated balance sheets. As of September 30, 2009, letters of credit totaling $24.5 million were outstanding under the revolving credit facility. These letters of credit primarily relate to letters of credit issued in the normal course of business as well as in connection with certain insurance programs and reduce the amount we may borrow under the revolving credit facility.

CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

11. Debt (Continued)

Borrowings under the term loan facilities as of September 30, 2009 bear interest, based on our option, on the following: for the tranche A term loan facility, on either the applicable fixed rate plus 2.75% to 4.50% or the daily rate plus 1.75% to 3.50%; for the tranche A-1 term loan facility, on either the applicable fixed rate plus 3.50% to 4.50% or the daily rate plus 2.50% to 3.50%; for the tranche A-2 term loan facility, on either the applicable fixed rate plus 3.25% to 5.50% or the daily rate plus 2.25% to 4.50%; for the tranche A-3 term loan facility, on either the applicable fixed rate plus 4.00% to 5.00% or the daily rate plus 3.00% to 4.00%; for the tranche B term loan facility, on either the applicable fixed rate plus 4.00% to 5.00% or the daily rate plus 3.00% to 4.00%; and for the tranche B-1 term loan facility, on either the applicable fixed rate plus 4.50% to 5.50% or the daily rate plus 3.50% to 4.50%. For all term loan facilities, the fixed rate and daily rate options are determined by reference to our ratio of total debt less available cash to EBITDA (as defined in the Credit Agreement). The tranche A-1 and A-3 term loan facilities include a targeted outstanding amount (as defined in the Credit Agreement) provision that will increase the interest rate by 2% if the outstanding balance exceeds the targeted outstanding amount at the end of each quarter. As of September 30, 2009 and December 31, 2008, the outstanding balance did not exceed the targeted outstanding amount. As of September 30, 2009 and December 31, 2008, we had $326.3 million and $827.0 million of tranche A term loan facility principal outstanding, respectively, $48.6 million and $297.8 million of tranche A-1 term loan facility principal outstanding, respectively, and $644.7 million and $949.0 million of tranche B term loan facility principal outstanding, respectively, which are included in the accompanying consolidated balance sheets. As of September 30, 2009, we also had $203.2 million, $167.5 million and $296.1 million of tranche A-2 term loan facility principal outstanding, tranche A-3 term loan facility principal outstanding and tranche B-1 term loan facility principal outstanding, respectively, which are also included in the accompanying consolidated balance sheets.

On February 26, 2007, we entered into two interest rate swap agreements with a total notional amount of $1.4 billion and a maturity date of December 31, 2009. The purpose of these interest rate swap agreements is to hedge potential changes to our cash flows due to the variable interest nature of our senior secured term loan facilities. On March 20, 2007, these interest rate swaps were designated as cash flow hedges. We incurred a loss on these interest rate swaps from the date we entered into the swaps up to the designation date of approximately $3.9 million. There was no hedge ineffectiveness for the nine months ended September 30, 2009 and 2008. On March 20, 2008, the total notional amount of the interest rate swap agreements was reduced to $950.0 million and on March 20, 2009, was further reduced to $410.0 million. As of September 30, 2009 and December 31, 2008, the fair values of these interest rate swap agreements were reflected as a $5.5 million liability and an $18.3 million liability, respectively, and were included in other current liabilities in the accompanying consolidated balance sheets. The fair value measurements employed for these interest rate swaps were based on observable market data, which falls within Level 2 of the fair value hierarchy (see Note 4).

The Credit Agreement is jointly and severally guaranteed by us and substantially all of our domestic subsidiaries. Borrowings under our Credit Agreement are secured by a pledge of substantially all of the capital stock of our U.S. subsidiaries and 65% of the capital stock of certain non-U.S. subsidiaries, and by a security interest in substantially all of the personal property of the U.S. subsidiaries. Also, the Credit Agreement requires us to pay a fee based on the total amount of the revolving credit facility commitment.

CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

11. Debt (Continued)

On June 18, 2009, CBRE, our wholly-owned subsidiary, issued $450.0 million in aggregate principal amount of 11.625% senior subordinated notes due June 15, 2017 for approximately $435.9 million, net of discount. The 11.625% senior subordinated notes are unsecured senior subordinated obligations of CBRE and are jointly and severally guaranteed on a senior subordinated basis by us and our domestic subsidiaries that guarantee our Credit Agreement. Interest accrues at a rate of 11.625% per year and is payable semi-annually in arrears on June 15 and December 15. The 11.625% senior subordinated notes are redeemable at our option, in whole or in part, on or after June 15, 2013 at 105.813% of par on that date and at declining prices thereafter. At any time prior to June 15, 2013, the 11.625% senior subordinated notes may be redeemed by us, in whole or in part, at a price equal to 100% of the principal amount, plus accrued and unpaid interest and an applicable premium (as defined in the indenture governing these notes), which is based on the present value of the June 15, 2013 redemption price plus all remaining interest payments through June 15, 2013. In addition, prior to June 15, 2012, up to 35.0% of the original issued amount of the 11.625% senior subordinated notes may be redeemed at 111.625% of par, plus accrued and unpaid interest, solely with the net cash proceeds from public equity offerings. In the event of a change of control (as defined in the indenture governing our 11.625% senior subordinated notes), we are obligated to make an offer to purchase the remaining 11.625% senior subordinated notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest. The amount of the 11.625% senior subordinated notes included in the accompanying consolidated balance sheets, net of unamortized discount, was $436.2 million at September 30, 2009.

Our Credit Agreement and the indenture governing our 11.625% senior subordinated notes contain numerous restrictive covenants that, among other things, limit our ability to incur additional indebtedness, pay dividends or make distributions to stockholders, repurchase capital stock or debt, make investments, sell assets or subsidiary stock, create or permit liens on assets, engage in transactions with affiliates, enter into sale/leaseback transactions, issue subsidiary equity and enter into consolidations or mergers. Our Credit Agreement also currently requires us to maintain a minimum coverage ratio of EBITDA (as defined in the Credit Agreement) to total interest expense of 2.00x through March 31, 2011 and 2.25x thereafter and a maximum leverage ratio of total debt less available cash to EBITDA (as defined in the Credit Agreement) of 4.25x through March 31, 2011 and 3.75x thereafter. Our ability to meet these financial ratios can be affected by events beyond our control, and we cannot assure that we will be able to meet those ratios when required. We significantly reduced our cost structure during 2008 and have continued to further reduce costs in 2009. As a result, our 2009 projections show that we will be well within compliance with the minimum coverage ratio and the maximum leverage ratio. We continue to monitor our projected compliance with these financial ratios and other terms of our Credit Agreement.

We had short-term borrowings of $239.9 million and $246.1 million with related average interest rates of 2.9% and 2.2% as of September 30, 2009 and December 31, 2008, respectively.

On March 2, 2007, we entered into a $50.0 million credit note with Wells Fargo Bank for the purpose of purchasing eligible investments, which include cash equivalents, agency securities, A1/P1 commercial paper and eligible money market funds. The proceeds of this note are not made generally available to us, but instead deposited in an investment account maintained by Wells Fargo Bank and used and applied solely to purchase eligible investment securities. This agreement has been amended

CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

11. Debt (Continued)

several times and as of September 30, 2009, provides for a $40.0 million revolving credit note, bears interest at 0.25% and has a maturity date of November 1, 2010. As of September 30, 2009 and December 31, 2008, there were no amounts outstanding under this revolving credit note.

On March 4, 2008, we entered into a $35.0 million credit and security agreement with Bank of America (BofA) for the purpose of purchasing eligible financial instruments, which include A1/P1 commercial paper, U.S. Treasury securities, GSE discount notes (as defined in the credit and security agreement) and money market funds. The proceeds of this note are not made generally available to us, but instead deposited in an investment account maintained by BofA and used and applied solely to purchase eligible financial instruments. Borrowings under the revolving note bear interest at 1.0%. In February 2009, the amount available to us under this arrangement was reduced to $5.0 million and the maturity date was extended to February 28, 2010. As of September 30, 2009 and December 31, 2008, there were no amounts outstanding under this revolving note.

On August 19, 2008, we entered into a $15.0 million uncommitted facility with First Tennessee Bank for the purpose of purchasing investments, which include cash equivalents, agency securities, A1/P1 commercial paper and eligible money market funds. The proceeds of this facility are not made generally available to us, but instead are held in a collateral account maintained by First Tennessee Bank. Borrowings under this facility bear interest at 0.25% and had an original maturity date of August 3, 2009. Effective August 3, 2009, the amount available under the agreement was reduced to $4.0 million and the maturity date was extended to August 3, 2010. As of September 30, 2009 and December 31, 2008, there were no amounts outstanding under this facility.

Our wholly-owned subsidiary CBRE Capital Markets has the following warehouse lines of credit: credit agreements with JP Morgan Chase Bank, N.A. (JP Morgan) and BofA for the purpose of funding mortgage loans that will be resold, a funding arrangement with Red Mortgage Capital Inc. (Red Capital) for the purpose of funding originations of multi-family property mortgage loans and a funding arrangement with Fannie Mae for the purpose of selling a percentage of certain closed multi-family loans.

On November 15, 2005, CBRE Capital Markets entered into a secured credit agreement with JP Morgan to establish a warehouse line of credit. This agreement has been amended several times and as of September 30, 2009, provides for a $210.0 million senior secured revolving line of credit, bears interest at the daily Chase-London LIBOR plus 2.00% and has a maturity date of January 29, 2010.

On April 16, 2008, CBRE Capital Markets entered into a secured credit agreement with BofA to establish a warehouse line of credit. This agreement has been amended several times and as of September 30, 2009, provides for a $125.0 million senior secured revolving line of credit, bears interest at the daily one-month LIBOR plus 2.75% and has a maturity date of April 14, 2010.

In February 2008, CBRE Capital Markets established a funding arrangement with Red Capital for the purpose of funding originations of Freddie Mac and Fannie Mae multi-family property mortgage loans. Each funding is separately approved on a transaction-by-transaction basis where Red Capital commits to purchase a 100% participation interest in qualifying mortgage loans that are subject to a rate-lock commitment from Freddie Mac or Fannie Mae. Under this arrangement, a participation is funded when a mortgage loan is originated, on a servicing retained basis, subject to CBRE Capital Market's obligation to repurchase the participation interest upon ultimate sale of the mortgage loan to

CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

11. Debt (Continued)

Freddie Mac or Fannie Mae. The maximum availability to any one entity is $150.0 million and is reduced by any outstanding participation interests with any other entity. Additionally, no individual mortgage loan financed under the arrangement can exceed $50.0 million. Effective September 19, 2008, the rate on borrowings was the National City Bank one-month internal funds transfer rate plus 1.75%. Effective March 1, 2009, Red Capital established a new rate on borrowings of daily one-month LIBOR plus 2.50%.

In August 2009, CBRE Capital Markets entered into a funding arrangement with Fannie Mae under its Multifamily As Soon As Pooled Plus Agreement and its Multifamily As Soon As Pooled Sale Agreement (ASAP Program). Under the ASAP Program, CBRE Capital Markets may elect, on a transaction by transaction basis, to sell a percentage of certain closed multifamily loans to Fannie Mae on an expedited basis. After all contingencies are satisfied, the ASAP Program requires that CBRE Capital Markets repurchase the interest in the multifamily loan previously sold to Fannie Mae followed by either a full delivery back to Fannie Mae via whole loan execution or a securitization into a mortgage backed security. As of September 30, 2009, the maximum outstanding under the ASAP Program cannot exceed $100.0 million and, between the sale date to Fannie Mae and the repurchase date by CBRE Capital Markets, the outstanding balance bears interest and is payable to Fannie Mae at the daily LIBOR rate plus 1.35% with a LIBOR floor of 0.35%.

During the nine months ended September 30, 2009, we had a maximum of $508.0 million of warehouse lines of credit principal outstanding. As of September 30, 2009 and December 31, 2008, we had $193.0 million and $210.5 million of warehouse lines of credit principal outstanding, respectively, which are included in short-term borrowings in the accompanying consolidated balance sheets. Additionally, we had $193.0 million and $210.5 million of mortgage loans held for sale (warehouse receivables), which represented mortgage loans funded through the lines of credit that, while committed to be purchased, had not yet been purchased as of September 30, 2009 and December 31, 2008, respectively, and which are also included in the accompanying consolidated balance sheets.

On July 31, 2006, CBRE Capital Markets entered into a revolving credit note with JP Morgan for the purpose of purchasing qualified investment securities, which include but are not limited to U.S. Treasury and Agency securities. This agreement has been amended several times and as of September 30, 2009, provides for a $100.0 million revolving credit note, bears interest at 0.50% and has a maturity date of January 29, 2010. As of September 30, 2009 and December 31, 2008, there were no amounts outstanding under this revolving credit note.

On April 30, 2007, Trammell Crow Company Acquisitions II, L.P. (Acquisitions II), a consolidated limited partnership within our Development Services segment, entered into a $100.0 million revolving credit agreement with WestLB AG, as administrative agent for a lender group. During the second quarter of 2009, Acquisitions II opted to reduce the amount available under this credit agreement to $50.0 million. Borrowings under this credit agreement are used to fund acquisitions of real estate prior to receipt of capital contributions from Acquisitions II investors and permanent project financing, and are limited to a portion of unfunded capital commitments of certain Acquisitions II investors. As of September 30, 2009, borrowing capacity under this agreement, net of outstanding amounts drawn, was $22.4 million. Borrowings under this agreement bear interest at the daily British Bankers Association LIBOR rate plus 0.65% and this agreement expires on April 30, 2010. Subject to certain conditions, Acquisitions II can extend the maturity date of the credit facility for an additional term of not longer

CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

11. Debt (Continued)

than six months. Borrowings under the line are non-recourse to us and are secured by the capital commitments of the investors in Acquisitions II. As of September 30, 2009 and December 31, 2008, there was $5.5 million and $8.0 million, respectively, outstanding under this revolving credit note included in short-term borrowings in the accompanying consolidated balance sheets.

In connection with our acquisition of Westmark Realty Advisors in 1995 (now known as CB Richard Ellis Investors), we issued approximately $20.0 million in aggregate principal amount of senior notes. The Westmark senior notes were redeemable at the discretion of the note holder and had a final maturity date of June 30, 2010. The interest rate on the Westmark senior notes was equal to the interest rate in effect for amounts outstanding under our Credit Agreement plus 12 basis points. The amount of the Westmark senior notes included in short-term borrowings in the accompanying consolidated balance sheets was $1.1 million as of December 31, 2008. In January 2009, the remaining outstanding balance of $1.1 million was redeemed by the final note holder.

Insignia, which we acquired in July 2003, issued loan notes as partial consideration for previous acquisitions of businesses in the U.K. The acquisition loan notes are payable to the sellers of the previously acquired U.K. businesses and are secured by restricted cash deposits in approximately the same amount. The acquisition loan notes are redeemable semi-annually at the discretion of the note holder and have a final maturity date of April 2010. As of September 30, 2009 and December 31, 2008, $0.4 million and $0.7 million, respectively, of the acquisition loan notes were outstanding and are included in short-term borrowings in the accompanying consolidated balance sheets.

In July 2008, in connection with the purchase of the remaining 50% ownership interest we did not already own in our affiliate CB Richard Ellis Tucson, LLC, we issued a loan note that is payable to the seller. In June 2009, the purchase price was reduced, resulting in partial reduction of the loan amount by $1.2 million, with the remainder due on June 30, 2010. The amount of the CB Richard Ellis Tucson, LLC loan note included in the accompanying consolidated balance sheets at September 30, 2009 and December 31, 2008 was $0.2 million and $1.6 million, respectively.

A significant number of our subsidiaries in Europe have had a Euro cash pool loan since 2001, which is used to fund their short-term liquidity needs. The Euro cash pool loan is an overdraft line for our European operations issued by HSBC Bank. The Euro cash pool loan has no stated maturity date and bears interest at varying rates based on a base rate as defined by HSBC Bank plus 2.5%. At both September 30, 2009 and December 31, 2008, there were no amounts outstanding under this facility.

12. Commitments and Contingencies

We are a party to a number of pending or threatened lawsuits arising out of, or incident to, our ordinary course of business. Our management believes that any liability imposed upon us that may result from disposition of these lawsuits will not have a material effect on our business, consolidated financial position, cash flows or results of operations.

We had outstanding letters of credit totaling $33.1 million as of September 30, 2009, 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. These letters of credit are primarily executed by us in the normal course of business as well as in

CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

12. Commitments and Contingencies (Continued)

connection with certain insurance programs. The letters of credit expire at varying dates through July 2010.

We had guarantees totaling $31.8 million as of September 30, 2009, excluding guarantees related to consolidated indebtedness and pension liabilities for which we have outstanding liabilities already accrued on our consolidated balance sheet as well as operating leases. These guarantees primarily consist of guarantees related to our defined benefit pension plans in the U.K. (in excess of our outstanding pension liability of $21.3 million as of September 30, 2009). The remaining guarantees include debt repayment guarantees of unconsolidated subsidiaries as well as various guarantees of management contracts in our operations overseas. The guarantee obligations related to debt repayment guarantees of unconsolidated subsidiaries expire at varying dates through November 2010. The other guarantees will expire at the end of each of the respective agreements.

In addition, as of September 30, 2009, we had numerous completion and budget guarantees relating to development projects. These guarantees are made by us in the normal course of our Development Services business. Each of these guarantees requires us to complete construction of the relevant project within a specified timeframe and/or within a specified budget, with us potentially being liable for costs to complete in excess of such timeframe or budget. However, we generally have "guaranteed maximum price" contracts with reputable general contractors with respect to projects for which we provide these guarantees. These contracts are intended to pass the risk to such contractors. While there can be no assurance, we do not expect to incur any material losses under these guarantees.

From time to time, we act as a general contractor with respect to construction projects. We do not consider these activities to be a material part of our business. In connection with these activities, we seek to subcontract construction work for certain projects to reputable subcontractors. Should construction defects arise relating to the underlying projects, we could potentially be liable to the client for the costs to repair such defects, although we would generally look to the subcontractor that performed the work to remedy the defect and also look to insurance policies that cover this work. While there can be no assurance, we do not expect to incur material losses with respect to construction defects.

In January 2008, CBRE Capital Markets entered into an agreement with Fannie Mae, under Fannie Mae's Delegated Underwriting and Servicing (DUS) Lender Program, to provide financing for apartments with five or more units. Under the DUS Program, CBRE Capital Markets originates, underwrites, closes and services loans without prior approval by Fannie Mae, and in selected cases, is subject to sharing up to one-third of any losses on loans issued under the DUS program. CBRE Capital Markets has funded loans subject to such loss sharing arrangements with unpaid principal balances of $770.0 million. Additionally, CBRE Capital Markets has funded loans under the DUS program that are not subject to loss sharing arrangements with unpaid principal balances of approximately $261.7 million. CBRE Capital Markets, under its agreement with Fannie Mae, must post cash reserves under formulas established by Fannie Mae to provide for sufficient capital in the event losses occur. As of September 30, 2009, CBRE Capital Markets had $1.0 million of cash reserved under this arrangement.

An important part of the strategy for our Global Investment Management business involves investing our capital in certain real estate investments with our clients. These co-investments typically range from 2% to 5% of the equity in a particular fund. As of September 30, 2009, we had aggregate commitments of $46.9 million to fund future co-investments.

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

12. Commitments and Contingencies (Continued)

Additionally, an important part of our Development Services business strategy is to invest in unconsolidated real estate subsidiaries as a principal (in most cases co-investing with our clients). As of September 30, 2009, we had committed to fund $32.7 million of additional capital to these unconsolidated subsidiaries.

13. Employee Benefit Plans

Stock Incentive Plans

2001 Stock Incentive Plan. Our 2001 stock incentive plan was adopted by our board of directors and approved by our stockholders on June 7, 2001. However, our 2001 stock incentive plan was terminated in June 2004 in connection with the adoption of our 2004 stock incentive plan, which is described below. The 2001 stock incentive plan permitted the grant of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards to our employees, directors or independent contractors. Since our 2001 stock incentive plan has been terminated, no shares remain available for issuance under it. However, as of September 30, 2009, outstanding stock options granted under the 2001 stock incentive plan to acquire 4,717,190 shares of our Class A common stock remain outstanding according to their terms, and we will continue to issue shares to the extent required under the terms of such outstanding awards. Options granted under this plan have an exercise price of $1.92. As of September 30, 2009, all options granted under this plan were fully vested and exercisable. Options granted under the 2001 stock incentive plan are subject to a maximum term of ten years from the date of grant. The number of shares issued pursuant to the 2001 stock incentive plan, or pursuant to outstanding awards, is subject to adjustment on account of stock splits, stock dividends and other dilutive changes in our Class A common stock.

Second Amended and Restated 2004 Stock Incentive Plan. Our 2004 stock incentive plan was adopted by our board of directors and approved by our stockholders on April 21, 2004, and has been amended several times subsequently, including an amendment and restatement on June 2, 2008 and an amendment on December 3, 2008. The 2004 stock incentive plan authorizes the grant of stock-based awards to our employees, directors or independent contractors. A total of 20,785,218 shares of our Class A common stock initially were reserved for issuance under the 2004 stock incentive plan, which increased by 10,000,000 shares to a total of 30,785,218 shares in connection with the June 2, 2008 amendment and restatement. For awards granted prior to June 2, 2008 under this plan, this share reserve was reduced by one share upon grant of an option or stock appreciation right, and was reduced by 2.25 shares upon issuance of stock pursuant to other stock-based awards. For awards granted on or after June 2, 2008 under this plan, this share reserve is reduced by one share upon grant of all awards. In addition, full value awards, i.e., awards other than stock options and stock appreciation rights, are limited to no more than 75% of the total share reserve. Awards that expire, terminate or lapse will again be available for grant under this plan. No person is eligible to be granted awards in the aggregate covering more than 2,000,000 shares during any fiscal year. The number of shares issued or reserved pursuant to the 2004 stock incentive plan, or pursuant to outstanding awards, is subject to adjustment on account of mergers, consolidations, reorganizations, stock splits, stock dividends and other dilutive changes in our common stock. In addition, our board of directors may adjust outstanding awards to preserve the awards' benefits or potential benefits.

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

13. Employee Benefit Plans (Continued)

Stock Option Exchange

On July 9, 2009, we completed a stock option exchange program (Exchange Offer) under which eligible employees tendered, and we accepted for cancellation, eligible options to purchase 2,599,307 shares of our Class A common stock. We granted new options to eligible employees to purchase 103,361 shares of our Class A common stock and issued 819,672 restricted shares of our Class A common stock in exchange for the cancellation of the tendered eligible options. The exercise price per share of the new options granted in the Exchange Offer was $8.09, the closing price of our common stock on July 9, 2009. The new options and restricted shares issued will vest and are exercisable in equal annual increments over four years from the date of grant. This Exchange Offer did not result in any incremental compensation expense as the estimated fair value of the new awards did not exceed the estimated fair value of the exchanged stock options immediately prior to the exchange.

Stock Options

As of September 30, 2009, 3,444,302 shares were subject to options issued under our 2004 stock incentive plan and 6,541,981 shares remained available for future grants under the 2004 stock incentive plan. Options granted under this plan during the nine months ended September 30, 2009 have exercise prices in the range of $8.09 to $11.45, which primarily vest and are exercisable generally in equal annual increments over four years from the date of grant.

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

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2008	12,748,593	$ 9.91
Exercised	(2,297,811)	6.41
Granted (1)	605,066	10.61
Canceled/Forfeited (2)	(2,655,212)	21.31
Expired	(239,144)	15.16
Outstanding at September 30, 2009	8,161,492	$ 6.94
Vested and expected to vest at September 30, 2009 (3)	8,008,333	$ 6.94
Exercisable at September 30, 2009	6,333,739	$ 5.28

(1) Includes 103,361 shares granted in connection with the Exchange Offer.

(2) Includes 2,599,307 shares canceled in connection with the Exchange Offer.

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

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

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

13. Employee Benefit Plans (Continued)

The total estimated grant date fair value of stock options that vested during the nine months ended September 30, 2009 was $4.9 million. The weighted average fair value of options granted by us was $6.87 and $6.54 for the three months ended September 30, 2009 and 2008, respectively, and $6.63 and $6.58 for the nine months ended September 30, 2009 and 2008, respectively. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model, utilizing the following weighted average assumptions:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Dividend yield	0%	0%	0%	0%
Risk-free interest rate	2.50%	3.02%	2.51%	3.02%
Expected volatility	77.42%	51.97%	75.18%	51.97%
Expected life	6 years	5 years	6 years	5 years

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

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

Options outstanding at September 30, 2009 and their related weighted average exercise price, intrinsic value and life information is presented below:

	Outstanding Options				Exercisable Options		
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number Exercisable	Weighted Average Exercise Price	Aggregate Intrinsic Value
$1.92	4,717,190	3.3	$ 1.92		4,717,190	$ 1.92	
$6.33 - $8.44	200,912	5.6	7.80		54,103	6.72	
$11.10 - $15.43	3,131,082	5.1	13.75		1,488,072	14.81	
$22.00 - $25.67	62,976	4.5	23.40		45,048	23.71	
$27.19 - $37.43	49,332	4.9	29.74		29,326	30.57	
	8,161,492	4.0	$ 6.94	$ 47,229,491	6,333,739	$ 5.28	$ 46,578,812

At September 30, 2009, the aggregate intrinsic value and weighted average remaining contractual life for options vested and expected to vest were $47.2 million and 4.0 years, respectively.

CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

13. Employee Benefit Plans (Continued)

Total compensation expense related to stock options was $1.5 million and $3.3 million for the three months ended September 30, 2009 and 2008, respectively, and $6.4 million and $8.6 million for the nine months ended September 30, 2009 and 2008, respectively. At September 30, 2009, total unrecognized estimated compensation cost related to non-vested stock options was approximately $12.2 million, which is expected to be recognized over a weighted average period of approximately 3.2 years.

The total intrinsic value of stock options exercised during the nine months ended September 30, 2009 and 2008 was $7.8 million and $12.0 million, respectively. We recorded cash received from stock option exercises of $14.7 million and $3.8 million and related tax benefit of $1.0 million and $4.3 million during the nine months ended September 30, 2009 and 2008, respectively. Upon option exercise, we issue new shares of stock. Excess tax benefits exist when the tax deduction resulting from the exercise of options exceeds the compensation cost recorded.

Non-Vested Stock Awards

We have issued non-vested stock awards, including shares and stock units, in our Class A common stock to certain of our employees and members of our board of directors. During the nine months ended September 30, 2009 and 2008, we granted non-vested stock awards of 6,587,687 shares and 2,371,987 shares, respectively, which primarily vest and are exercisable generally in equal annual increments over four years from the date of grant. We also granted 54,344 and 529,907 of non-vested stock units to certain of our employees during the nine months ended September 30, 2009 and 2008, respectively. These non-vested stock units all vest in 2016. A summary of the status of our non-vested stock awards is presented in the table below:

	Shares/Units	Weighted Average Grant Date Fair Value Per Share
Balance at December 31, 2008	4,638,543	$ 19.39
Granted (1)	6,642,031	10.95
Vested	(933,259)	17.22
Forfeited	(96,380)	20.89
Balance at September 30, 2009	10,250,935	$ 14.11

(1) Includes 819,672 shares granted in connection with the Exchange Offer.

Total compensation expense related to non-vested stock awards was $8.8 million and $4.6 million for the three months ended September 30, 2009 and 2008, respectively, and $20.2 million and $12.7 million for the nine months ended September 30, 2009 and 2008, respectively. At September 30, 2009, total unrecognized estimated compensation cost related to non-vested stock awards was approximately $130.4 million, which is expected to be recognized over a weighted average period of approximately 3.9 years.

Deferred Compensation Plans. Historically, we have maintained four deferred compensation plans (DCPs) in which, in prior years, our highly compensated employees, including members of management, were allowed to elect, prior to the beginning of each calendar year, to defer receipt of

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

13. Employee Benefit Plans (Continued)

some or all of their compensation for the next year until a future distribution date and have it credited to one or more of several funds in the respective DCPs. Because a substantial majority of the deferrals under our DCPs had distribution dates based upon the end of a relevant participant's employment with us, we had an ongoing obligation to make distributions to these participants as they left our employment. In addition, in prior years, participants were permitted to make unscheduled in-service withdrawals of amounts deferred prior to January 1, 2005, subject to a 7.5% penalty.

On November 5, 2008, based on prevailing market conditions, our board of directors authorized our Chief Executive Officer to modify or terminate our U.S. DCPs, subject to applicable regulatory requirements. We notified participants that we would merge the DCPs and modify the remaining DCP pursuant to the transition rules under Internal Revenue Code Section 409A to allow participants to make new distribution elections prior to December 31, 2008 to receive distributions of plan assets at dates they specified in 2009. In December of 2008, all of our DCPs were merged into one DCP. These actions also accelerated future distributions from the DCP of cash and shares of our Class A common stock to the participants of such DCP during the nine months ended September 30, 2009, but did not have a material effect on our consolidated statement of operations. The DCP is substantially fully-funded and the shares still to be distributed are included in our earnings per share calculations. In connection with 2009 distributions to the participants, we expect to receive a cash tax benefit of approximately $100 million. Upon completion of the distribution process, we expect the DCP will be terminated. Included in the accompanying consolidated balance sheets were DCP liabilities of $4.1 million and $244.9 million at September 30, 2009 and December 31, 2008, respectively, and assets set aside to cover the liability of $8.9 million and $229.8 million as of September 30, 2009 and December 31, 2008, respectively. As of September 30, 2009, there were 450,563 outstanding stock fund units under the DCP, all of which were vested. Our stock fund unit deferrals included in additional paid-in capital totaled $0.6 million and $5.5 million at September 30, 2009 and December 31, 2008, respectively.

14. Stockholders' Equity

On June 4, 2009, we filed a Certificate of Amendment to our Restated Certificate of Incorporation that increased the total number of shares of Class A common stock that we are authorized to issue from 325,000,000 to 525,000,000 shares.

On June 10, 2009, we completed the sale of 13,440,860 shares of our Class A common stock through a direct placement to Paulson & Co. Inc., which raised approximately $97.6 million of net proceeds. On June 11, 2009, we completed the sale of 5,682,684 shares of our Class A common stock through an at-the-market offering program, which raised approximately $48.8 million of net proceeds.

15. Income (Loss) Per Share

Basic income (loss) per share attributable to CB Richard Ellis Group, Inc. is computed by dividing net income (loss) attributable to CB Richard Ellis Group, Inc. shareholders by the weighted average number of common shares outstanding during each period. The computation of diluted income (loss) per share attributable to CB Richard Ellis Group, Inc., further assumes the dilutive effect of potential common shares, which include stock options and certain contingently issuable shares. Contingently

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

15. Income (Loss) Per Share (Continued)

issuable shares consist of non-vested stock awards. The following is a calculation of income (loss) per share attributable to CB Richard Ellis Group, Inc. (dollars in thousands, except share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Computation of basic income (loss) per share attributable to CB Richard Ellis Group, Inc. shareholders:				
Net income (loss) applicable to CB Richard Ellis Group, Inc. shareholders	$ 12,377	$ 40,373	$ (30,949)	$ 77,390
Weighted average shares outstanding for basic income (loss) per share	282,732,848	203,680,475	270,214,427	203,409,873
Basic income (loss) per share attributable to CB Richard Ellis Group, Inc. shareholders	$ 0.04	$ 0.20	$ (0.11)	$ 0.38
Computation of diluted income (loss) per share attributable to CB Richard Ellis Group, Inc. shareholders:				
Net income (loss) applicable to CB Richard Ellis Group, Inc. shareholders	$ 12,377	$ 40,373	$ (30,949)	$ 77,390
Weighted average shares outstanding for diluted income (loss) per share	282,732,848	203,680,475	270,214,427	203,409,873
Dilutive effect of stock options	2,770,300	3,844,068		4,307,589
Dilutive effect of contingently issuable shares	420,453	181,707		225,413
Weighted average shares outstanding for diluted income (loss) per share	285,923,601	207,706,250	270,214,427	207,942,875
Diluted income (loss) per share attributable to CB Richard Ellis Group, Inc. shareholders	$ 0.04	$ 0.19	$ (0.11)	$ 0.37

For the three months ended September 30, 2009, options to purchase 3,394,143 shares of common stock were excluded from the computation of diluted income per share because their inclusion would have had an anti-dilutive effect. For the nine months ended September 30, 2009, all stock options and contingently issuable shares were anti-dilutive, since we reported a net loss for this period. Had we reported net income for the nine months ended September 30, 2009, options to purchase 4,767,349 shares of common stock would have been included in the computation of diluted income per share, while options to purchase 3,394,143 shares of common stock would have been excluded from the computation of diluted earnings per share as their inclusion would have had an anti-dilutive effect. For the three and nine months ended September 30, 2008, options to purchase 5,665,228 shares and 3,646,166 shares, respectively, of common stock were excluded from the computation of diluted income per share because their inclusion would have had an anti-dilutive effect.

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

16. Comprehensive Income (Loss)

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

The following table provides a summary of comprehensive income (loss) (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Net (loss) income	$ (10,643)	$ 56,124	$ (78,768)	$ 85,534
Other comprehensive income (loss):				
Foreign currency translation gains (losses) and other	9,653	(68,470)	39,675	(48,380)
Unrealized gains on interest rate swaps and interest rate caps, net	1,972	7,231	7,818	8,560
Unrealized holding gains (losses) on available for sale securities, net	630	(1,177)	1,402	(629)
Total other comprehensive income (loss)	12,255	(62,416)	48,895	(40,449)
Comprehensive income (loss)	1,612	(6,292)	(29,873)	45,085
Comprehensive (loss) income attributable to non-controlling interests	(21,392)	14,291	(46,766)	7,942
Comprehensive income (loss) attributable to CB Richard Ellis Group, Inc.	$ 23,004	$ (20,583)	$ 16,893	$ 37,143

17. Pensions

We have two contributory defined benefit pension plans in the U.K., which we acquired in connection with previous acquisitions. Our subsidiaries based in the U.K. maintain the plans to provide retirement benefits to existing and former employees participating in these plans. During 2007, we reached agreements with the active members of these plans to freeze future pension plan benefits. In return, the active members became eligible to enroll in the CBRE Group Personal Pension Plan, a defined contribution plan in the U.K.

Net periodic pension cost (benefit) consisted of the following (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Interest cost	$ 3,721	$ 4,417	$ 10,566	$ 13,724
Expected return on plan assets	(3,230)	(4,675)	(9,174)	(14,517)
Amortization of unrecognized net loss	271	156	769	484
Net periodic pension cost (benefit)	$ 762	$ (102)	$ 2,161	$ (309)

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

17. Pensions (Continued)

We contributed $0.9 million and $2.5 million to fund our pension plans during the three and nine months ended September 30, 2009, respectively. We expect to contribute a total of $3.5 million to fund our pension plans for the year ending December 31, 2009.

18. Liabilities Related to Acquisitions

The Trammell Crow Company Acquisition gave rise to the consolidation and elimination of some Trammell Crow Company duplicate facilities as well as lawsuits involving Trammell Crow Company, which resulted in the accrual of certain liabilities. The remaining liabilities assumed in connection with the Trammell Crow Company Acquisition consist of the following and are included in the accompanying consolidated balance sheets (dollars in thousands):

	Liability Balance at December 31, 2008	2009 Utilization	To be Utilized at September 30, 2009
Lease termination costs	$ 3,410	$ (3,284)	$ 126
Legal settlements anticipated	3,157	(1,368)	1,789
	$ 6,567	$ (4,652)	$ 1,915

The remaining liability for lease termination costs will be paid over the remaining contract periods through 2012. The remaining liability covering our exposure in various lawsuits involving Trammell Crow Company that were pending prior to the Trammell Crow Company Acquisition will be paid as each case is settled.

The remaining liability associated with items previously charged to merger-related charges in connection with the Trammell Crow Company Acquisition consisted of the following (dollars in thousands):

	Liability Balance at December 31, 2008	2009 Utilization	To be Utilized at September 30, 2009
Lease termination costs	$ 8,813	$ (5,982)	$ 2,831

The remaining liability for lease termination costs will be paid over the remaining contract periods through 2016.

The Insignia Acquisition gave rise to the consolidation and elimination of some Insignia duplicate facilities as well as lawsuits involving Insignia, which resulted in the accrual of certain liabilities. The remaining liabilities assumed in connection with the Insignia Acquisition consist of the following and are included in the accompanying consolidated balance sheets (dollars in thousands):

	Liability Balance at December 31, 2008	2009 Utilization	To be Utilized at September 30, 2009
Lease termination costs	$ 4,541	$ (2,577)	$ 1,964
Legal settlements anticipated	2,128	(11)	2,117
	$ 6,669	$ (2,588)	$ 4,081

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

18. Liabilities Related to Acquisitions (Continued)

The remaining liability for lease termination costs will be paid over the remaining contract periods through 2012. The remaining liability covering our exposure in various lawsuits involving Insignia that were pending prior to the Insignia Acquisition will be paid as the case is settled.

The remaining liability associated with items previously charged to merger-related charges in connection with the Insignia Acquisition consisted of the following (dollars in thousands):

	Liability Balance at December 31, 2008	2009 Utilization	To be Utilized at September 30, 2009
Lease termination costs	$ 7,898	$ (4,658)	$ 3,240

The remaining liability for lease termination costs will be paid over the remaining contract periods through 2012.

19. Discontinued Operations

In the ordinary course of business of our Development Services segment, we sell real estate assets, or hold real estate assets for sale, that may be considered components of an entity in accordance with FASB ASC Topic 360. If we do not have, or expect to have, significant continuing involvement with the operation of these real estate assets after sale, we are required to recognize operating profits or losses and gains or losses on sale of these assets as discontinued operations in our consolidated statements of operations in the periods in which they occur. Real estate operations and dispositions accounted for as discontinued operations for the three and nine months ended September 30, 2008 were as follows (dollars in thousands):

Revenue	$ 1,251
Costs and expenses:	
Operating, administrative and other	659
Depreciation and amortization	92
Total costs and expenses	751
Gain on disposition of real estate	32,816
Operating income	33,316
Interest income	124
Interest expense	649
Income from discontinued operations, before provision for income taxes	32,791
Provision for income taxes	6,043
Income from discontinued operations, net of income taxes	26,748
Less: Income from discontinued operations, net of income taxes, attributable to non-controlling interests	16,523
Income from discontinued operations, net of income taxes, attributable to CB Richard Ellis Group, Inc.	$ 10,225

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

20. Guarantor and Nonguarantor Financial Statements

The following condensed consolidating financial information includes:

(1) Condensed consolidating balance sheets as of September 30, 2009 and December 31, 2008; condensed consolidating statements of operations for the three and nine months ended September 30, 2009 and 2008; and condensed consolidating statements of cash flows for the nine months ended September 30, 2009 and 2008, of (a) CB Richard Ellis Group, Inc., as the parent, (b) CBRE, as the subsidiary issuer, (c) the guarantor subsidiaries, (d) the nonguarantor subsidiaries and (e) CB Richard Ellis Group, Inc. on a consolidated basis; and

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

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

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

20. Guarantor and Nonguarantor Financial Statements (Continued)

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF SEPTEMBER 30, 2009
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Current Assets:						
Cash and cash equivalents	$ 4	$ 117,751	$ 38,792	$ 169,498	$	$ 326,045
Restricted cash			13,682	29,086		42,768
Receivables, net		1	306,405	374,832		681,238
Warehouse receivables (a)			193,029			193,029
Deferred compensation assets		8,898				8,898
Income taxes receivable	9,843	154,907		23,703	(55,070)	133,383
Prepaid expenses			45,859	53,508		99,367
Deferred tax assets, net			71,521	15,649		87,170
Real estate under development				10,337		10,337
Real estate and other assets held for sale				11,238		11,238
Other current assets		741	26,681	12,171		39,593
Total Current Assets	9,847	282,298	695,969	700,022	(55,070)	1,633,066
Property and equipment, net			105,137	74,715		179,852
Goodwill			801,031	508,374		1,309,405
Other intangible assets, net			291,852	28,224		320,076
Investments in unconsolidated subsidiaries			90,459	65,721		156,180
Investments in consolidated subsidiaries	778,515	2,609,121	863,804		(4,251,440)	
Inter-company loan receivable		30,121	635,000	21,262	(686,383)	
Deferred tax assets, net			8,429	29,147		37,576
Real estate under development				135,361		135,361
Real estate held for investment			4,685	554,771		559,456
Available for sale securities			31,806	228		32,034
Other assets, net		27,094	44,280	40,964		112,338
Total Assets	$ 788,362	$ 2,948,634	$ 3,572,452	$ 2,158,789	$ (4,992,893)	$ 4,475,344
Current Liabilities:						
Accounts payable and accrued expenses	$	$ 26,974	$ 119,384	$ 280,542	$	$ 426,900
Compensation and employee benefits payable		626	130,871	104,261		235,758
Accrued bonus and profit sharing			100,124	87,843		187,967
Deferred compensation liabilities		4,062				4,062
Income taxes payable			55,070		(55,070)	
Short-term borrowings:						

Warehouse lines of credit (a)			192,958			192,958
Revolving credit facility		10,389		30,726		41,115
Other			370	5,500		5,870
Total short-term borrowings		10,389	193,328	36,226		239,943
Current maturities of long-term debt		96,190	235	314		96,739
Notes payable on real estate				161,450		161,450
Liabilities related to real estate and other assets held for sale				1,386		1,386
Other current liabilities	234	5,480	8,408	1,517		15,639
Total Current Liabilities	234	143,721	607,420	673,539	(55,070)	1,369,844
Long-Term Debt:						
Senior secured term loans		1,590,170				1,590,170
11.625% senior subordinated notes, net		436,228				436,228
Other long-term debt				507		507
Inter-company loan payable	489,032		197,351		(686,383)	
Total Long-Term Debt	489,032	2,026,398	197,351	507	(686,383)	2,026,905
Pension liability				21,319		21,319
Non-current tax liabilities			78,124	3,441		81,565
Notes payable on real estate				392,271		392,271
Other liabilities			80,436	36,848		117,284
Total Liabilities	489,266	2,170,119	963,331	1,127,925	(741,453)	4,009,188
Commitments and contingencies						
Equity:						
CB Richard Ellis Group, Inc. Stockholders' Equity	299,096	778,515	2,609,121	863,804	(4,251,440)	299,096
Non-controlling interests				167,060		167,060
Total Equity	299,096	778,515	2,609,121	1,030,864	(4,251,440)	466,156
Total Liabilities and Equity	$ 788,362	$ 2,948,634	$ 3,572,452	$ 2,158,789	$ (4,992,893)	$ 4,475,344

(a) Although CBRE Capital Markets is included among our domestic subsidiaries, which jointly and severally guarantee our 11.625% senior subordinated notes and our Credit Agreement, a substantial majority of warehouse receivables funded under the JP Morgan, BofA and the Fannie Mae ASAP lines of credit are pledged to JP Morgan, BofA and Fannie Mae, and accordingly, are not included as collateral for these notes or our other outstanding debt.

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

20. Guarantor and Nonguarantor Financial Statements (Continued)

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2008
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Current Assets:						
Cash and cash equivalents	$ 4	$ 7,203	$ 9,467	$ 142,149	$	$ 158,823
Restricted cash			11,313	25,009		36,322
Receivables, net			341,037	410,903		751,940
Warehouse receivables (a)			210,473			210,473
Deferred compensation assets		225,704				225,704
Income taxes receivable	11,146	48,339	42,275	15,960		117,720
Prepaid expenses			46,494	47,788		94,282
Deferred tax assets, net		97,059	30,266	20,445		147,770
Real estate under development				56,322		56,322
Real estate and other assets held for sale			172	40,262		40,434
Other current assets			27,069	48,674		75,743
Total Current Assets	11,150	378,305	718,566	807,512		1,915,533
Property and equipment, net			127,436	80,540		207,976
Goodwill			799,591	452,232		1,251,823
Other intangible assets, net			283,715	27,732		311,447
Investments in unconsolidated subsidiaries			99,792	45,934		145,726
Investments in consolidated subsidiaries	763,426	2,424,837	772,762		(3,961,025)	
Inter-company loan receivable		274,458	635,000	63,208	(972,666)	
Deferred tax assets, net			18,874	25,609		44,483
Real estate under development				158,090		158,090
Real estate held for investment			4,612	531,367		535,979
Available for sale securities			28,569	225		28,794
Other assets, net		26,674	60,806	39,083		126,563
Total Assets	$ 774,576	$ 3,104,274	$ 3,549,723	$ 2,231,532	$ (4,933,691)	$ 4,726,414
Current Liabilities:						
Accounts payable and accrued expenses	$	$ 3,826	$ 152,938	$ 243,113	$	$ 399,877
Compensation and employee benefits payable			138,224	117,184		255,408
Accrued bonus and profit sharing			136,416	158,803		295,219
Deferred compensation liabilities		239,464				239,464
Short-term borrowings:						
Warehouse lines of credit (a)			210,473			210,473

Revolving credit facility				25,765		25,765
Other			1,827	8,000		9,827
Total short-term borrowings			212,300	33,765		246,065
Current maturities of long-term debt		208,550	805	1,307		210,662
Notes payable on real estate				176,372		176,372
Liabilities related to real estate and other assets held for sale				22,740		22,740
Other current liabilities	234	18,348	6,862	1,594		27,038
Total Current Liabilities	234	470,188	647,545	754,878		1,872,845
Long-Term Debt:						
Senior secured term loans		1,865,200				1,865,200
Other long-term debt			788	771		1,559
Inter-company loan payable	659,656		313,010		(972,666)	
Total Long-Term Debt	659,656	1,865,200	313,798	771	(972,666)	1,866,759
Pension liability				19,802		19,802
Non-current tax liabilities			77,460	1,245		78,705
Notes payable on real estate				420,242		420,242
Other liabilities		5,460	86,083	30,795		122,338
Total Liabilities	659,890	2,340,848	1,124,886	1,227,733	(972,666)	4,380,691
Commitments and contingencies						
Equity:						
CB Richard Ellis Group, Inc. Stockholders' Equity	114,686	763,426	2,424,837	772,762	(3,961,025)	114,686
Non-controlling interests				231,037		231,037
Total Equity	114,686	763,426	2,424,837	1,003,799	(3,961,025)	345,723
Total Liabilities and Equity	$ 774,576	$ 3,104,274	$ 3,549,723	$ 2,231,532	$ (4,933,691)	$ 4,726,414

(a) Although CBRE Capital Markets is included among our domestic subsidiaries, which jointly and severally guarantee our Credit Agreement, all warehouse receivables funded under the BofA, JP Morgan and Red Capital lines of credit are pledged to BofA, JP Morgan and Red Capital, and accordingly, are not included as collateral for these notes or our other outstanding debt.

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

20. Guarantor and Nonguarantor Financial Statements (Continued)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2009
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$	$	$ 604,949	$ 418,256	$	$ 1,023,205
Costs and expenses:						
Cost of services			367,623	238,847		606,470
Operating, administrative and other	9,708	1,001	168,796	158,557		338,062
Depreciation and amortization			13,522	10,923		24,445
Total costs and expenses	9,708	1,001	549,941	408,327		968,977
Gain on disposition of real estate				2,766		2,766
Operating (loss) income	(9,708)	(1,001)	55,008	12,695		56,994
Equity loss from unconsolidated subsidiaries			664	5,648		6,312
Interest income		8	1,609	7	(376)	1,248
Interest expense		45,927	572	7,952	(376)	54,075
Royalty and management service (income) expense			(6,432)	6,432		
Income from consolidated subsidiaries	18,212	46,718	4,088		(69,018)	
Income (loss) before (benefit) provision for income taxes	8,504	(202)	65,901	(7,330)	(69,018)	(2,145)
(Benefit) provision for income taxes	(3,873)	(18,414)	19,183	11,602		8,498
Net income (loss)	12,377	18,212	46,718	(18,932)	(69,018)	(10,643)
Less: Net loss attributable to non-controlling interests				(23,020)		(23,020)
Net income attributable to CB Richard Ellis Group, Inc.	$ 12,377	$ 18,212	$ 46,718	$ 4,088	$ (69,018)	$ 12,377

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2008
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$	$	$ 764,359	$ 535,376	$	$ 1,299,735
Costs and expenses:						
Cost of services			467,462	287,900		755,362
	7,323	879	200,064	212,086		420,352

Operating, administrative and other						
Depreciation and amortization			13,517	11,895		25,412
Total costs and expenses	7,323	879	681,043	511,881		1,201,126
Gain on disposition of real estate			468	9,298		9,766
Operating (loss) income	(7,323)	(879)	83,784	32,793		108,375
Equity loss from unconsolidated subsidiaries			2,420	988		3,408
Interest income		25	1,907	3,257	(789)	4,400
Interest expense	382	33,224	154	9,319	(789)	42,290
Royalty and management service (income) expense			(8,151)	8,151		
Income from consolidated subsidiaries	44,887	73,281	22,199		(140,367)	
Income from continuing operations before (benefit) provision for income taxes	37,182	39,203	113,467	17,592	(140,367)	67,077
(Benefit) provision for income taxes	(3,191)	(5,684)	40,186	6,390		37,701
Income from continuing operations	40,373	44,887	73,281	11,202	(140,367)	29,376
Income from discontinued operations, net of income taxes				26,748		26,748
Net income	40,373	44,887	73,281	37,950	(140,367)	56,124
Less: Net income attributable to non-controlling interests				15,751		15,751
Net income attributable to CB Richard Ellis Group, Inc.	$ 40,373	$ 44,887	$ 73,281	$ 22,199	$ (140,367)	$ 40,373

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

20. Guarantor and Nonguarantor Financial Statements (Continued)

**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009
(Dollars in thousands)**

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$	$	$ 1,732,103	$ 1,137,218	$	$ 2,869,321
Costs and expenses:						
Cost of services			1,068,677	658,043		1,726,720
Operating, administrative and other	24,674	3,789	513,342	431,087		972,892
Depreciation and amortization			41,039	32,964		74,003
Total costs and expenses	24,674	3,789	1,623,058	1,122,094		2,773,615
Gain on disposition of real estate				5,691		5,691
Operating (loss) income	(24,674)	(3,789)	109,045	20,815		101,397
Equity loss from unconsolidated subsidiaries			4,934	13,318		18,252
Interest income		36	3,676	2,492	(1,414)	4,790
Interest expense		113,270	795	23,640	(1,414)	136,291
Write-off of financing costs		29,255				29,255
Royalty and management service (income) expense			(12,420)	12,420		
(Loss) income from consolidated subsidiaries	(16,118)	72,311	2,956		(59,149)	
(Loss) income before (benefit) provision for income taxes	(40,792)	(73,967)	122,368	(26,071)	(59,149)	(77,611)
(Benefit) provision for income taxes	(9,843)	(57,849)	50,057	18,792		1,157
Net (loss) income	(30,949)	(16,118)	72,311	(44,863)	(59,149)	(78,768)
Less: Net loss attributable to non-controlling interests				(47,819)		(47,819)
Net (loss) income attributable to CB Richard Ellis Group, Inc.	$ (30,949)	$ (16,118)	$ 72,311	$ 2,956	$ (59,149)	$ (30,949)

**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008
(Dollars in thousands)**

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$	$	$ 2,276,083	$ 1,569,450	$	$ 3,845,533
Costs and expenses:						
Cost of services			1,365,824	831,189		2,197,013
	19,551	932	705,346	595,707		1,321,536

Operating, administrative and other						
Depreciation and amortization			40,882	33,354		74,236
Total costs and expenses	19,551	932	2,112,052	1,460,250		3,592,785
Gain on disposition of real estate			1,036	12,772		13,808
Operating (loss) income	(19,551)	(932)	165,067	121,972		266,556
Equity loss from unconsolidated subsidiaries			17,747	8,175		25,922
Other loss				4,607		4,607
Interest income	2	129	5,822	10,091	(1,937)	14,107
Interest expense	382	100,958	600	26,852	(1,937)	126,855
Royalty and management service (income) expense			(21,265)	21,265		
Income from consolidated subsidiaries	89,066	162,259	58,899		(310,224)	
Income from continuing operations before (benefit) provision for income taxes	69,135	60,498	232,706	71,164	(310,224)	123,279
(Benefit) provision for income taxes	(8,255)	(28,568)	70,447	30,869		64,493
Income from continuing operations	77,390	89,066	162,259	40,295	(310,224)	58,786
Income from discontinued operations, net of income taxes				26,748		26,748
Net income	77,390	89,066	162,259	67,043	(310,224)	85,534
Less: Net income attributable to non-controlling interests				8,144		8,144
Net income attributable to CB Richard Ellis Group, Inc.	$ 77,390	$ 89,066	$ 162,259	$ 58,899	$ (310,224)	$ 77,390

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

20. Guarantor and Nonguarantor Financial Statements (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	$ 13,080	$ (64,160)	$ 129,378	$ (24,847)	$ 53,451
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures			(7,272)	(5,375)	(12,647)
Acquisition of businesses including net assets acquired, intangibles and goodwill			(5,762)	(22,501)	(28,263)
Contributions to unconsolidated subsidiaries			(4,856)	(36,810)	(41,666)
Distributions from unconsolidated subsidiaries			3,898	864	4,762
Proceeds from the sale of servicing rights and other assets			6,704	259	6,963
Additions to real estate held for investment				(22,952)	(22,952)
Net proceeds from disposition of real estate held for investment				3,408	3,408
Increase in restricted cash			(2,370)	(4,014)	(6,384)
Other investing activities, net			(1,126)		(1,126)
Net cash used in investing activities			(10,784)	(87,121)	(97,905)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of senior secured term loans		(429,250)			(429,250)
Proceeds from revolving credit facility		793,049		7,879	800,928
Repayment of revolving credit facility		(741,646)		(10,564)	(752,210)
Proceeds from 11.625% senior subordinated notes, net		435,928			435,928
Proceeds from notes payable on real estate held for investment				13,764	13,764
Repayment of notes payable on real estate held for investment				(5,432)	(5,432)
Proceeds from notes payable on real estate held for sale and under development				48,640	48,640
Repayment of notes payable on real estate held for sale and under development				(34,968)	(34,968)
Repayment of short-term borrowings and other loans, net			(1,676)	(2,517)	(4,193)
Proceeds from issuance of common stock, net	146,361				146,361
Proceeds from exercise of stock options	14,735				14,735
Incremental tax benefit from stock options exercised	1,039				1,039

Non-controlling interests contributions				20,470	20,470
Non-controlling interests distributions				(12,501)	(12,501)
Payment of financing costs		(37,690)		(1,008)	(38,698)
(Increase) decrease in inter-company receivables, net	(174,080)	154,317	(87,593)	107,356	
Other financing activities, net	(1,135)			(1,233)	(2,368)
Net cash (used in) provided by financing activities	(13,080)	174,708	(89,269)	129,886	202,245
Effect of currency exchange rate changes on cash and cash equivalents				9,431	9,431
NET INCREASE IN CASH AND CASH EQUIVALENTS		110,548	29,325	27,349	167,222
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	4	7,203	9,467	142,149	158,823
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 4	$ 117,751	$ 38,792	$ 169,498	$ 326,045
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid during the period for:					
Interest	$	$ 85,148	$ 97	$ 15,065	$ 100,310
Income tax (refunds) payments, net	$ (2,126)	$ (9,221)	$ (56,198)	$ 13,627	$ (53,918)

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

20. Guarantor and Nonguarantor Financial Statements (Continued)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	$ 10,131	$ (71,990)	$ (53,818)	$ (115,668)	$ (231,345)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures			(21,079)	(18,816)	(39,895)
Acquisition of businesses including net assets acquired, intangibles and goodwill, net of cash acquired			(31,187)	(164,776)	(195,963)
Contributions to unconsolidated subsidiaries			(21,721)	(22,341)	(44,062)
Distributions from unconsolidated subsidiaries			19,539	272	19,811
Proceeds from the sale of servicing rights and other assets			6,101	162	6,263
Additions to real estate held for investment				(122,618)	(122,618)
Increase in restricted cash			(2,370)	(27,409)	(29,779)
Other investing activities, net		120	(4,864)		(4,744)
Net cash provided by (used in) investing activities		120	(55,581)	(355,526)	(410,987)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from senior secured term loans		300,000			300,000
Repayment of senior secured term loans		(9,750)			(9,750)
Proceeds from revolving credit facility		1,628,460		92,341	1,720,801
Repayment of revolving credit facility		(1,340,460)		(38,969)	(1,379,429)
Proceeds from notes payable on real estate held for investment				109,520	109,520
Repayment of notes payable on real estate held for investment				(13,975)	(13,975)
Proceeds from notes payable on real estate held for sale and under development				120,601	120,601
Repayment of notes payable on real estate held for sale and under development				(120,620)	(120,620)
Repayment of short-term borrowings and other loans, net			(879)	(36,894)	(37,773)
	3,805				3,805

Proceeds from exercise of stock options					
Incremental tax benefit from stock options exercised	4,272				4,272
Non-controlling interests contributions				42,344	42,344
Non-controlling interests distributions				(28,510)	(28,510)
Payment of financing costs		(6,226)		(3,503)	(9,729)
(Increase) decrease in inter-company receivables, net	(18,267)	(491,376)	326,713	182,930	
Other financing activities, net	60			(1,387)	(1,327)
Net cash (used in) provided by financing activities	(10,130)	80,648	325,834	303,878	700,230
Effect of currency exchange rate changes on cash and cash equivalents				8	8
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1	8,778	216,435	(167,308)	57,906
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	3	18,448	(12,207)	336,630	342,874
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 4	$ 27,226	$ 204,228	$ 169,322	$ 400,780
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid during the period for:					
Interest	$	$ 96,462	$ 875	$ 15,405	$ 112,742
Income tax, net of refunds	$	$	$ 95,494	$ 89,527	$ 185,021

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

21. Industry Segments

We report our operations through five segments. The segments are as follows: (1) Americas, (2) EMEA, (3) Asia Pacific, (4) Global Investment Management and (5) Development Services.

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

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

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

Our Development Services business consists of real estate development and investment activities primarily in the U.S., which we acquired in the Trammell Crow Company Acquisition on December 20, 2006.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenue				
Americas	$ 646,249	$ 816,225	$ 1,824,855	$ 2,385,227
EMEA	192,276	271,686	531,032	814,185
Asia Pacific	131,586	141,452	347,332	434,551
Global Investment Management	32,872	39,823	102,774	122,058
Development Services	20,222	30,549	63,328	89,512
	$ 1,023,205	$ 1,299,735	$ 2,869,321	$ 3,845,533
EBITDA				
Americas	$ 63,744	$ 80,995	$ 144,987	$ 211,475
EMEA	14,725	23,052	17,536	66,164
Asia Pacific	12,971	9,128	27,130	44,638
Global Investment Management	4,642	19,351	6,397	2,506
Development Services	2,065	15,510	8,917	10,744
	$ 98,147	$ 148,036	$ 204,967	$ 335,527

EBITDA represents earnings before net interest expense, write-off of financing costs, income taxes, depreciation and amortization. Our management believes EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of EBITDA generally eliminates the effects of financing and income taxes and the accounting effects of capital spending and acquisitions, which would include impairment charges of goodwill and intangibles created

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

21. Industry Segments (Continued)

from acquisitions. Such items may vary for different companies for reasons unrelated to overall operating performance. As a result, our management uses EBITDA as a measure to evaluate the operating performance of our various business segments and for other discretionary purposes, including as a significant component when measuring our operating performance under our employee incentive programs. Additionally, we believe EBITDA is useful to investors to assist them in getting a more accurate picture of our results from operations.

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

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

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

21. Industry Segments (Continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Americas				
Net income (loss) attributable to CB Richard Ellis Group, Inc.	$ 11,013	$ 30,181	$ (19,746)	$ 56,470
Add:				
Depreciation and amortization	14,032	14,191	42,523	44,160
Interest expense	45,242	33,350	112,249	100,255
Write-off of financing costs			29,255	
Royalty and management service income	(5,575)	(6,793)	(10,280)	(17,721)
(Benefit) provision for income taxes	(27)	12,056	(6,117)	33,474
Less:				
Interest income	941	1,990	2,897	5,163
EBITDA	$ 63,744	$ 80,995	$ 144,987	$ 211,475
EMEA				
Net income (loss) attributable to CB Richard Ellis Group, Inc.	$ 575	$ 2,467	$ (853)	$ 25,431
Add:				
Depreciation and amortization	2,806	3,422	7,967	10,407
Interest expense	237	1,205	720	2,172
Royalty and management service expense	3,964	4,270	6,576	10,158
Provision for income taxes	7,188	12,434	3,500	21,108
Less:				
Interest income	45	746	374	3,112
EBITDA	$ 14,725	$ 23,052	$ 17,536	$ 66,164
Asia Pacific				
Net income (loss) attributable to CB Richard Ellis Group, Inc.	$ 5,047	$ (3,859)	$ 3,512	$ 9,519
Add:				
Depreciation and amortization	2,155	3,487	6,411	7,112
Interest expense	912	1,497	2,305	4,389
Royalty and management service expense	1,388	2,176	3,065	6,401
Provision for income taxes	3,646	5,947	12,265	18,036
Less:				
Interest income	177	120	428	819
EBITDA	$ 12,971	$ 9,128	$ 27,130	$ 44,638
Global Investment Management				
Net income (loss) attributable to CB Richard Ellis Group, Inc.	$ 993	$ 6,924	$ (18)	$ (5,185)
Add:				
Depreciation and amortization	1,257	706	3,646	2,353
Interest expense	1,458	421	3,047	1,788
Royalty and management service expense	223	347	639	1,162
Provision (benefit) for income taxes	750	10,961	(426)	3,190
Less:				

Interest income	39	8	491	802
EBITDA	$ 4,642	$ 19,351	$ 6,397	$ 2,506
Development Services				
Net (loss) income attributable to CB Richard Ellis Group, Inc.	$ (5,251)	$ 4,660	$ (13,844)	$ (8,845)
Add:				
Depreciation and amortization (1)	4,195	3,698	13,456	10,296
Interest expense (2)	6,226	6,466	17,970	18,900
(Benefit) provision for income taxes (3)	(3,059)	2,346	(8,065)	(5,272)
Less:				
Interest income (4)	46	1,660	600	4,335
EBITDA (5)	$ 2,065	$ 15,510	$ 8,917	$ 10,744

(1) Includes depreciation and amortization related to discontinued operations of $0.1 million for the three and nine months ended September 30, 2008.

(2) Includes interest expense related to discontinued operations of $0.6 million for the three and nine months ended September 30, 2008.

(3) Includes provision for income taxes related to discontinued operations of $6.0 million for the three and nine months ended September 30, 2008.

(4) Includes interest income related to discontinued operations of $0.1 million for the three and nine months ended September 30, 2008.

(5) Includes EBITDA related to discontinued operations of $16.9 million for the three and nine months ended September 30, 2008.

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CB RICHARD ELLIS GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Unaudited)

22. Subsequent Event

We have evaluated events and transactions that have occurred subsequent to September 30, 2009 through November 9, 2009, the date of issuance of our consolidated financial statements, for potential recognition or disclosure in these consolidated financial statements.

On November 3, 2009, we announced that we will sell shares of our Class A common stock, having an aggregate offering price of up to $300.0 million, from time to time pursuant to an at-the-market offering program through BofA Merrill Lynch, as sales agent and/or principal. We intend to use the proceeds from the offering for general corporate purposes, including the repayment of debt.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q of CB Richard Ellis Group, Inc. for the three months ended September 30, 2009, represents an update to the more detailed and comprehensive disclosures included in our Annual Report on Form 10-K for the year ended December 31, 2008. Accordingly, you should read the following discussion in conjunction with the information included in our Annual Report on Form 10-K, as amended by the Current Report on Form 8-K filed with the Securities and Exchange Commission on September 11, 2009, as well as the unaudited financial statements included elsewhere in this Quarterly Report on Form 10-Q.

In addition, some of the statements and assumptions in this Quarterly Report on Form 10-Q 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 fourth quarter and beyond. See "Forward-Looking Statements."

Overview

We are the world's largest commercial real estate services firm, based on 2008 revenue, with leading full-service operations in major metropolitan areas throughout the world. We offer a full range of services to occupiers, owners, lenders and investors in office, retail, industrial, multi-family and other types of commercial real estate. As of December 31, 2008, we operated more than 300 offices worldwide, excluding affiliate offices, with approximately 30,000 employees providing commercial real estate services under the "CB Richard Ellis" brand name and development services under the "Trammell Crow" brand name. Our business is focused on several service competencies, including commercial property and corporate facilities management, tenant representation, property/agency leasing, property sales, valuation, real estate investment management, commercial mortgage origination and servicing, capital markets (equity and debt) solutions, development services and proprietary research. We generate revenues from contractual management fees and on a per project or transactional basis. In 2006, we became the first commercial real estate services company included in the S&P 500. In 2007, 2008 and 2009, we were included on the *Business Week* list of 50 "Best in Class" companies across all industries. In 2008, we became the first commercial real estate services firm to be included in the *Fortune 500* and remained the only commercial real estate services company on this list in 2009. *Fortune* also included us on its list of Fastest Growing U.S. Companies in 2007 and 2008 and its list of Most Admired Companies in the real estate sector in 2009. In 2009, the International Association of Outsourcing Professionals ranked us the #1 outsourcing company in commercial real estate services.

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

Macroeconomic Conditions

Economic trends and government policies affect global and regional commercial real estate markets as well as our operations directly. These include: overall economic activity and employment growth, interest rate levels, the cost and availability of credit and the impact of tax and regulatory policies. Periods of economic weakness or recession, significantly rising interest rates, declining employment levels, declining demand for real estate, or the public perception that any of these events

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may occur, have negatively affected and may continue to negatively affect the performance of many of our business lines. Beginning in late 2007, the severe global economic downturn and credit market crisis have had significant adverse effects on our operations. Weak economic conditions have resulted in, and may continue to result in, a general decrease in transaction activity, lower occupancy and rental rate levels, reduced property values and restrained corporate spending. These trends, in turn, have reduced, and may continue to reduce, revenue from property management fees and commissions derived from property sales, leasing, valuation and financing, and funds available to invest in commercial real estate and related assets.

Adverse changes in economic conditions have also affected, and will continue to affect, our compensation expense, which is generally structured to decrease in line with a fall in revenue. Compensation is our largest expense and the sales and leasing professionals in our largest line of business, advisory services, generally are paid on a commission and bonus basis that correlates with our revenue performance. As a result, the negative effect of difficult market conditions on our operating margins is partially mitigated by the inherent variability of our compensation cost structure. In addition, at times when negative economic conditions are particularly severe, as they have been recently, our management has taken decisive actions to improve operational performance by, among other actions, reducing discretionary bonuses, curtailing capital expenditures and adjusting overall staffing levels. Notwithstanding these actions, adverse global and regional economic changes remain one of the most significant risks to our financial condition and results of operations.

Economic conditions in the Americas, our largest segment in terms of revenue, began to rebound in 2003 from the economic downturn in 2001 and 2002. The recovery, which positively impacted the commercial real estate market generally, continued through the second quarter of 2007, helping to improve our Americas segment's revenue, particularly leasing and sales revenue. Since the third quarter of 2007, U.S. economic activity has progressively weakened due initially to stresses in the residential housing and financial sectors and the impact of sharply higher energy costs. This resulted in a recession, affecting all segments of the economy, beginning in early 2008, as both consumer and business spending dropped. This weakening economic activity, coupled with capital market stresses, led to a disruption in global financial markets in the third quarter of 2008, the consequences of which have continued to be felt through the first nine months of 2009. This disruption caused credit markets to freeze up, investors to become more risk averse and assets of all types, from the riskiest to the most secure, to lose value. These conditions also caused the economy to contract further and job losses to accelerate throughout 2008 and during the first nine months of 2009. This has resulted in a decline in leasing activity and space absorption, rising vacancy rates and decreasing rents across the United States. Investment sales activity in the United States has fallen sharply from peak levels in 2007 and has remained at depressed levels for the first nine months of 2009. This decline is the result of an absence of debt financing, weakening property fundamentals, and the re-pricing of risk in the face of economic and market uncertainty.

The weakening capital markets trend experienced in the United States began to manifest in the United Kingdom in late 2007, and in continental Europe beginning in early 2008. As a result, investment sales in Europe worsened progressively throughout 2008 and have remained at depressed levels through the first nine months of 2009. The major European economies also entered into a recession in 2008, which has persisted in most countries through the first nine months of 2009, resulting in lower levels of leasing activity. The markets in Asia Pacific have also been affected, albeit generally to a lesser degree than the United States and Europe, by the global credit market dislocation and economic difficulties, as reflected in lower investment sales and leasing activity in 2008 and through the third quarter of 2009. The deteriorating conditions have also adversely affected our Global Investment Management and Development Services businesses beginning in late 2007 and continuing through the first nine months of 2009 as property values decreased sharply and disposition opportunities have been markedly reduced.

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The recovery of our sales, leasing and investment management and development services businesses is contingent on, among other things, the U.S. and global economies returning to sustained growth, with positive employment gains, and credit markets maintaining a stable and predictable condition for an extended period.

Effects of Acquisitions

Our management historically has made significant use of strategic acquisitions to add new service competencies, to increase our scale within existing competencies and to expand our presence in various geographic regions around the world. For example, we enhanced our mortgage brokerage services through our 1996 acquisition of L.J. Melody & Company (now known as CBRE Capital Markets) and we significantly increased the scale of our investment management business through our 1995 acquisition of Westmark Realty Advisors (now known as CB Richard Ellis Investors), our 1997 acquisition of Koll Real Estate Services and our 1998 acquisition of the London-based firm Hillier Parker May & Rowden. Our 2003 acquisition of Insignia Financial Group, Inc. (Insignia) significantly increased the scale of our real estate advisory and outsourcing services business lines in our Americas segment and also significantly increased our presence in the New York, London and Paris metropolitan areas.

In December 2006, we acquired Trammell Crow Company, our largest acquisition to date. The acquisition of Trammell Crow Company deepened our offering of outsourcing services for corporate and institutional clients, especially project and facilities management, strengthened our ability to provide integrated management solutions across geographies, added our Development Services business and provided additional people, resources and expertise to offer real estate services throughout the United States.

Strategic in-fill acquisitions have also played a key role in expanding our geographic coverage and broadening and strengthening our service offerings. Our acquirees have generally been quality regional firms or niche specialty firms that complement our existing platform within a region, or affiliates in which, in some cases, we held an equity interest. In 2008, we completed 16 acquisitions with an aggregate purchase price of approximately $181 million. In light of the current economic environment, no acquisitions were completed during the nine months ended September 30, 2009.

Although our management believes that strategic acquisitions can significantly decrease the cost, time and commitment of management resources necessary to attain a meaningful competitive position within targeted markets or to expand our presence within our current markets, our management also believes that most acquisitions will initially have an adverse impact on our operating and net income, both as a result of transaction-related expenditures and the charges and costs of integrating the acquired business and its financial and accounting systems into our own. For example, we incurred $200.9 million of transaction-related expenditures in connection with our acquisition of Insignia in 2003 (the Insignia Acquisition) and $196.6 million of transaction-related expenditures in connection with our acquisition of Trammell Crow Company in 2006. Transaction-related expenditures included severance costs, lease termination costs, transaction costs, deferred financing costs and merger-related costs, among others. We incurred our final transaction expenditures with respect to the Insignia Acquisition in the third quarter of 2004 and the Trammell Crow Company Acquisition in the fourth quarter of 2007. In addition, through September 30, 2009, we have incurred expenses of $41.9 million related to Insignia and $57.5 million related to Trammell Crow Company in connection with the integration of these companies' business lines, as well as accounting and other systems, into our own. During the nine months ended September 30, 2009, we incurred $4.4 million of integration expenses, the majority of which were related to the acquisition of Trammell Crow Company. We expect to incur total integration expenses relating to past acquisitions of approximately $6 million during 2009, which include residual integration costs associated with our acquisition of Trammell Crow Company as well as similar costs related to a strategic in-fill acquisition in 2006.

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International Operations

We have made significant acquisitions of non-U.S. companies and we may acquire additional foreign companies in the future. As we increase our foreign operations through either acquisitions or organic growth, fluctuations in the value of the U.S. dollar relative to the other currencies in which we may generate earnings could adversely affect our business, financial condition and operating results. Our management team generally seeks to mitigate our exposure by balancing assets and liabilities that are denominated in the same currency and by maintaining cash positions outside the United States only at levels necessary for operating purposes. In addition, from time to time we enter into foreign currency exchange contracts to mitigate our exposure to exchange rate changes related to particular transactions and to hedge risks associated with the translation of foreign currencies into U.S. dollars. Due to the constantly changing currency exposures to which we are subject and the volatility of currency exchange rates, our management cannot predict the effect of exchange rate fluctuations upon future operating results. In addition, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of our reported results of operations.

Our international operations also are subject to, among other things, political instability and changing regulatory environments, which may adversely affect our future financial condition and results of operations. Our management routinely monitors these risks and related costs and evaluates the appropriate amount of resources to allocate towards business activities in foreign countries where such risks and costs are particularly significant.

Leverage

We are highly leveraged and have significant debt service obligations. As of September 30, 2009, our total debt, excluding our notes payable on real estate and warehouse lines of credit, was approximately $2.2 billion. Our level of indebtedness and the operating and financial restrictions in our debt agreements both place constraints on the operation of our business. Although our management believes that the incurrence of long-term indebtedness has been important in the development of our business, including facilitating our acquisitions of Insignia and Trammell Crow Company, the cash flow necessary to service this debt is not available for other general corporate purposes, which may limit our flexibility in planning for, or reacting to, changes in our business and in the commercial real estate services industry. Our management seeks to mitigate this exposure both through the refinancing of debt when available on attractive terms and through selective repayment and retirement of indebtedness.

During the third quarter of 2009, we reached agreement with our lenders to extend maturities and amortization schedules on $985.0 million of loans outstanding under our Credit Agreement. During the nine months ended September 30, 2009, we also repaid $429.3 million of our senior secured term loans outstanding under our Credit Agreement and issued $450.0 million of 11.625% senior subordinated notes due June 15, 2017. These actions, coupled with the successful amendment to our Credit Agreement in the first quarter of 2009, have given us increased flexibility and significantly extended the weighted average maturity of our outstanding debt.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, which require management to make estimates and assumptions that affect reported amounts. The estimates and assumptions are based on historical experience and on other factors that management believes to be reasonable. Actual results may differ from those estimates. 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, our consolidation policy, goodwill and other intangible assets, real estate and income taxes can be found in our Annual Report on Form 10-K

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for the year ended December 31, 2008. There have been no material changes to these policies as of this Quarterly Report on Form 10-Q for the three months ended September 30, 2009.

Basis of Presentation

Segment Reporting

We report our operations through five segments. The segments are as follows: (1) Americas, (2) EMEA, (3) Asia Pacific, (4) Global Investment Management and (5) Development Services. The Americas consists of operations located in the United States, Canada and selected parts of Latin America. EMEA mainly consists of operations in Europe, while Asia Pacific includes operations in Asia, Australia and New Zealand. The Global Investment Management business consists of investment management operations in the United States, Europe and Asia. The Development Services business consists of real estate development and investment activities primarily in the United States, which were acquired in the Trammell Crow Company Acquisition.

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Results of Operations

The following table sets forth items derived from our consolidated statements of operations for the three and nine months ended September 30, 2009 and 2008 presented in dollars and as a percentage of revenue (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009		2008		2009		2008	
Revenue	$ 1,023,205	100.0%	$ 1,299,735	100.0%	$ 2,869,321	100.0%	$ 3,845,533	100.0%
Costs and expenses:								
Cost of services	606,470	59.3	755,362	58.1	1,726,720	60.2	2,197,013	57.1
Operating, administrative and other	338,062	33.0	420,352	32.3	972,892	33.9	1,321,536	34.4
Depreciation and amortization	24,445	2.4	25,412	2.0	74,003	2.6	74,236	1.9
Total costs and expenses	968,977	94.7	1,201,126	92.4	2,773,615	96.7	3,592,785	93.4
Gain on disposition of real estate	2,766	0.3	9,766	0.7	5,691	0.2	13,808	0.3
Operating income	56,994	5.6	108,375	8.3	101,397	3.5	266,556	6.9
Equity loss from unconsolidated subsidiaries	6,312	0.6	3,408	0.3	18,252	0.6	25,922	0.7
Other loss							4,607	0.1
Interest income	1,248	0.1	4,400	0.3	4,790	0.2	14,107	0.4
Interest expense	54,075	5.3	42,290	3.2	136,291	4.8	126,855	3.3
Write-off of financing costs					29,255	1.0		
(Loss) income from continuing operations before provision for income taxes	(2,145)	(0.2)	67,077	5.1	(77,611)	(2.7)	123,279	3.2
Provision for income taxes	8,498	0.8	37,701	2.9	1,157	0.1	64,493	1.7
(Loss) income from continuing operations	(10,643)	(1.0)	29,376	2.2	(78,768)	(2.8)	58,786	1.5
Income from discontinued operations, net of income taxes			26,748	2.1			26,748	0.7
Net (loss) income	(10,643)	(1.0)	56,124	4.3	(78,768)	(2.8)	85,534	2.2
Less: Net (loss) income attributable to non-controlling interests	(23,020)	(2.2)	15,751	1.2	(47,819)	(1.7)	8,144	0.2
Net income (loss) attributable to CB Richard Ellis	$ 12,377	1.2%	$ 40,373	3.1%	$ (30,949)	(1.1)%	$ 77,390	2.0%

Group, Inc.								
EBITDA (1)	$ 98,147	9.6%	$ 148,036	11.4%	$ 204,967	7.1%	$ 335,527	8.7%

(1) Includes EBITDA related to discontinued operations of $16.9 million for the three and nine months ended September 30, 2008.

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

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programs. Additionally, we believe EBITDA is useful to investors to assist them in getting a more accurate picture of our results from operations.

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

EBITDA is calculated as follows (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
Net income (loss) attributable to CB Richard Ellis Group, Inc.	$ 12,377	$ 40,373	$ (30,949)	$ 77,390
Add:				
Depreciation and amortization (1)	24,445	25,504	74,003	74,328
Interest expense (2)	54,075	42,939	136,291	127,504
Write-off of financing costs			29,255	
Provision for income taxes (3)	8,498	43,744	1,157	70,536
Less:				
Interest income (4)	1,248	4,524	4,790	14,231
EBITDA (5)	$ 98,147	$ 148,036	$ 204,967	$ 335,527

(1) Includes depreciation and amortization related to discontinued operations of $0.1 million for the three and nine months ended September 30, 2008.

(2) Includes interest expense related to discontinued operations of $0.6 million for the three and nine months ended September 30, 2008.

(3) Includes provision for income taxes related to discontinued operations of $6.0 million for the three and nine months ended September 30, 2008.

(4) Includes interest income related to discontinued operations of $0.1 million for the three and nine months ended September 30, 2008.

(5) Includes EBITDA related to discontinued operations of $16.9 million for the three and nine months ended September 30, 2008.

Three Months Ended September 30, 2009 Compared to the Three Months Ended September 30, 2008

We reported consolidated net income of $12.4 million for the three months ended September 30, 2009 on revenue of $1.0 billion as compared to consolidated net income of $40.4 million on revenue of $1.3 billion for the three months ended September 30, 2008.

Our revenue on a consolidated basis for the three months ended September 30, 2009 decreased by $276.5 million, or 21.3%, as compared to the three months ended September 30, 2008. This decrease was primarily driven by weak worldwide sales and leasing activity resulting from

continued challenging

global economic conditions. While our outsourcing business continued to add new clients and expand existing relationships, its revenue also declined slightly in the current year period due to reduced client spending, a rise in vacancy rates of properties we manage as well as the effect of client consolidations and distress over the past year. We expect this trend in our outsourcing business to continue in the near term. Foreign currency translation had a $37.5 million negative impact on total revenue during the three months ended September 30, 2009.

Our cost of services on a consolidated basis decreased by $148.9 million, or 19.7%, during the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. Our sales and leasing professionals generally are paid on a commission and bonus basis, which substantially correlates with our revenue performance. Accordingly, the decrease in revenue led to a corresponding decrease in commissions and bonuses. Foreign currency translation had a $21.8 million positive impact on cost of services during the three months ended September 30, 2009. Cost of services as a percentage of revenue increased from 58.1% for the three months ended September 30, 2008 to 59.3% for the three months ended September 30, 2009. This increase was primarily driven by the large decrease in overall revenue and a shift in the mix of revenues with outsourcing, including reimbursables, comprising a materially greater portion of the total than in the prior year period.

Our operating, administrative and other expenses on a consolidated basis decreased by $82.3 million, or 19.6%, during the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This decrease was driven by cost reduction measures taken in response to weakened macroeconomic market conditions that started in 2008 and continued through the third quarter of 2009, which led to lower overall operating costs, particularly payroll-related, travel and marketing costs. The decrease was also driven by reduced bonuses resulting from lower business performance. Foreign currency translation had an $11.8 million positive impact on total operating expenses during the three months ended September 30, 2009. As a result of cost reduction efforts, operating expenses as a percentage of revenue remained relatively flat at 33.0% for the three months ended September 30, 2009 as compared to 32.3% for the three months ended September 30, 2008.

Our depreciation and amortization expense on a consolidated basis was relatively consistent at $24.4 million for the three months ended September 30, 2009 as compared to $25.4 million for the three months ended September 30, 2008.

Our gain on disposition of real estate on a consolidated basis was $2.8 million and $9.8 million for the three months ended September 30, 2009 and 2008, respectively. These gains resulted from activity within our Development Services segment.

Our equity loss from unconsolidated subsidiaries on a consolidated basis was $6.3 million for the three months ended September 30, 2009 versus $3.4 million for the three months ended September 30, 2008. The loss in the current year period was primarily due to non-cash write-downs resulting from continued declines in value of investments in our Global Investment Management and Development Services segments. The loss in the prior year period was mainly driven by our Americas segment due to the non-cash write-down of our investment in Realty Finance Corporation, a mortgage REIT, as a result of a decline in its market valuation.

Our consolidated interest income was $1.2 million for the three months ended September 30, 2009, a decrease of $3.2 million, or 71.6%, as compared to the three months ended September 30, 2008. This decrease was mainly driven by lower interest income earned in our Americas and EMEA segments as a result of lower interest rates in the current year and in our Development Services segment due to a decrease in notes receivable in the current year.

Our consolidated interest expense increased by $11.8 million, or 27.9%, during the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. The increase was primarily due to interest expense associated with the $450.0 million of 11.625% senior subordinated notes issued in June 2009.

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Our provision for income taxes decreased by $29.2 million during the three months ended September 30, 2009, or 77.5%, as compared to the three months ended September 30, 2008. Our effective tax rate from continuing operations, after adjusting pre-tax (loss) income to remove the portion attributable to non-controlling interests, was 40.7% for the three months ended September 30, 2009 versus 55.6% for the three months ended September 30, 2008. The changes in our provision for income taxes and our effective tax rate were mainly attributable to a significant decrease in pre-tax income for the three months ended September 30, 2009 versus the same period in the prior year, the change in our mix of domestic and foreign earnings (losses) and a greater impact in the current year of losses sustained in jurisdictions where no tax benefit can be provided.

Our consolidated income from discontinued operations, net of income taxes, was $26.7 million for the three months ended September 30, 2008. This income resulted from activity within our Development Services segment.

Our net loss attributable to non-controlling interests on a consolidated basis was $23.0 million for the three months ended September 30, 2009 as compared to $15.8 million of net income attributable to non-controlling interests for the three months ended September 30, 2008. This activity primarily reflects our non-controlling interests' share of activity within our Development Services segment.

Nine Months Ended September 30, 2009 Compared to the Nine Months Ended September 30, 2008

We reported a consolidated net loss of $30.9 million for the nine months ended September 30, 2009 on revenue of $2.9 billion as compared to consolidated net income of $77.4 million on revenue of $3.8 billion for the nine months ended September 30, 2008.

Our revenue on a consolidated basis for the nine months ended September 30, 2009 decreased by $976.2 million, or 25.4%, as compared to the nine months ended September 30, 2008. This decrease was primarily driven by weak worldwide sales and leasing activity as well as lower appraisal revenue, all resulting from the continuation of challenging global economic conditions. While our outsourcing business continued to add new clients and expand existing relationships, its revenue also declined slightly in the current year period as a result of reduced client spending, a rise in vacancy rates of properties we manage as well as the effect of client consolidations and distress over the past year. Foreign currency translation had a $175.7 million negative impact on total revenue during the nine months ended September 30, 2009.

Our cost of services on a consolidated basis decreased by $470.3 million, or 21.4%, during the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. As previously mentioned, our sales and leasing professionals generally are paid on a commission and bonus basis, which substantially correlates with our revenue performance. Accordingly, the decrease in revenue led to a corresponding decrease in commissions and bonuses. Foreign currency translation had a $104.6 million positive impact on cost of services during the nine months ended September 30, 2009. Cost of services as a percentage of revenue increased from 57.1% for the nine months ended September 30, 2008 to 60.2% for the nine months ended September 30, 2009. This increase was primarily driven by the large decrease in overall revenue and a shift in the mix of revenues with outsourcing, including reimbursables, comprising a materially greater portion of the total than in the prior year period.

Our operating, administrative and other expenses on a consolidated basis decreased by $348.6 million, or 26.4%, during the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This decrease was driven by cost reduction measures that started in 2008 and continued through the third quarter of 2009, which led to lower operating costs, particularly payroll-related, travel and marketing costs. The decrease was also driven by reduced incentive compensation expense, including bonuses and carried interest expense (within our Global Investment Management segment), resulting from lower business performance. Foreign currency translation had a

$55.1 million positive impact on total operating expenses during the nine months ended September 30, 2009. These reductions were partially offset by impairment charges incurred in our Development Services segment. Nevertheless, as a result of our aggressive cost cutting measures, operating expenses as a percentage of revenue decreased to 33.9% for the nine months ended September 30, 2009 from 34.4% for the nine months ended September 30, 2008.

Our depreciation and amortization expense on a consolidated basis was relatively consistent at $74.0 million for the nine months ended September 30, 2009 as compared to $74.2 million for the nine months ended September 30, 2008.

Our gain on disposition of real estate on a consolidated basis was $5.7 million and $13.8 million for the nine months ended September 30, 2009 and 2008, respectively. These gains resulted from activity within our Development Services segment.

Our equity loss from unconsolidated subsidiaries on a consolidated basis decreased by $7.7 million, or 29.6%, for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This decrease was primarily driven by a $14.7 million non-cash write-down of our investment in Realty Finance Corporation, a mortgage REIT, within our Americas segment attributable to a decline in its market valuation in the prior year period, which did not recur in the current year. This activity was partially offset by higher non-cash write-downs resulting from declines in value of investments in our Global Investment Management segment in the current year period.

Our other loss on a consolidated basis was $4.6 million for the nine months ended September 30, 2008, which related to a decline in market valuation of an investment maintained within our Global Investment Management segment.

Our consolidated interest income was $4.8 million for the nine months ended September 30, 2009, a decrease of $9.3 million, or 66.0%, as compared to the nine months ended September 30, 2008. This decrease was mainly driven by lower interest income earned in our Americas and EMEA segments as a result of lower interest rates in the current year and in our Development Services segment due to a decrease in notes receivable in the current year.

Our consolidated interest expense increased by $9.4 million during the nine months ended September 30, 2009, or 7.4%, as compared to the nine months ended September 30, 2008. The increase was primarily due to higher interest expense associated with the $450.0 million of 11.625% senior subordinated notes issued in June 2009, partially offset by lower interest expense associated with our Credit Agreement, mainly due to lower average outstanding debt balances in the current year.

We wrote off $29.3 million of financing costs during the nine months ended September 30, 2009 in connection with the amendment of our Credit Agreement on March 24, 2009.

Our provision for income taxes on a consolidated basis was $1.2 million for the nine months ended September 30, 2009 as compared to $64.5 million for the nine months ended September 30, 2008. Our effective tax rate from continuing operations, after adjusting pre-tax (loss) income to remove the portion attributable to non-controlling interests, decreased to negative 3.9% for the nine months ended September 30, 2009 as compared to 49.0% for the nine months ended September 30, 2008. The changes in our provision for income taxes and our effective tax rate were primarily the result of a sizeable loss reported in the current year versus substantial income in the prior year, a change in our mix of domestic and foreign earnings (losses), the impact of losses sustained in jurisdictions where no tax benefit can be provided as well as the impact of discrete items.

Our net loss attributable to non-controlling interests on a consolidated basis was $47.8 million for the nine months ended September 30, 2009 as compared to net income attributable to non-controlling interests of $8.1 million for the nine months ended September 30, 2008. This activity primarily reflects our non-controlling interests' share of activity within our Development Services segment.

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Segment Operations

The following table summarizes our revenue, costs and expenses, operating income (loss) and EBITDA by our Americas, EMEA, Asia Pacific, Global Investment Management and Development Services operating segments for the three and nine months ended September 30, 2009 and 2008 (dollars in thousands):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2009		2008		2009		2008	
Americas								
Revenue	$ 646,249	100.0%	$ 816,225	100.0%	$ 1,824,855	100.0%	$ 2,385,227	100.0%
Costs and expenses:								
Cost of services	409,125	63.3	515,987	63.2	1,177,619	64.5	1,488,010	62.4
Operating, administrative and other	175,356	27.1	218,216	26.8	507,597	27.8	675,674	28.3
Depreciation and amortization	14,032	2.2	14,191	1.7	42,523	2.4	44,160	1.9
Operating income	$ 47,736	7.4%	$ 67,831	8.3%	$ 97,116	5.3%	$ 177,383	7.4%
EBITDA (1)	$ 63,744	9.9%	$ 80,995	9.9%	$ 144,987	7.9%	$ 211,475	8.9%
EMEA								
Revenue	$ 192,276	100.0%	$ 271,686	100.0%	$ 531,032	100.0%	$ 814,185	100.0%
Costs and expenses:								
Cost of services	117,233	61.0	155,645	57.3	336,595	63.4	460,650	56.6
Operating, administrative and other	60,585	31.5	94,401	34.7	177,485	33.4	289,686	35.6
Depreciation and amortization	2,806	1.4	3,422	1.3	7,967	1.5	10,407	1.2
Operating income	$ 11,652	6.1%	$ 18,218	6.7%	$ 8,985	1.7%	$ 53,442	6.6%
EBITDA (1)	$ 14,725	7.7%	$ 23,052	8.5%	$ 17,536	3.3%	$ 66,164	8.1%
Asia Pacific								
Revenue	$ 131,586	100.0%	$ 141,452	100.0%	$ 347,332	100.0%	$ 434,551	100.0%
Costs and expenses:								
Cost of services	80,112	60.9	83,730	59.2	212,506	61.2	248,353	57.2
Operating, administrative and other	38,694	29.4	49,111	34.7	106,212	30.6	139,982	32.2
Depreciation and amortization	2,155	1.6	3,487	2.5	6,411	1.8	7,112	1.6
Operating income	$ 10,625	8.1%	$ 5,124	3.6%	$ 22,203	6.4%	$ 39,104	9.0%
EBITDA (1)	$ 12,971	9.9%	$ 9,128	6.5%	$ 27,130	7.8%	$ 44,638	10.3%
Global Investment Management								
Revenue	$ 32,872	100.0%	$ 39,823	100.0%	$ 102,774	100.0%	$ 122,058	100.0%
Costs and expenses:								
Operating, administrative and other	25,491	77.5	18,398	46.2	81,782	79.6	100,189	82.1
Depreciation and amortization	1,257	3.9	706	1.8	3,646	3.5	2,353	1.9
Operating income	$ 6,124	18.6%	$ 20,719	52.0%	$ 17,346	16.9%	$ 19,516	16.0%

EBITDA (1)	$	4,642	14.1%	$	19,351	48.6%	$	6,397	6.2%	$	2,506	2.1%
Development Services												
Revenue	$	20,222	100.0%	$	30,549	100.0%	$	63,328	100.0%	$	89,512	100.0%
Costs and expenses:												
Operating, administrative and other		37,936	187.6		40,226	131.7		99,816	157.6		116,005	129.6
Depreciation and amortization		4,195	20.8		3,606	11.8		13,456	21.3		10,204	11.4
Gain on disposition of real estate		2,766	13.7		9,766	32.0		5,691	9.0		13,808	15.4
Operating loss	$	(19,143)	(94.7)%	$	(3,517)	(11.5)%	$	(44,253)	(69.9)%	$	(22,889)	(25.6)%
EBITDA (1) (2)	$	2,065	10.2%	$	15,510	50.8%	$	8,917	14.1%	$	10,744	12.0%

(1) See Note 21 of the Notes to Consolidated Financial Statements for a reconciliation of segment EBITDA to the most comparable financial measure calculated and presented in accordance with U.S. generally accepted accounting principles, or GAAP, which is segment net income (loss).

(2) Includes EBITDA related to discontinued operations of $16.9 million for the three and nine months ended September 30, 2008.

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Three Months Ended September 30, 2009 Compared to the Three Months Ended September 30, 2008

Americas

Revenue decreased by $170.0 million, or 20.8%, for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This decrease was primarily driven by lower sales and leasing activity due to the continuation of weak global economic conditions. Foreign currency translation had a $7.1 million negative impact on total revenue during the three months ended September 30, 2009.

Cost of services decreased by $106.9 million, or 20.7%, for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008, primarily due to lower commission expense resulting from lower sales and lease transaction revenue. Foreign currency translation had a $3.9 million positive impact on cost of services during the three months ended September 30, 2009. Cost of services as a percentage of revenue was essentially flat at 63.3% for the three months ended September 30, 2009 versus 63.2% for the three months ended September 30, 2008.

Operating, administrative and other expenses decreased by $42.9 million, or 19.6%, mainly driven by cost containment measures put in place in 2008 and 2009, which led to a reduction in operating costs, particularly lower payroll-related, travel and marketing costs. The decrease was also attributable to a reduction in bonuses, which resulted from the lower business performance. Foreign currency translation had a $2.4 million positive impact on total operating expenses during the three months ended September 30, 2009.

EMEA

Revenue decreased by $79.4 million, or 29.2%, for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This decline was primarily attributable to lower sales, leasing and appraisal activities throughout the region. Foreign currency translation had a $23.1 million negative impact on total revenue during the three months ended September 30, 2009.

Cost of services decreased by $38.4 million, or 24.7%, for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008, primarily due to lower bonuses and commission expense resulting from lower revenue. Foreign currency translation had a $14.0 million positive impact on cost of services during the three months ended September 30, 2009. Cost of services as a percentage of revenue increased from 57.3% for the three months ended September 30, 2008 to 61.0% for the three months ended September 30, 2009, primarily driven by the sharp decline in revenue.

Operating, administrative and other expenses decreased by $33.8 million, or 35.8%, mainly due to aggressive actions taken to cut costs, which resulted in a reduction in operating costs, particularly lower payroll-related, travel and marketing costs. A decrease in bonuses as a result of the lower business performance also contributed to this variance. Foreign currency translation had a $7.4 million positive impact on total operating expenses during the three months ended September 30, 2009.

Asia Pacific

Revenue decreased by $9.9 million, or 7.0%, for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This revenue decrease was primarily driven by lower leasing activity throughout the region. Foreign currency translation had a $5.7 million negative impact on total revenue during the three months ended September 30, 2009.

Cost of services decreased by $3.6 million, or 4.3%, mainly due to foreign currency translation, which had a $3.9 million positive impact on cost of services for the three months ended September 30, 2009. Cost of services as a percentage of revenue increased from 59.2% for the three months ended September 30, 2008 to 60.9% for the three months ended September 30, 2009, primarily driven by the significant decline in revenue and a shift in our business mix more towards outsourcing services.

Operating, administrative and other expenses decreased by $10.4 million, or 21.2%, for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. This decrease was primarily due to lower operating costs, including travel and marketing costs, which were driven by cost containment measures put in place during 2008 and 2009. Foreign currency translation had a $0.7 million positive impact on total operating expenses during the three months ended September 30, 2009.

Global Investment Management

Revenue decreased by $7.0 million, or 17.5%, for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008 attributable to lower asset management, acquisition and incentive fees in the current year period. Asset management fees decreased primarily due to downward pressure on certain asset management fee structures. Foreign currency translation had a $1.6 million negative impact on total revenue during the three months ended September 30, 2009.

Operating, administrative and other expenses increased by $7.1 million, or 38.6%, primarily due to a lower net reversal of carried interest incentive compensation expense for dedicated Global Investment Management executives and team leaders with participation interests in certain real estate investments under management. Excluding the impact of reversing net carried interest incentive compensation expense accruals, which totaled $6.0 million and $15.3 million for the three months ended September 30, 2009 and 2008, respectively, operating expenses decreased by 6.3% compared with the prior year period. Foreign currency translation had a $1.3 million positive impact on total operating expenses during the three months ended September 30, 2009.

Total assets under management (AUM) as of September 30, 2009 totaled $34.9 billion, down 4% from June 30, 2009 and 9% from year-end 2008.

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

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

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

Our calculation of AUM may differ from the calculations of other asset managers, and as a result this measure may not be comparable to similar measures presented by other asset managers. Our definition of AUM is not based on any definition of assets under management that is set forth in the agreements governing the investment funds that we manage.

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Development Services

Revenue decreased by $10.3 million, or 33.8%, for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008 primarily due to lower construction revenue driven by the continuation of weak market conditions.

Operating, administrative and other expenses decreased by $2.3 million, or 5.7%, for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. Impairment charges of $17.2 million related to real estate assets were more than offset by lower job construction costs as well as a decrease in payroll-related costs, including bonuses, driven by cost containment efforts in 2008 and 2009 as well as lower business performance in the current year period.

Development projects in process as of September 30, 2009 totaled $5.1 billion, down 9% from year-end 2008. The inventory of pipeline deals as of September 30, 2009 stood at $1.0 billion, down 60% from year-end 2008.

Nine Months Ended September 30, 2009 Compared to the Nine Months Ended September 30, 2008

Americas

Revenue decreased by $560.4 million, or 23.5%, for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This decrease was primarily driven by lower sales and leasing activity due to the continuation of weak global economic conditions. Foreign currency translation had a $30.7 million negative impact on total revenue during the nine months ended September 30, 2009.

Cost of services decreased by $310.4 million, or 20.9%, for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008, primarily due to lower commission expense resulting from lower sales and lease transaction revenue. Foreign currency translation had a $19.0 million positive impact on cost of services during the nine months ended September 30, 2009. Cost of services as a percentage of revenue increased to 64.5% for the nine months ended September 30, 2009 from 62.4% for the nine months ended September 30, 2008 primarily due to the large decrease in overall revenue and a shift in our business mix more towards outsourcing services.

Operating, administrative and other expenses decreased by $168.1 million, or 24.9%, mainly driven by cost containment measures put in place in 2008 and 2009, which led to a reduction in operating costs, particularly lower payroll-related, travel and marketing costs. The decrease was also attributable to a reduction in bonuses, which resulted from the lower business performance. Foreign currency translation had a $9.5 million positive impact on total operating expenses during the nine months ended September 30, 2009.

EMEA

Revenue decreased by $283.2 million, or 34.8%, for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This decline was primarily attributable to lower sales, leasing and appraisal activities throughout the region. Foreign currency translation had a $100.4 million negative impact on total revenue during the nine months ended September 30, 2009.

Cost of services decreased by $124.1 million, or 26.9%, for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This decrease was largely driven by foreign currency translation, which had a $62.6 million positive impact on cost of services during the nine months ended September 30, 2009. Lower bonuses and commission expense resulting from lower revenue also contributed to the variance. Cost of services as a percentage of revenue increased from 56.6% for the nine months ended September 30, 2008 to 63.4% for the nine months ended September 30, 2009, primarily driven by the sharp decline in revenue.

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Operating, administrative and other expenses decreased by $112.2 million, or 38.7%, mainly due to aggressive actions taken to cut costs, which led to a reduction in operating costs, particularly lower payroll-related, travel and marketing costs. A reduction in bonuses resulting from the lower business performance also contributed to the variance. Foreign currency translation had a $32.0 million positive impact on total operating expenses during the nine months ended September 30, 2009.

Asia Pacific

Revenue decreased by $87.2 million, or 20.1%, for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This revenue decrease was primarily driven by lower sales and leasing activity throughout the region. Foreign currency translation had a $35.3 million negative impact on total revenue during the nine months ended September 30, 2009.

Cost of services decreased by $35.8 million, or 14.4%, mainly due to foreign currency translation, which had a $23.0 million positive impact on cost of services for the nine months ended September 30, 2009. Reduced commission expense and bonuses resulting from the lower revenue also contributed to the variance. Cost of services as a percentage of revenue increased from 57.2% for the nine months ended September 30, 2008 to 61.2% for the nine months ended September 30, 2009, primarily driven by the significant decline in overall revenue as well as a shift in our business mix more towards outsourcing services.

Operating, administrative and other expenses decreased by $33.8 million, or 24.1%, for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. This decrease was primarily due to lower operating costs, including payroll-related, travel and marketing costs, which were driven by cost containment measures put in place during 2008 and 2009. A decrease in bonuses driven by the lower results also contributed to the variance. Foreign currency translation had a $7.3 million positive impact on total operating expenses during the nine months ended September 30, 2009.

Global Investment Management

Revenue decreased by $19.3 million, or 15.8%, for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008 due to lower asset management, acquisition, disposition and incentive fees in the current year period resulting from the continuation of constraints in the capital markets. Foreign currency translation had a $9.3 million negative impact on total revenue during the nine months ended September 30, 2009.

Operating, administrative and other expenses decreased by $18.4 million, or 18.4%, primarily due to a reduction in bonuses, which resulted from the lower business performance. Also contributing to the variance was a higher net reversal of carried interest incentive compensation during the nine months ended September 30, 2009 versus the prior year period. Foreign currency translation had a $6.3 million positive impact on total operating expenses during the nine months ended September 30, 2009.

Development Services

Revenue decreased by $26.2 million, or 29.3%, for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008 primarily due to lower construction revenue driven by the continuation of weak market conditions.

Operating, administrative and other expenses decreased by $16.2 million, or 14.0%, for the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008. Impairment charges related to real estate assets and notes receivable of $29.3 million incurred in the current year period were more than offset by lower construction costs and a decrease in payroll-related

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costs, including bonuses, as a result of cost containment efforts in 2008 through 2009 as well as lower business performance in the current year.

Liquidity and Capital Resources

We believe that we can satisfy our 2009 working capital requirements and funding of investments with internally generated cash flow and, as necessary, borrowings under our revolving credit facility. Our 2009 expected capital requirements include approximately $30 million of anticipated net capital expenditures, of which $10.4 million was funded during the nine months ended September 30, 2009. As of September 30, 2009, we had aggregate commitments of $46.9 million to fund future co-investments in our Global Investment Management business, of which $11.4 million is expected to be funded during the fourth quarter of 2009. Additionally, as of September 30, 2009, we had committed to fund $32.7 million of additional capital to unconsolidated subsidiaries within our Development Services business, which we may be required to fund at any time. For more than a year, the global credit markets have experienced unprecedented tightening, which may affect both the availability and cost of our funding sources in the future.

During 2003 and 2006, we required substantial amounts of equity and debt financing to fund our acquisitions of Insignia and Trammell Crow Company. Absent extraordinary transactions such as these, we historically have not sought external sources of financing and relied on our internally generated cash flow and our revolving credit facility to fund our working capital, capital expenditure and investment requirements. In the absence of such extraordinary transactions, our management anticipates that our cash flow from operations and our revolving credit facility would be sufficient to meet our anticipated cash requirements for the foreseeable future, but at a minimum for the next 12 months.

From time to time, we consider potential strategic acquisitions. Our management believes that any future significant acquisitions that we make most likely would 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 our management believed to be reasonable. However, it is possible that we may not be able to find acquisition financing on favorable terms in the future if we decide to make any further material acquisitions.

Our long-term liquidity needs, other than those related to ordinary course obligations and commitments such as operating leases, generally are comprised of two elements. The first is the repayment of the outstanding and anticipated principal amounts of our long-term indebtedness. Our management is unable to project with certainty whether our long-term cash flow from operations will be sufficient to repay our long-term debt when it comes due. If this cash flow is insufficient, then our management expects that we would need to refinance such indebtedness or otherwise amend its terms to extend the maturity dates. Our management cannot make any assurances that such refinancings or amendments would be available on attractive terms, if at all.

The second long-term liquidity need has historically been our obligations related to our deferred compensation plans, or DCPs. On November 5, 2008, based on prevailing market conditions, our board of directors authorized our Chief Executive Officer to modify or terminate our U.S. deferred compensation plans, subject to applicable regulatory requirements. We notified participants that we would merge the DCPs and modify the remaining DCP pursuant to the transition rules under Internal Revenue Code Section 409A to allow participants to make new distribution elections prior to December 31, 2008 to receive distributions of plan assets at dates they specified in 2009. In December of 2008, all of our DCPs were merged into one DCP. These actions also accelerated future distributions from the DCP of cash and shares of our Class A common stock to the participants of such DCP during the nine months ended September 30, 2009, but did not have a material effect on our consolidated statement of operations. The DCP is substantially fully-funded and the shares still to be distributed are included in our earnings per share calculations. In connection with the 2009 distributions to the

participants, we expect to receive a cash tax benefit of approximately $100 million. Upon completion of the distribution process, we expect the DCP will be terminated.

On November 18, 2008, we completed a public offering of 57.5 million shares of our Class A common stock, which raised $206.7 million of net proceeds used for general corporate purposes, including the repayment of debt.

On June 10, 2009, we completed the sale of 13,440,860 shares of our Class A common stock through a direct placement to Paulson & Co. Inc., which raised approximately $97.6 million of net proceeds. On June 11, 2009, we completed the sale of 5,682,684 shares of our Class A common stock through an at-the-market offering program, which raised approximately $48.8 million of net proceeds. The net proceeds from these offerings were used for general corporate purposes, including the repayment of some of our outstanding indebtedness under our Credit Agreement.

On November 3, 2009, we announced that we will sell shares of our Class A common stock, having an aggregate offering price of up to $300.0 million, from time to time pursuant to an at-the-market offering program through BofA Merrill Lynch, as sales agent and/or principal. We intend to use the proceeds from the offering for general corporate purposes, including the repayment of debt.

Historical Cash Flows

Operating Activities

Net cash provided by operating activities totaled $53.5 million for the nine months ended September 30, 2009 as compared to net cash used in operating activities of $231.3 million for the nine months ended September 30, 2008. The sharp decrease in cash used in operating activities during the nine months ended September 30, 2009 versus the same period last year was primarily due to lower bonus payments made in the current year. These decreases were partially offset by lower accruals for bonuses in the current year period.

Investing Activities

Net cash used in investing activities totaled $97.9 million for the nine months ended September 30, 2009, a decrease of $313.1 million as compared to the nine months ended September 30, 2008. The decrease was primarily driven by the higher use of cash in the prior year for in-fill acquisitions, purchases of real estate held for investment and capital expenditures.

Financing Activities

Net cash provided by financing activities totaled $202.2 million for the nine months ended September 30, 2009, a decrease of $498.0 million as compared to the nine months ended September 30, 2008. The decrease was largely due to activity under our Credit Agreement, including $300.0 million of proceeds received from an additional term loan in connection with the exercise of the accordion provision of our Credit Agreement and higher net borrowings under our revolving credit facility in the prior year as well as higher repayments of the senior secured term loans in the current year. Also contributing to the decrease was lower net proceeds from notes payable on real estate within our Development Services segment in the current year. These decreases were partially offset by proceeds received in connection with equity offerings and the issuance of our 11.625% senior subordinated notes in June 2009.

Indebtedness

Our level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay when due the principal of, interest on or other amounts due in respect of our indebtedness and other obligations. In addition, we may incur additional debt from time to time to

finance strategic acquisitions, investments, joint ventures or for other purposes, subject to the restrictions contained in the documents governing our indebtedness. If we incur additional debt, the risks associated with our leverage, including our ability to service our debt, would increase.

Most of our long-term indebtedness was incurred in connection with the Trammell Crow Company Acquisition in December 2006. The Trammell Crow Company Acquisition has expanded our global leadership and strengthened our ability to provide integrated account management and comprehensive real estate services for our clients.

Since 2001, we have maintained a credit agreement with Credit Suisse, or CS, and other lenders to fund strategic acquisitions and to provide for our working capital needs. On March 24, 2009, we entered into a second amendment and restatement to our credit agreement (the Credit Agreement) with a syndicate of banks led by CS, as administrative and collateral agent, amending and restating our amended and restated credit agreement dated December 20, 2006. In connection with this amendment and restatement, we wrote off financing costs of $29.3 million during the nine months ended September 30, 2009, which included the write-off of $18.1 million of unamortized deferred financing costs and $11.2 million of Credit Agreement amendment fees paid in March 2009. On August 24, 2009, we entered into a loan modification agreement to our Credit Agreement, which included the conversion of $41.9 million of amounts outstanding under our revolving credit facility to term loans.

Subsequent to the August 24, 2009 loan modification, our Credit Agreement includes the following: (1) a $558.1 million revolving credit facility, including revolving credit loans, letters of credit and a swingline loan facility, with tranche 1 in the amount of $357.6 million maturing on June 24, 2011 and tranche 2 in the amount of $200.5 million maturing on June 24, 2013; (2) an $871.5 million A term loan facility, which is further broken down as follows: i) a $335.5 million tranche A term loan facility requiring quarterly principal payments through September 30, 2011, with the balance payable on December 20, 2011; ii) a $48.6 million tranche A-1 term loan facility payable on December 20, 2013; iii) a $290.3 million tranche A-2 term loan facility, requiring quarterly principal payments of $8.7 million beginning March 30, 2010 and continuing through March 31, 2013, with the balance payable on June 24, 2013; and iv) a $197.1 million tranche A-3 term loan facility payable on December 20, 2013; and (3) a $943.5 million B term loan facility, which is further broken down as follows: i) a $646.6 million tranche B term loan facility requiring quarterly principal payments of $1.9 million through September 30, 2013, with the balance payable on December 20, 2013; and ii) a $296.9 million tranche B-1 term loan facility payable on December 20, 2015. During the nine months ended September 30, 2009, we repaid the following amounts: $252.3 million of our tranche A term loan facility, which was applied to the required 2009 principal repayments and a portion of the first quarter 2010 principal payment; $52.0 million of our tranche A-1 term loan facility, which covered all the required quarterly principal payments and a portion of the balance due at maturity; $87.1 million of our tranche A-2 term loan facility, which was applied to quarterly principal payments from the first quarter of 2010 through the second quarter of 2012; $29.6 million of our tranche A-3 term loan facility, which covered a portion of the balance due at maturity; $7.4 million of our tranche B term loan facility, which covered all required quarterly principal payments to date in 2009; and $0.9 million of our tranche B-1 term loan facility, which covered a portion of the balance due at maturity. These prepayments led to a reduction in the interest rate spreads governing our tranche A and A-1 term loan facilities as well as our revolving credit facility.

The revolving credit facility allows for borrowings outside of the United States, with sub-facilities of $5.0 million available to one of our Canadian subsidiaries, $35.0 million in aggregate available to one of our Australian and one of our New Zealand subsidiaries and $50.0 million available to one of our U.K. subsidiaries. Additionally, outstanding borrowings under these sub-facilities may be up to 5.0% higher as allowed under the currency fluctuation provision in the Credit Agreement. Borrowings under the revolving credit facility as of September 30, 2009 bear interest at varying rates, based at our option, on either the applicable fixed rate plus 2.25% to 4.00% or the daily rate plus 1.25% to 3.00% for the

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tranche 1 facility, and on either the applicable fixed rate plus 2.50% to 4.75% or the daily rate plus 1.50% to 3.75% for the tranche 2 facility, in all cases as determined by reference to our ratio of total debt less available cash to EBITDA (as defined in the Credit Agreement). As of September 30, 2009 and December 31, 2008, we had $41.1 million ($16.3 million under tranche 1 and $24.8 million under tranche 2) and $25.8 million, respectively, of revolving credit facility principal outstanding with related weighted average interest rates of 5.3% and 5.7%, respectively, which are included in short-term borrowings in the accompanying consolidated balance sheets. As of September 30, 2009, letters of credit totaling $24.5 million were outstanding under the revolving credit facility. These letters of credit primarily relate to letters of credit issued in the normal course of business as well as in connection with certain insurance programs and reduce the amount we may borrow under the revolving credit facility.

Borrowings under the term loan facilities as of September 30, 2009 bear interest, based on our option, on the following: for the tranche A term loan facility, on either the applicable fixed rate plus 2.75% to 4.50% or the daily rate plus 1.75% to 3.50%; for the tranche A-1 term loan facility, on either the applicable fixed rate plus 3.50% to 4.50% or the daily rate plus 2.50% to 3.50%; for the tranche A-2 term loan facility, on either the applicable fixed rate plus 3.25% to 5.50% or the daily rate plus 2.25% to 4.50%; for the tranche A-3 term loan facility, on either the applicable fixed rate plus 4.00% to 5.00% or the daily rate plus 3.00% to 4.00%; for the tranche B term loan facility, on either the applicable fixed rate plus 4.00% to 5.00% or the daily rate plus 3.00% to 4.00%; and for the tranche B-1 term loan facility, on either the applicable fixed rate plus 4.50% to 5.50% or the daily rate plus 3.50% to 4.50%. For all term loan facilities, both the fixed rate and daily rate options are determined by reference to our ratio of total debt less available cash to EBITDA (as defined in the Credit Agreement). The tranche A-1 and A-3 term loan facilities include a targeted outstanding amount (as defined in the Credit Agreement) provision that will increase the interest rate by 2% if the outstanding balance exceeds the targeted outstanding amount at the end of each quarter. As of September 30, 2009 and December 31, 2008, the outstanding balance did not exceed the targeted outstanding amount. As of September 30, 2009 and December 31, 2008, we had $326.3 million and $827.0 million of tranche A term loan facility principal outstanding, respectively, $48.6 million and $297.8 million of tranche A-1 term loan facility principal outstanding, respectively, and $644.7 million and $949.0 million of tranche B term loan facility principal outstanding, respectively, which are included in the accompanying consolidated balance sheets. As of September 30, 2009, we also had $203.2 million, $167.5 million and $296.1 million of tranche A-2 term loan facility principal outstanding, tranche A-3 term loan facility principal outstanding and tranche B-1 term loan facility principal outstanding, respectively, which are also included in the accompanying consolidated balance sheets.

On February 26, 2007, we entered into two interest rate swap agreements with a total notional amount of $1.4 billion and a maturity date of December 31, 2009. The purpose of these interest rate swap agreements is to hedge potential changes to our cash flows due to the variable interest nature of our senior secured term loan facilities. On March 20, 2007, these interest rate swaps were designated as cash flow hedges. We incurred a loss on these interest rate swaps from the date we entered into the swaps up to the designation date of approximately $3.9 million. There was no hedge ineffectiveness for the nine months ended September 30, 2009 and 2008. On March 20, 2008, the total notional amount of the interest rate swap agreements was reduced to $950.0 million and on March 20, 2009, was further reduced to $410.0 million. As of September 30, 2009 and December 31, 2008, the fair values of these interest rate swap agreements were reflected as a $5.5 million liability and an $18.3 million liability, respectively, and were included in other current liabilities in the accompanying consolidated balance sheets.

The Credit Agreement is jointly and severally guaranteed by us and substantially all of our domestic subsidiaries. Borrowings under our Credit Agreement are secured by a pledge of substantially all of the capital stock of our U.S. subsidiaries and 65% of the capital stock of certain non-U.S. subsidiaries, and by a security interest in substantially all of the personal property of the U.S.

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subsidiaries. Also, the Credit Agreement requires us to pay a fee based on the total amount of the revolving credit facility commitment.

On June 18, 2009, CBRE, our wholly-owned subsidiary, issued $450.0 million in aggregate principal amount of 11.625% senior subordinated notes due June 15, 2017 for approximately $435.9 million, net of discount. The 11.625% senior subordinated notes are unsecured senior subordinated obligations of CBRE and are jointly and severally guaranteed on a senior subordinated basis by us and our domestic subsidiaries that guarantee our Credit Agreement. Interest accrues at a rate of 11.625% per year and is payable semi-annually in arrears on June 15 and December 15. The 11.625% senior subordinated notes are redeemable at our option, in whole or in part, on or after June 15, 2013 at 105.813% of par on that date and at declining prices thereafter. At any time prior to June 15, 2013, the 11.625% senior subordinated notes may be redeemed by us, in whole or in part, at a price equal to 100% of the principal amount, plus accrued and unpaid interest and an applicable premium (as defined in the indenture governing these notes), which is based on the present value of the June 15, 2013 redemption price plus all remaining interest payments through June 15, 2013. In addition, prior to June 15, 2012, up to 35.0% of the original issued amount of the 11.625% senior subordinated notes may be redeemed at 111.625% of par, plus accrued and unpaid interest, solely with the net cash proceeds from public equity offerings. In the event of a change of control (as defined in the indenture governing our 11.625% senior subordinated notes), we are obligated to make an offer to purchase the remaining 11.625% senior subordinated notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest. The amount of the 11.625% senior subordinated notes included in the accompanying consolidated balance sheets, net of unamortized discount, was $436.2 million at September 30, 2009.

Our Credit Agreement and the indenture governing our 11.625% senior subordinated notes contain numerous restrictive covenants that, among other things, limit our ability to incur additional indebtedness, pay dividends or make distributions to stockholders, repurchase capital stock or debt, make investments, sell assets or subsidiary stock, create or permit liens on assets, engage in transactions with affiliates, enter into sale/leaseback transactions, issue subsidiary equity and enter into consolidations or mergers. Our Credit Agreement also currently requires us to maintain a minimum coverage ratio of EBITDA (as defined in the Credit Agreement) to total interest expense of 2.00x through March 31, 2011 and 2.25x thereafter and a maximum leverage ratio of total debt less available cash to EBITDA (as defined in the Credit Agreement) of 4.25x through March 31, 2011 and 3.75x thereafter. Our ability to meet these financial ratios can be affected by events beyond our control, and we cannot assure that we will be able to meet those ratios when required. We significantly reduced our cost structure during 2008 and have continued to further reduce costs in 2009. As a result, our 2009 projections show that we will be well within compliance with the minimum coverage ratio and the maximum leverage ratio. We continue to monitor our projected compliance with these financial ratios and other terms of our Credit Agreement.

From time to time, Moody's Investor Service, Inc. and Standard & Poor's Ratings Services rate our senior debt. On February 12, 2009, Moody's downgraded our senior debt ratings from Ba1 to Ba2 with a negative outlook. Further, on March 10, 2009, Standard & Poor's downgraded our ratings from BB+ to BB, and a recovery rating of 3 with a negative outlook. On June 10, 2009, Moody's assigned a rating of Ba3 and Standard & Poor's assigned a rating of B+ with a recovery rating of 6 to our 11.625% senior subordinated notes due June 15, 2017. Neither the Moody's nor the Standard & Poor's ratings impact our ability to borrow under our Credit Agreement. However, these ratings may impact our ability to borrow under new agreements in the future and the interest rates of any such future borrowings.

We had short-term borrowings of $239.9 million and $246.1 million with related average interest rates of 2.9% and 2.2% as of September 30, 2009 and December 31, 2008, respectively.

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On March 2, 2007, we entered into a $50.0 million credit note with Wells Fargo Bank for the purpose of purchasing eligible investments, which include cash equivalents, agency securities, A1/P1 commercial paper and eligible money market funds. The proceeds of this note are not made generally available to us, but instead deposited in an investment account maintained by Wells Fargo Bank and used and applied solely to purchase eligible investment securities. This agreement has been amended several times and as of September 30, 2009, provides for a $40.0 million revolving credit note, bears interest at 0.25% and has a maturity date of November 1, 2010. As of September 30, 2009 and December 31, 2008, there were no amounts outstanding under this revolving credit note.

On March 4, 2008, we entered into a $35.0 million credit and security agreement with Bank of America, or BofA, for the purpose of purchasing eligible financial instruments, which include A1/P1 commercial paper, U.S. Treasury securities, GSE discount notes (as defined in the credit and security agreement) and money market funds. The proceeds of this note are not made generally available to us, but instead deposited in an investment account maintained by BofA and used and applied solely to purchase eligible financial instruments. Borrowings under the revolving note bear interest at 1.0%. In February 2009, the amount available to us under this arrangement was reduced to $5.0 million and the maturity date was extended to February 28, 2010. As of September 30, 2009 and December 31, 2008, there were no amounts outstanding under this revolving note.

On August 19, 2008, we entered into a $15.0 million uncommitted facility with First Tennessee Bank for the purpose of purchasing investments, which include cash equivalents, agency securities, A1/P1 commercial paper and eligible money market funds. The proceeds of this facility are not made generally available to us, but instead are held in a collateral account maintained by First Tennessee Bank. Borrowings under this facility bear interest at 0.25% and had an original maturity date of August 3, 2009. Effective August 3, 2009, the amount available under the agreement was reduced to $4.0 million and the maturity date was extended to August 3, 2010. As of September 30, 2009 and December 31, 2008, there were no amounts outstanding under this facility.

Our wholly-owned subsidiary CBRE Capital Markets has the following warehouse lines of credit: credit agreements with JP Morgan Chase Bank, N.A., or JP Morgan, and BofA for the purpose of funding mortgage loans that will be resold, and a funding arrangement with Red Mortgage Capital Inc., or Red Capital, for the purpose of funding originations of multi-family property mortgage loans and a funding arrangement with Fannie Mae for the purpose of selling a percentage of certain closed multi-family loans.

On November 15, 2005, CBRE Capital Markets entered into a secured credit agreement with JP Morgan to establish a warehouse line of credit. This agreement has been amended several times and as of September 30, 2009, provides for a $210.0 million senior secured revolving line of credit, bears interest at the daily Chase-London LIBOR plus 2.00% and has a maturity date of January 29, 2010.

On April 16, 2008, CBRE Capital Markets entered into a secured credit agreement with BofA to establish a warehouse line of credit. This agreement has been amended several times and as of September 30, 2009, provides for a $125.0 million senior secured revolving line of credit, bears interest at the daily one-month LIBOR plus 2.75% and has a maturity date of April 14, 2010.

In February 2008, CBRE Capital Markets established a funding arrangement with Red Capital for the purpose of funding originations of Freddie Mac and Fannie Mae multi-family property mortgage loans. Each funding is separately approved on a transaction-by-transaction basis where Red Capital commits to purchase a 100% participation interest in qualifying mortgage loans that are subject to a rate-lock commitment from Freddie Mac or Fannie Mae. Under this arrangement, a participation is funded when a mortgage loan is originated, on a servicing retained basis, subject to CBRE Capital Market's obligation to repurchase the participation interest upon ultimate sale of the mortgage loan to Freddie Mac or Fannie Mae. The maximum availability to any one entity is $150.0 million and is reduced by any outstanding participation interests with any other entity. Additionally, no individual

mortgage loan financed under the arrangement can exceed $50.0 million. Effective September 19, 2008, the rate on borrowings was the National City Bank one-month internal funds transfer rate plus 1.75%. Effective March 1, 2009, Red Capital established a new rate on borrowings of daily one-month LIBOR plus 2.50%. The funding arrangements will be terminated by Red Capital effective November 30, 2009. Any outstanding line balances must be completely settled and paid off by December 15, 2009.

In August 2009, CBRE Capital Markets entered into a funding arrangement with Fannie Mae under its Multifamily As Soon As Pooled Plus Agreement and its Multifamily As Soon As Pooled Sale Agreement (ASAP Program). Under the ASAP Program, CBRE Capital Markets may elect, on a transaction by transaction basis, to sell a percentage of certain closed multifamily loans to Fannie Mae on an expedited basis. After all contingencies are satisfied, the ASAP Program requires that CBRE Capital Markets repurchase the interest in the multifamily loan previously sold to Fannie Mae followed by either a full delivery back to Fannie Mae via whole loan execution or a securitization into a mortgage backed security. Currently, the maximum outstanding under the ASAP Program cannot exceed $150.0 million and, between the sale date to Fannie Mae and the repurchase date by CBRE Capital Markets, the outstanding balance bears interest and is payable to Fannie Mae at the daily LIBOR rate plus 1.35% with a LIBOR floor of 0.35%.

During the nine months ended September 30, 2009, we had a maximum of $508.0 million of warehouse lines of credit principal outstanding. As of September 30, 2009 and December 31, 2008, we had $193.0 million and $210.5 million of warehouse lines of credit principal outstanding, respectively, which are included in short-term borrowings in the accompanying consolidated balance sheets. Additionally, we had $193.0 million and $210.5 million of mortgage loans held for sale (warehouse receivables), which represented mortgage loans funded through the lines of credit that, while committed to be purchased, had not yet been purchased as of September 30, 2009 and December 31, 2008, respectively, and which are also included in the accompanying consolidated balance sheets.

On July 31, 2006, CBRE Capital Markets entered into a revolving credit note with JP Morgan for the purpose of purchasing qualified investment securities, which include but are not limited to U.S. Treasury and Agency securities. This agreement has been amended several times and as of September 30, 2009, provides for a $100.0 million revolving credit note, bears interest at 0.50% and has a maturity date of January 29, 2010. As of September 30, 2009 and December 31, 2008, there were no amounts outstanding under this revolving credit note.

On April 30, 2007, Trammell Crow Company Acquisitions II, L.P. (Acquisitions II), a consolidated limited partnership within our Development Services segment, entered into a $100.0 million revolving credit agreement with WestLB AG, as administrative agent for a lender group. During the second quarter of 2009, Acquisitions II opted to reduce the amount available under this credit agreement to $50.0 million. Borrowings under this credit agreement are used to fund acquisitions of real estate prior to receipt of capital contributions from Acquisitions II investors and permanent project financing, and are limited to a portion of unfunded capital commitments of certain Acquisitions II investors. As of September 30, 2009, borrowing capacity under this agreement, net of outstanding amounts drawn, was $22.4 million. Borrowings under this agreement bear interest at the daily British Bankers Association LIBOR rate plus 0.65% and this agreement expires on April 30, 2010. Subject to certain conditions, Acquisitions II can extend the maturity date of the credit facility for an additional term of not longer than six months. Borrowings under the line are non-recourse to us and are secured by the capital commitments of the investors in Acquisitions II. As of September 30, 2009 and December 31, 2008, there was $5.5 million and $8.0 million, respectively, outstanding under this revolving credit note included in short-term borrowings in the accompanying consolidated balance sheets.

In connection with our acquisition of Westmark Realty Advisors in 1995 (now known as CB Richard Ellis Investors), we issued approximately $20.0 million in aggregate principal amount of senior notes. The Westmark senior notes were redeemable at the discretion of the note holder and had a final

maturity date of June 30, 2010. The interest rate on the Westmark senior notes was equal to the interest rate in effect for amounts outstanding under our Credit Agreement plus 12 basis points. The amount of the Westmark senior notes included in short-term borrowings in the accompanying consolidated balance sheets was $1.1 million as of December 31, 2008. In January 2009, the remaining outstanding balance of $1.1 million was redeemed by the final note holder.

Insignia, which we acquired in July 2003, issued loan notes as partial consideration for previous acquisitions of businesses in the United Kingdom. The acquisition loan notes are payable to the sellers of the previously acquired U.K. businesses and are secured by restricted cash deposits in approximately the same amount. The acquisition loan notes are redeemable semi-annually at the discretion of the note holder and have a final maturity date of April 2010. As of September 30, 2009 and December 31, 2008, $0.4 million and $0.7 million, respectively, of the acquisition loan notes were outstanding and are included in short-term borrowings in the accompanying consolidated balance sheets.

In July 2008, in connection with the purchase of the remaining 50% ownership interest we did not already own in our affiliate CB Richard Ellis Tucson, LLC, we issued a loan note that is payable to the seller. In June 2009, the purchase price was reduced, resulting in partial reduction of the loan amount by $1.2 million, with the remainder due on June 30, 2010. The amount of the CB Richard Ellis Tucson, LLC loan note included in the accompanying consolidated balance sheets at September 30, 2009 and December 31, 2008 was $0.2 million and $1.6 million, respectively.

A significant number of our subsidiaries in Europe have had a Euro cash pool loan since 2001, which is used to fund their short-term liquidity needs. The Euro cash pool loan is an overdraft line for our European operations issued by HSBC Bank. The Euro cash pool loan has no stated maturity date and bears interest at varying rates based on a base rate as defined by HSBC Bank plus 2.5%. At both September 30, 2009 and December 31, 2008, there were no amounts outstanding under this facility.

Deferred Compensation Plan Obligations

Historically, we have maintained four DCPs in which, in prior years, our highly compensated employees, including members of management, were allowed to elect, prior to the beginning of each calendar year, to defer receipt of some or all of their compensation for the next year until a future distribution date and have it credited to one or more of several funds in the respective DCPs. Because a substantial majority of the deferrals under our DCPs had distribution dates based upon the end of a relevant participant's employment with us, we had an ongoing obligation to make distributions to these participants as they left our employment. In addition, in prior years, participants were permitted to make unscheduled in-service withdrawals of amounts deferred prior to January 1, 2005, subject to a 7.5% penalty.

On November 5, 2008, based on prevailing market conditions, our board of directors authorized our Chief Executive Officer to modify or terminate our U.S. DCPs, subject to applicable regulatory requirements. We notified participants that we would merge the DCPs and modify the remaining DCP pursuant to the transition rules under Internal Revenue Code Section 409A to allow participants to make new distribution elections prior to December 31, 2008 to receive distributions of plan assets at dates they specified in 2009. In December of 2008, all of our DCPs were merged into one DCP. These actions also accelerated future distributions from the DCP of cash and shares of our Class A common stock to the participants of such DCP during the nine months ended September 30, 2009, but did not have a material effect on our consolidated statement of operations. The DCP is substantially fully-funded and the shares still to be distributed are included in our earnings per share calculations. In connection with 2009 distributions to the participants, we expect to receive a cash tax benefit of approximately $100 million. Upon completion of the distribution process, we expect the DCP will be terminated. Included in the accompanying consolidated balance sheets were DCP liabilities of $4.1 million and $244.9 million at September 30, 2009 and December 31, 2008, respectively.

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Pension Liability

Our subsidiaries based in the United Kingdom maintain two contributory defined benefit pension plans to provide retirement benefits to existing and former employees participating in the plans. With respect to these plans, our historical policy has been to contribute annually an amount to fund pension cost as actuarially determined and as required by applicable laws and regulations. Our contributions to these plans are invested and, if these investments do not perform in the future as well as we expect, we will be required to provide additional funding to cover the shortfall. During 2007, we reached agreements with the active members of these plans to freeze future pension plan benefits. In return, the active members became eligible to enroll in the CBRE Group Personal Pension Plan, a defined contribution plan in the United Kingdom. The pension liability in the accompanying consolidated balance sheets was $21.3 million and $19.8 million at September 30, 2009 and December 31, 2008, respectively.

We expect to contribute a total of $3.5 million to fund our pension plans for the year ending December 31, 2009, of which $2.5 million was funded as of September 30, 2009.

Other Obligations and Commitments

We had outstanding letters of credit totaling $33.1 million as of September 30, 2009, 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. These letters of credit are primarily executed by us in the normal course of business as well as in connection with certain insurance programs. The letters of credit expire at varying dates through July 2010.

We had guarantees totaling $31.8 million as of September 30, 2009, excluding guarantees related to consolidated indebtedness and pension liabilities for which we have outstanding liabilities already accrued on our consolidated balance sheet as well as operating leases. These guarantees primarily consist of guarantees related to our defined benefit pension plans in the United Kingdom (in excess of our outstanding pension liability of $21.3 million as of September 30, 2009). The remaining guarantees include debt repayment guarantees of unconsolidated subsidiaries as well as various guarantees of management contracts in our operations overseas. The guarantee obligations related to debt repayment guarantees of unconsolidated subsidiaries expire at varying dates through November 2010. The other guarantees will expire at the end of each of the respective agreements.

In addition, as of September 30, 2009, we had numerous completion and budget guarantees relating to development projects. These guarantees are made by us in the normal course of our Development Services business. Each of these guarantees requires us to complete construction of the relevant project within a specified timeframe and/or within a specified budget, with us potentially being liable for costs to complete in excess of such timeframe or budget. However, we generally have "guaranteed maximum price" contracts with reputable general contractors with respect to projects for which we provide these guarantees. These contracts are intended to pass the risk to such contractors. While there can be no assurance, we do not expect to incur any material losses under these guarantees.

From time to time, we act as a general contractor with respect to construction projects. We do not consider these activities to be a material part of our business. In connection with these activities, we seek to subcontract construction work for certain projects to reputable subcontractors. Should construction defects arise relating to the underlying projects, we could potentially be liable to the client for the costs to repair such defects, although we would generally look to the subcontractor that performed the work to remedy the defect and also look to insurance policies that cover this work. While there can be no assurance, we do not expect to incur material losses with respect to construction defects.

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In January 2008, CBRE Capital Markets entered into an agreement with Fannie Mae, under Fannie Mae's Delegated Underwriting and Servicing (DUS) Lender Program, to provide financing for apartments with five or more units. Under the DUS Program, CBRE Capital Markets originates, underwrites, closes and services loans without prior approval by Fannie Mae, and in selected cases, is subject to sharing up to one-third of any losses on loans issued under the DUS program. CBRE Capital Markets has funded loans subject to such loss sharing arrangements with unpaid principal balances of $770.0 million. Additionally, CBRE Capital Markets has funded loans under the DUS program that are not subject to loss sharing arrangements with unpaid principal balances of approximately $261.7 million. CBRE Capital Markets, under its agreement with Fannie Mae, must post cash reserves under formulas established by Fannie Mae to provide for sufficient capital in the event losses occur. As of September 30, 2009, CBRE Capital Markets had $1.0 million of cash reserved under this arrangement.

An important part of the strategy for our Global Investment Management business involves investing our capital in certain real estate investments with our clients. These co-investments typically range from 2% to 5% of the equity in a particular fund. As of September 30, 2009, we had aggregate commitments of $46.9 million to fund future co-investments, of which $11.4 million is expected to be funded during the fourth quarter of 2009. In addition to required future capital contributions, some of the co-investment entities may request additional capital from us and our subsidiaries holding investments in those assets and the failure to provide these contributions could have adverse consequences to our interests in these investments.

Additionally, an important part of our Development Services business strategy is to invest in unconsolidated real estate subsidiaries as a principal (in most cases co-investing with our clients). As of September 30, 2009, we had committed to fund $32.7 million of additional capital to these unconsolidated subsidiaries, which may be called at any time.

Seasonality

A significant portion of our revenue is seasonal, which can affect an investor's ability to compare our financial condition and results of operations on a quarter-by-quarter basis. Historically, this seasonality has caused our revenue, operating income, net income and cash flow from operating activities to be lower in the first two quarters and higher in the third and fourth quarters of each year. While third quarter 2009 revenues did increase, there can be no assurance that the seasonality trend will occur in the fourth quarter of 2009 given current economic conditions. Earnings and cash flow have historically been particularly concentrated in the fourth quarter due to investors and companies focusing on completing transactions prior to calendar year-end. This has historically resulted in lower profits or a loss in the first and second quarters, with revenue and profitability improving in each subsequent quarter.

New Accounting Pronouncements

In the third quarter of 2009, we adopted the provisions of the Financial Accounting Standards Board, or FASB, Codification literature (formerly known as Statement of Financial Accounting Standards, or SFAS, No. 168). As a result, all references to accounting literature in this Quarterly Report on Form 10-Q refer to the Codification literature.

In December 2008, the FASB issued FASB Staff Position SFAS No. 132R-1, "*Employers' Disclosures about Postretirement Benefit Plan Assets,*" which is now included in the "*Compensation-Retirement Benefits*" Topic of the FASB Accounting Standards Codification, or ASC, (Topic 715), requiring employers to provide additional disclosures about plan assets of a defined benefit pension or other post-retirement plan. These disclosures should principally include information detailing investment policies and strategies, the major categories of plan assets, the inputs and valuation techniques used to

measure the fair value of plan assets and an understanding of significant concentrations of risk within plan assets. The disclosures required shall be provided for fiscal years ending after December 15, 2009. We are currently evaluating the disclosure impact of adoption on our consolidated financial statements.

In June 2009, the FASB issued SFAS No. 166, "*Accounting for Transfers of Financial Assets, an amendment of SFAS No. 140,*" which is now included in the "*Transfers and Servicing*" Topic of the FASB ASC (Topic 860). Such literature eliminates the concept of a "qualifying special-purpose entity," changes the requirements for derecognizing financial assets, and requires additional disclosures in order to enhance information reported to users of financial statements by providing greater transparency about transfers of financial assets, including securitization transactions, and an entity's continuing involvement in and exposure to the risks related to transferred financial assets, effective for fiscal years beginning after November 15, 2009. We are currently evaluating the impact of adoption on our consolidated financial position and results of operations.

In June 2009, the FASB issued SFAS No. 167, "*Amendments to FASB Interpretation No. 46(R)*," which is now included in the "*Consolidation*" Topic of the FASB ASC (Topic 810). Such literature (1) addresses the elimination of the concept of a qualifying special purpose entity, (2) replaces the quantitative-based risks and rewards calculation for determining which enterprise has a controlling financial interest in a variable interest entity with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity and the obligation to absorb losses of the entity or the right to receive benefits from the entity and (3) provides more timely and useful information about an enterprise's involvement with a variable interest entity. This literature is effective for fiscal years beginning after November 15, 2009, with earlier adoption prohibited. We are currently evaluating the impact of adoption on our consolidated financial position and results of operations.

In August 2009, the FASB issued Accounting Standards Update, or ASU, No. 2009-05 "*Fair Value Measurements and Disclosures (Topic 820) Measuring Liabilities at Fair Value.*" ASU No. 2009-05 provides clarification on measuring liabilities at fair value in circumstances in which a quoted price in an active market is not available. ASU No. 2009-05 also clarifies that both a quoted price in an active market for an identical liability at the measurement date and the quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are Level 1 fair value measurements. This literature is effective for fiscal years and interim periods beginning after August 28, 2009. We are currently evaluating the impact of adoption on our consolidated financial position and results of operations.

In September 2009, the FASB issued ASU No. 2009-12, "*Fair Value Measurements and Disclosures (Topic 820) Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*." This ASU provides amendments for the fair value measurement of investments to create a practical expedient to measure the fair value of an investment in certain entities on the basis of the net asset value per share of the investment (or its equivalent) determined as of the reporting entity's measurement date. Therefore, certain attributes of the investment (such as restrictions on redemption) and transaction prices from principal-to-principal or brokered transactions will not be considered in measuring the fair value of the investment if the practical expedient is used. The amendment in this ASU also requires disclosures by major category of investment about the attributes of those investments, such as the nature of any restrictions on the investor's ability to redeem its investments at measurement date, any unfunded commitments, and the investment strategies of the investees. ASU No. 2009-12 is effective for interim and annual periods ending after December 15, 2009. We are currently evaluating the impact of adoption on our consolidated financial position and results of operations.

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Forward-Looking Statements

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

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

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

- disruptions in general economic and business conditions, particularly in geographies where our business may be concentrated, such as the recessions currently being experienced in the United States and many European and Asian economies;

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

- increases in unemployment and general slowdowns in commercial activity;

- our leverage and ability to refinance existing indebtedness or incur additional indebtedness;

- an increase in our debt service obligations;

- our ability to generate a sufficient amount of cash from operations to satisfy working capital requirements and to service our existing and future indebtedness;

- our ability to reduce debt and achieve cash interest savings;

- our ability to comply with the financial ratio covenants under our Credit Agreement;

- the impairment or weakened financial condition of certain of our clients;

- client actions to restrain project spending and reduce outsourced staffing levels as well as the potential loss of clients due to consolidation or bankruptcies in our outsourcing business;

- the impairment of our goodwill and other intangible assets as a result of business deterioration or our stock price falling;

our ability to achieve estimated cost savings in connection with our existing or future cost reduction plans and achieve improvements in operating efficiency;

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

foreign currency fluctuations;

adverse changes in the securities markets;

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our ability to retain our senior management and attract and retain qualified and experienced employees;

our ability to attract new user and investor clients;

our ability to retain major clients and renew related contracts;

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

changes in the key components of revenue growth for large commercial real estate services companies, including consolidation of client accounts and increasing levels of institutional ownership of commercial real estate;

trends in use of large, full-service commercial real estate providers;

trends in pricing for commercial real estate services;

tax deductions that may be available to us in connection with distributions in 2009 to participants under our U.S. deferred compensation plans;

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

our ability to maximize cross-selling opportunities;

diversification of our client base;

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

changes in social, political and economic conditions in the foreign countries in which we operate;

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;

variability in our results of operations among quarters;

future acquisitions may not be available at favorable prices or upon advantageous terms and conditions;

costs relating to the acquisition of businesses we may acquire could be higher than anticipated;

integration issues arising out of our acquisition of companies, including our ability to improve operating efficiencies as much as anticipated;

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

our failure to comply with the laws and regulations applicable to real estate brokerage and mortgage transactions;

our exposure to liabilities in connection with real estate brokerage and property management activities;

the failure of properties managed by us, or owned by our investment programs, to perform as anticipated;

reputational harm resulting from losses in our investment business and related litigation;

the success of our co-investment and joint venture activities;

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- the failure of our Global Investment Management segment to comply with applicable laws and regulations governing its role as a registered investment advisor;

- the ability of our Global Investment Management segment to realize values in investment funds sufficient to offset incentive compensation expense related thereto;

- our ability to sufficiently protect our intellectual property, including protection of our global brand;

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

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

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

- the other factors described elsewhere in this quarterly report on Form 10-Q, included under the heading "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies," and "Quantitative and Qualitative Disclosures About Market Risk," or as described in our Annual Report on Form 10-K for the year ended December 31, 2008, as amended by the Current Report on Form 8-K filed with the Securities and Exchange Commission on September 11, 2009.

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

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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 Annual Report on Form 10-K for the year ended December 31, 2008. Our exposure to market risk consists of foreign currency exchange rate fluctuations related to our international operations and changes in interest rates on debt obligations.

During the nine months ended September 30, 2009, approximately 38.1% of our business was transacted in local currencies of foreign countries, the majority of which includes the euro, the British pound sterling, the Canadian dollar, the Hong Kong dollar, the Japanese yen, the Singapore dollar, the Australian dollar and the Indian rupee. We attempt to manage our exposure primarily by balancing assets and liabilities and maintaining cash positions in foreign currencies only at levels necessary for operating purposes. We routinely monitor our exposure to currency exchange rate changes in connection with transactions and sometimes enter into foreign currency exchange swap, option and forward contracts to limit our exposure to such transactions, as appropriate. In the normal course of business, we also sometimes utilize derivative financial instruments in the form of foreign currency exchange contracts to mitigate foreign currency exchange exposure resulting from inter-company loans, expected cash flow and earnings. We apply the "*Derivatives and Hedging*" Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) (Topic 815) when accounting for any such contracts. In all cases, we view derivative financial instruments as a risk management tool and, accordingly, do not engage in any speculative activities with respect to foreign currency.

On December 22, 2008, we entered into a foreign currency exchange swap contract with an aggregate notional amount of 39.5 million British pounds sterling, which expired on February 18, 2009, at which time we entered into another contract with similar terms that was settled on April 6, 2009. On May 12, 2009, we entered into an option agreement to sell a notional amount of 25.0 million of Euros, which expires on December 29, 2009. On June 26, 2009, we entered into two option agreements, including one to sell a notional amount of 5.5 million of British pounds sterling, which was exercised on September 28, 2009, and one to sell 10.0 million of British pounds sterling, which expires on December 29, 2009. Included in the consolidated statements of operations were charges of $0.7 million and $2.9 million for the three and nine months ended September 30, 2009, respectively, resulting from net losses on foreign currency exchange option and swap contracts.

We also enter into loan commitments that relate to the origination or acquisition of commercial mortgage loans that will be held for resale. FASB ASC Topic 815 requires that these commitments be recorded at their relative fair values as derivatives. The net impact on our financial position or earnings resulting from these derivatives contracts has not been significant.

Based upon information from third-party banks, the estimated fair value of our senior secured term loans was approximately $1.6 billion at September 30, 2009. Based on dealers' quotes at September 30, 2009, the estimated fair value of our 11.625% senior subordinated notes was $459.1 million.

On February 26, 2007, we entered into two interest rate swap agreements with a total notional amount of $1.4 billion and a maturity date of December 31, 2009. The purpose of these interest rate swap agreements is to hedge potential changes to our cash flows due to the variable interest nature of our senior secured term loan facilities. On March 20, 2007, these interest rate swaps were designated as cash flow hedges. We incurred a loss on these interest rate swaps from the date we entered into the swaps up to the designation date of approximately $3.9 million. There was no hedge ineffectiveness for the nine months ended September 30, 2009 and 2008. On March 20, 2008, the total notional amount of the interest rate swap agreements was reduced to $950.0 million and on March 20, 2009, was reduced

further to $410.0 million. As of September 30, 2009, the fair value of the interest rate swap agreements was reflected as a $5.5 million liability and was included in other current liabilities in the accompanying consolidated balance sheets.

We utilize sensitivity analyses to assess the potential effect of interest rate changes on our variable rate debt. If interest rates were to increase by 55 basis points, which would comprise approximately 10% of the weighted average interest rates of our outstanding variable rate debt, excluding notes payable on real estate, at September 30, 2009, the net impact would be an increase of $7.9 million on pre-tax loss and cash used in operating activities for the nine months ended September 30, 2009.

We also have $554.9 million of notes payable on real estate as of September 30, 2009. Interest costs relating to notes payable on real estate include both interest that is expensed and interest that is capitalized as part of the cost of real estate. If interest rates were to increase by 10%, our total estimated interest cost related to these notes payable would increase by approximately $2.0 million for the nine months ended September 30, 2009. From time to time, we enter into interest rate swap and cap agreements in order to limit our interest expense related to our notes payable on real estate. If any of these agreements are not designated as effective hedges, then they are marked to market each period with the change in fair market value recognized in current period earnings. There was no significant net impact on our earnings resulting from gains and/or losses on interest rate swap and cap agreements associated with notes payable on real estate for the nine months ended September 30, 2009.

ITEM 4. CONTROLS AND PROCEDURES

Our policy for disclosure controls and procedures provides guidance on the evaluation of disclosure controls and procedures and is designed to ensure that all corporate disclosure is complete and accurate in all material respects and that all information required to be disclosed in the periodic reports submitted by us under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods and in the manner specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Our Disclosure Committee consisting of the principal accounting officer, general counsel, chief communication officer, senior officers of each significant business line and other select employees assisted the Chief Executive Officer and the Chief Financial Officer in this evaluation. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as required by the Securities Exchange Act Rule 13a-15(c) as of the end of the period covered by this report.

No changes in our internal control over financial reporting occurred during the fiscal quarter ended September 30, 2009 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

We are a party to a number of pending or threatened lawsuits arising out of, or incident to, our ordinary course of business. Our management believes that any liability imposed on us that may result

from disposition of these lawsuits will not have a material effect on our business, consolidated financial position, cash flows or results of operations.

ITEM 1A. RISK FACTORS

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

The success of our business is significantly related to general economic conditions and, accordingly, our business has been and could continue to be harmed by the economic slowdown and downturn in real estate asset values, property sales and leasing activities.

Periods of economic slowdown or recession, significantly rising interest rates, declining employment levels, decreasing demand for real estate, declining real estate values, or the public perception that any of these events may occur, can reduce volumes for many of our business lines. These economic conditions have resulted in and could continue to result in a general decline in acquisition, disposition and leasing activity, as well as a general decline in the value of real estate and in rents, which in turn would reduce revenue from property management fees and brokerage commissions derived from property sales, leases and mortgage brokerage as well as revenues associated with investment management and/or development activities. In addition, these conditions have led and could continue to lead to a decline in property sales prices as well as a decline in funds invested in existing commercial real estate assets and properties planned for development. Because our development and investment strategy often entails making relatively modest investments alongside our investor clients, our ability to conduct these activities depends in part on the supply of investment capital for commercial real estate and related assets. Economic downturns have reduced, and may continue to reduce, the amount of loan originations and related servicing by our commercial mortgage brokerage business.

During an economic downturn, it may also take longer for us to dispose of real estate investments or the selling prices may be lower than originally anticipated. As a result, the carrying value of our real estate investments may become impaired and we could record losses as a result of such impairment or we could experience reduced profitability related to declines in real estate values. Further, as a result of our debt level and the terms of our existing debt instruments, our exposure to adverse general economic conditions is heightened.

Recently, the availability and cost of credit, a declining real estate market (in particular, in those markets in which we have generated significant transaction revenues in the past, such as the United States) and geopolitical issues have contributed to increased volatility and diminished expectations for the economy and the markets going forward. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have precipitated an economic slowdown and a global recession. The fragility of the credit markets and the current economic environment have impacted real estate services companies like ours through liquidity restrictions, falling transaction volumes, lower real estate valuations, market volatility and fluctuations, and loss of confidence. Similar to other commercial real estate services firms, our transaction volumes fell throughout 2008 and the first nine months of 2009 and our stock price has declined significantly.

These negative general economic conditions could continue to reduce the overall amount of sale and leasing activity in the commercial real estate industry, and hence the demand for our services. We

are unable to predict the likely duration and severity of the current disruption in financial markets and adverse economic conditions in the United States and other countries. Our revenues and profitability depend on the overall demand for our services from our clients. While it is possible that the increase in the number of distressed sales and resulting decrease in asset prices will eventually translate to greater market activity, the current overall reduction in sales transaction volume continues to materially and adversely impact our business.

If the conditions prevalent in the economy and the real estate industry in 2008 and 2009 continue for an extended period or worsen in the future, our business performance and profitability could continue to fall. If this were to occur, we could fail to comply with certain financial covenants in our credit agreement which would force us to seek another waiver and amendment with the lenders under our credit agreement, and no assurance can be given that we will be able to obtain any necessary waivers or amendments on satisfactory terms, if at all. In addition, in an extreme deterioration of our business, we could have insufficient liquidity to meet our debt service obligations when they come due in future years. If we fail to meet our payment or other obligations under our credit agreement, the lenders under the agreement will be entitled to proceed against the collateral granted to them to secure the debt owed.

Recent adverse developments in the credit markets and the risk of continued market deterioration have adversely affected and may continue to adversely affect our business, results of operations and financial condition.

Our capital markets business, which includes debt and equity financing services, investment property sales, Global Investment Management and Development Services businesses, are sensitive to credit cost and availability as well as market place liquidity. Additionally, the revenues in all of our businesses are dependent to some extent on the overall volume of activity (and pricing) in the commercial real estate market. In 2008, the credit markets experienced a disruption of unprecedented magnitude. This disruption has reduced the availability and significantly increased the cost of most sources of funding. In some cases, these sources have been eliminated.

Disruptions in the credit markets have adversely affected, and may continue to adversely affect, our business of providing advisory services to owners, investors and occupiers of real estate in connection with the leasing, disposition and acquisition of property. If our clients are unable to procure credit on favorable terms, there may be fewer completed leasing transactions, dispositions and acquisitions of property. For example, during 2007, we generated approximately 12% of our revenue from U.S. investment property sales and financing activities. For 2008, largely due to credit market and liquidity disruptions, our U.S. investment property sales and financing activities accounted for only approximately 7% of our revenue. U.S. investment property sales and financing activity remained weak through the first nine months of 2009. In addition, if purchasers of real estate are not able to procure favorable financing resulting in the lack of disposition opportunities for our funds and projects, our Global Investment Management and Development Services businesses will be unable to generate incentive fees and we may also experience losses of co-invested equity capital if the disruption causes a permanent decline in the value of investments made.

The scope of the recent credit market disruption has been well beyond what any market participant anticipated. As a result, the depth and duration of the current credit market and liquidity disruptions are impossible to predict. This limits our ability to develop future business plans and we believe that it limits the ability of other participants in the credit markets and commercial real estate markets to do so as well. This uncertainty may lead market participants to act more conservatively than in recent history, which may amplify decreases in demand and pricing in the markets we serve.

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

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

- incur or guarantee additional indebtedness;
- pay dividends or make distributions on capital stock or redeem or repurchase capital stock;
- repurchase equity interests;
- make investments;
- create restrictions on the payment of dividends or other amounts to us;
- transfer or sell assets, including the stock of subsidiaries;
- create liens;
- enter into transactions with affiliates;
- enter into sale/leaseback transactions; and
- enter into mergers or consolidations.

As detailed below, our credit agreement contains financial covenants that currently require us to maintain a maximum leverage ratio of Consolidated EBITDA (as defined in our credit agreement) to total debt less available cash and a minimum coverage ratio of interest. Our ability to meet these financial ratios can be affected by events beyond our control, and we cannot assure you that we will be able to meet those ratios when required. Due to the decline in Consolidated EBITDA in recent periods, and if our Consolidated EBITDA continues to decline in future periods, and we are unable to negotiate any additional amendment to our credit agreement, we may be unable to comply with the financial covenants under our credit agreement in future periods. We significantly reduced our cost structure during 2008 and have continued to further reduce costs in 2009. As a result, our 2009 projections show that we will be well within compliance with the minimum coverage ratio and the maximum leverage ratio. We continue to monitor our projected compliance with these financial ratios and other terms of our credit agreement.

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

The restrictions contained in our debt instruments could also:

- limit our ability to plan for or react to market conditions or meet capital needs or otherwise restrict our activities or business plans; and
- adversely affect our ability to finance ongoing operations, strategic acquisitions, investments or other capital needs or to engage in other business activities that would be in our interest.

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

Our credit agreement is jointly and severally guaranteed by us and substantially all of our domestic subsidiaries. Borrowings under our credit agreement are secured by a pledge of substantially all of the capital stock of our U.S. subsidiaries and 65% of the capital stock of certain non-U.S. subsidiaries. In addition, in connection with any amendment to our credit agreement, we may need to grant additional collateral to the lenders.

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

We are highly leveraged and have significant debt service obligations. As of September 30, 2009, our total debt, excluding notes payable on real estate and warehouse lines of credit, was approximately $2.2 billion. For the year ended December 31, 2008 and the nine months ended September 30, 2009, our interest expense was approximately $167.2 million and $136.3 million, respectively. Our level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay when due the principal of, interest on or other amounts due in respect of our indebtedness. In addition, we may incur additional debt from time to time to finance strategic acquisitions, investments, joint ventures or for other purposes, subject to the restrictions contained in the documents governing our indebtedness. If we incur additional debt, the risks associated with our leverage, including our ability to service our debt, would increase. If we are required to seek an amendment to our credit agreement, our debt service obligations may be substantially increased.

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

- we could be required to use a substantial portion of our cash flow from operations to pay principal and interest on our debt;
- our interest expense could increase if interest rates increase because the loans under our credit agreement bear interest at floating rates (and only a portion of this debt is at fixed interest rates accomplished through interest rate swaps);
- our leverage could increase our vulnerability to general economic downturns and adverse competitive and industry conditions, placing us at a disadvantage compared to those of our competitors that are less leveraged;
- our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and in the commercial real estate services industry;
- our failure to comply with the financial and other restrictive covenants in the documents governing our indebtedness, which, among other things, require us to maintain specified financial ratios and limit our ability to incur additional debt and sell assets, could result in an event of default that, if not cured or waived, results in foreclosure on substantially all of our assets; and
- our level of debt may restrict us from raising additional financing on satisfactory terms to fund working capital, strategic acquisitions, investments, joint ventures and other general corporate requirements.

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

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

We are not restricted in the amount of additional recourse debt we are able to incur, which may intensify the risks associated with our leverage, including our ability to service our indebtedness.

Subject to the maximum amounts of indebtedness permitted by our credit agreement covenants, we are not restricted in the amount of additional recourse debt we are able to incur in connection with the financing of our development activities, and we may in the future incur such indebtedness in order to decrease the amount of equity we invest in these activities. Subject to certain covenants in our various bank credit agreements, we are also not restricted in the amount of additional recourse debt CBRE Capital Markets may incur in connection with funding loan originations for multi-family properties having prior purchase commitments by a government sponsored entity.

The deteriorating financial condition and/or results of operations of certain of our clients could adversely affect our business.

We could be adversely affected by the actions and deteriorating financial condition and results of operations of certain of our clients. Our clients include companies in the financial services industry, including commercial banks, investment banks and insurance companies, as well as the automobile industry. Defaults or non-performance by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by one or more of our clients, which in turn, could have a material adverse effect on our results of operations and financial condition.

Any of our clients may experience a downturn in its business that may weaken its results of operations and financial condition. As a result, a client may fail to make payments when due, become insolvent or declare bankruptcy. For example, in 2008, a significant customer of our outsourcing business, Washington Mutual, was seized by federal regulators and sold to JPMorgan Chase Bank, N.A. Any client bankruptcy or insolvency, or the failure of any client to make payments when due could result in material losses to our company. In particular, if any of our significant clients becomes insolvent or suffers a downturn in its business, it may seriously harm our business. Bankruptcy filings by or relating to one of our clients could bar us from collecting pre-bankruptcy debts from that client. A client bankruptcy would delay our efforts to collect past due balances and could ultimately preclude full collection of these amounts. Any unsecured claim we hold against a bankrupt entity may be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims. We may recover substantially less than the full value of any unsecured claims in the event of the bankruptcy of a large client, which would adversely impact our financial condition. We expect that the increasing weakness in the global economy will put additional financial stress on clients, which may in turn negatively impact our ability to collect our receivables fully or in a timely manner.

Additionally, while no individual client accounted for more than 3% of our revenues on a global basis in 2008, certain corporate services and property management client agreements require that we advance payroll and other vendor costs on behalf of clients. If such a client were to file bankruptcy or otherwise fail, we also may not be able to obtain reimbursement for the severance obligations we would incur as a result of the loss of the client.

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

Under current accounting guidelines, we must assess, at least annually and potentially more frequently, whether the value of our goodwill and other intangible assets has been impaired. Any impairment of goodwill or other intangible assets as a result of such analysis would result in a non-cash charge against earnings, which charge could materially adversely affect our reported results of operations and our stock price. Due to the continuing economic uncertainty and credit crisis, we determined in December 2008 that the negative impact of the current global economic slowdown and resulting decline in our stock price represented an adverse change in our business climate, requiring us to undertake an interim evaluation of our goodwill and other intangible assets for impairment. During the year ended December 31, 2008, we incurred charges of $1.2 billion in connection with the impairment of goodwill and other non-amortizable intangible assets. As of September 30, 2009, our recorded goodwill was approximately $1.3 billion; our other intangible assets, net of accumulated amortization, was approximately $320 million; and our total CB Richard Ellis Group, Inc. stockholders' equity was approximately $299 million. As of September 30, 2009, our book value per share was $1.02. A significant and sustained decline in our future cash flows, a significant adverse change in the economic environment, slower growth rates or if our stock price falls below our net book value per share for a sustained period, it could result in the need to perform additional impairment analysis in future periods. If we were to conclude that a future write-down of goodwill or other intangible assets is necessary, then we would record such additional charges, which could materially adversely affect our results of operations.

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

Our continued success is highly dependent upon the efforts of our executive officers and other key employees, including Brett White, our Chief Executive Officer and President. Mr. White and certain other key employees are not parties to employment agreements with us. We also are highly dependent upon the retention of our property sales and leasing professionals, who generate a significant majority of our revenues, as well as other revenue producing professionals. The departure of any of our key employees (including those acquired through acquisitions), or the loss of a significant number of key revenue producers, if we are unable to quickly hire and integrate qualified replacements, could cause our business, financial condition and results of operations to suffer. In addition, the growth of our business is largely dependent upon our ability to attract and retain qualified support personnel in all areas of our business, including brokerage and property management personnel. Competition for these personnel is intense and we may not be able to successfully recruit, integrate or retain sufficiently qualified personnel. We use equity incentives to retain and incentivize our key personnel. In 2008, our stock price declined significantly, resulting in the decline in value of our previously provided equity incentives, which may result in an increased risk of loss of these key personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business and operating results could suffer.

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

We conduct a significant portion of our business and employ a substantial number of people outside of the United States and as a result, we are subject to risks associated with doing business globally. During 2008, we generated approximately 39% of our revenue from operations outside the United States. Circumstances and developments related to international operations that could

negatively affect our business, financial condition or results of operations include, but are not limited to, the following factors:

- difficulties and costs of staffing and managing international operations in certain regions;
- currency restrictions, which may prevent the transfer of capital and profits to the United States;
- unexpected changes in regulatory requirements;
- potentially adverse tax consequences;
- the responsibility of complying with multiple and potentially conflicting laws, e.g., with respect to corrupt practices, employment and licensing;
- the impact of regional or country-specific business cycles and economic instability;
- the geographic, language and cultural differences among personnel in different areas of the world;
- greater difficulty in collecting accounts receivable in some geographic regions such as Asia, where many countries have underdeveloped insolvency laws and clients are often slow to pay, and in some European countries, where clients also tend to delay payments;
- political instability; and
- foreign ownership restrictions with respect to operations in countries such as China.

We have committed additional resources to expand our worldwide sales and marketing activities, to globalize our service offerings and products in selected markets and to develop local sales and support channels. If we are unable to successfully implement these plans, to maintain adequate long-term strategies that successfully manage the risks associated with our global business or to adequately manage operational fluctuations, our business, financial condition or results of operations could be harmed.

In addition, our international operations and, specifically, the ability of our non-U.S. subsidiaries to dividend or otherwise transfer cash among our subsidiaries, including transfers of cash to pay interest and principal on our debt, may be affected by currency exchange control regulations, transfer pricing regulations and potentially adverse tax consequences, among other things.

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

Our revenue from non-U.S. operations is denominated primarily in the local currency where the associated revenue was earned. During 2008, approximately 39% of our revenue was transacted in currencies of foreign countries, the majority of which included the Euro, the British pound sterling, the Canadian dollar, the Hong Kong dollar, the Japanese yen, the Singapore dollar, the Australian dollar and the Indian rupee. Thus, we may experience fluctuations in revenues and earnings because of corresponding fluctuations in foreign currency exchange rates.

We have made significant acquisitions of non-U.S. companies and we may acquire additional foreign companies in the future. As we increase our foreign operations, fluctuations in the value of the U.S. dollar relative to the other currencies in which we may generate earnings could adversely affect our business, financial condition and operating results. Due to the constantly changing currency exposures to which we

are subject and the volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon future operating results. In addition, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of our reported results of operations.

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From time to time, our management uses currency hedging instruments, including foreign currency forward and option contracts and borrows in foreign currencies. Economic risks associated with these hedging instruments include unexpected fluctuations in inflation rates, which impact cash flow relative to paying down debt, and unexpected changes in the underlying net asset position.

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

A significant component of our growth has occurred through acquisitions, including our acquisition of Insignia in July 2003 and our acquisition of Trammell Crow Company in December 2006. Any future growth through acquisitions will be partially dependent upon the continued availability of suitable acquisition candidates at favorable prices and upon advantageous terms and conditions, which may not be available to us, as well as sufficient liquidity and credit to fund these acquisitions. In addition, acquisitions involve risks that the businesses acquired will not perform in accordance with expectations and that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove incorrect. Future acquisitions and any necessary related financings also may involve significant transaction-related expenses. For example, through December 31, 2008, we incurred $200.9 million of transaction-related expenditures in connection with our acquisition of Insignia in 2003 and $196.6 million of transaction-related expenditures in connection with our acquisition of Trammell Crow Company in 2006. Transaction-related expenditures include severance costs, lease termination costs, transaction costs, deferred financing costs and merger-related costs, among others. We incurred our final transaction expenditures with respect to the Insignia acquisition in the third quarter of 2004 and the Trammell Crow Company acquisition in the fourth quarter of 2007.

If we acquire companies in the future, we may experience integration costs and the acquired businesses may not perform as we expect.

We have had, and may continue to experience, difficulties in integrating operations and accounting systems acquired from other companies. These challenges include the diversion of management's attention from other business concerns and the potential loss of our key employees or those of the acquired operations. We believe that most acquisitions will initially have an adverse impact on operating and net income. Acquisitions also frequently involve significant costs related to integrating information technology, accounting and management services and rationalizing personnel levels. In connection with the Insignia acquisition, we have incurred $41.9 million of expenses through December 31, 2008, which are related to the integration of Insignia's business lines, as well as accounting and other systems, into our own. Additionally, through December 31, 2008, we have incurred $53.5 million of integration expenses associated with the acquisition of Trammell Crow Company.

If we are unable to fully integrate the accounting and other systems of the businesses we acquire, we may not be able to effectively manage them. Moreover, the integration process itself may be disruptive to our business as it requires coordination of geographically diverse organizations and implementation of new accounting and information technology systems.

If the properties that we manage fail to perform, then our financial condition and results of operations could be harmed.

The revenue we generate from our asset services line of business is generally a percentage of aggregate rent collections from properties, although many management agreements provide for a specified minimum management fee. Accordingly, our success partially depends upon the performance of the properties we manage. The performance of these properties will depend upon the following factors, among others, many of which are partially or completely outside of our control:

- our ability to attract and retain creditworthy tenants;

- the magnitude of defaults by tenants under their respective leases;
- our ability to control operating expenses;
- governmental regulations, local rent control or stabilization ordinances which are in, or may be put into, effect;
- various uninsurable risks;
- financial conditions prevailing generally and in the areas in which these properties are located;
- the nature and extent of competitive properties; and
- the real estate market generally.

Our real estate investment and co-investment activities subject us to real estate investment risks which could cause fluctuations in earnings and cash flow.

An important part of the strategy for our Global Investment Management business involves investing our capital in certain real estate investments with our clients. As of September 30, 2009, we had committed $46.9 million to fund future co-investments. We expect that approximately $11.4 million of these commitments will be funded during the fourth quarter of 2009. In addition to required future capital contributions, some of the co-investment entities may request additional capital from us and our subsidiaries holding investments in those assets, and the failure to provide these contributions could have adverse consequences to our interests in these investments. These adverse consequences could include damage to our reputation with our co-investment partners and clients, as well as the necessity of obtaining alternative funding from other sources that may be on disadvantageous terms for us and the other co-investors. Providing co-investment financing is a very important part of our Global Investment Management business, which would suffer if we were unable to make these investments. Although our debt instruments contain restrictions that limit our ability to provide capital to the entities holding direct or indirect interests in co-investments, we may provide this capital in many instances.

Selective investment in real estate projects is an important part of our Development Services business strategy and there is an inherent risk of loss of our investment. As of September 30, 2009, we had approximately 70 consolidated real estate projects with invested equity of $46.9 million and $5.7 million of notes payable on real estate that are recourse to us (in addition to being recourse to the single-purpose entity that holds the real estate asset and is the primary obligor on the note payable). In addition, at September 30, 2009, we were involved as a principal (in most cases, co-investing with our clients) in approximately 40 unconsolidated real estate subsidiaries with invested equity of $37.8 million and had committed additional capital to these unconsolidated subsidiaries of $32.7 million. We also guaranteed notes payable of these unconsolidated subsidiaries of $5.9 million.

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

Because the disposition of a single significant investment can impact our financial performance in any period, our real estate investment activities could increase fluctuations in our net earnings and cash flow. In many cases, we have limited control over the timing of the disposition of these investments and

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the recognition of any related gain or loss. The current economic environment has further reduced opportunities for disposition of these investments. Risks associated with these activities include, but are not limited to, the following:

- losses from investments;
- difficulties associated with international co-investments described in " Our international operations subject us to social, political and economic risks of doing business in foreign countries" and " Our revenue and earnings may be adversely affected by foreign currency fluctuations;" and
- potential lack of control over the disposition of any co-investments and the timing of the recognition of gains, losses or potential incentive participation fees.

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

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

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

The investment decisions we make in our Global Investment Management business and the activities of our investment professionals on behalf of our clients may subject them and us to the risk of third-party litigation arising from investor dissatisfaction with the performance of our programs and a variety of other litigation claims, including allegations that we improperly exercised judgment, discretion, control or influence over client investments or that we breached fiduciary duties to clients.

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

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

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

We have utilized joint ventures for commercial investments and local brokerage and other affiliations both in the United States and internationally, and although we currently have no specific plans to do so, we may acquire minority interests in other joint ventures in the future. In many of these joint ventures, we may not have the right or power to direct the management and policies of the joint ventures and other participants may take action contrary to our instructions or requests and against our policies and objectives. In addition, the other participants may become bankrupt or have economic or other business interests or goals that are inconsistent with ours. If a joint venture participant acts contrary to our interest, it could harm our business, results of operations and financial condition.

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

We compete across a variety of business disciplines within the commercial real estate services industry, including investment management, tenant representation, corporate services, construction and development management, property management, agency leasing, valuation and commercial mortgage brokerage. With respect to each of our business disciplines, we cannot give assurance that we will be able to continue to compete effectively or maintain our current fee arrangements or margin levels or that we will not encounter increased competition. Each of the business disciplines in which we compete is highly competitive on an international, national, regional and local level. Although we are the largest commercial real estate services firm in the world in terms of 2008 revenue, our relative competitive position varies significantly across product and service categories and geographic areas. Depending on the product or service, we face competition from other real estate service providers, in-house corporate real estate departments, developers, institutional lenders, insurance companies, investment banking firms, investment managers, and accounting and consulting firms, some of which may have greater financial resources than we do. In addition, future changes in laws could lead to the entry of other competitors, such as financial institutions. Many of our competitors are local or regional firms. Although substantially smaller than us, some of these competitors are larger on a local or regional basis. We are also subject to competition from other large national and multi-national firms that have similar service competencies to ours. There has been a significant increase in recent years in real estate ownership by REITs, many of which self-manage most of their real estate assets. Continuation of this trend could shrink the asset base available to be managed by third-party service providers and thereby decrease the demand for our services. In general, there can be no assurance that we will be able to compete effectively, to maintain current fee levels or margins, or maintain or increase our market share.

A significant portion of our operations are concentrated in California and our business could be harmed due to the ongoing economic downturn in the California real estate markets.

During 2008 and 2007, approximately 10% of our revenue was generated from transactions originating in California. As a result of the geographic concentration in California, the current economic downturn in the California commercial real estate market and in the local economies in San Diego, Los Angeles and Orange County could harm our results of operations. Negative conditions in these or other significant commercial real estate submarkets could disproportionately affect our business as compared to competitors who have less or different geographic concentrations.

Our results of operations vary significantly among quarters during each calendar year, which makes comparisons of our quarterly results difficult.

A significant portion of our revenue is seasonal. Historically, this seasonality has caused our revenue, operating income, net income and cash flow from operating activities to be lower in the first

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two quarters and higher in the third and fourth quarters of each year. The concentration of earnings and cash flow in the fourth quarter is due to an industry-wide focus on completing transactions toward the fiscal year-end. This has historically resulted in lower profits or a loss in the first and second quarters, with profits growing (or losses decreasing) in each subsequent quarter. This variance among quarters during each calendar year makes comparison between such quarters difficult, but does not generally affect the comparison of the same quarters during different calendar years.

We license the use of the Trammell Crow trade name and this license is not exclusive and may be revoked.

We have a license agreement with an affiliate of Crow Holdings that allows us to use the name "Trammell Crow" perpetually throughout the world in any business except the residential real estate business, although we can use this name in serving certain mixed-use properties or in providing investment sales brokerage services to buyers and sellers of multi-family residential facilities. This license can be revoked if we fail to maintain certain quality standards or infringe upon certain of the licensor's intellectual property rights. If we lose the right to use the Trammell Crow name, our Development Services business could suffer significantly.

The license agreement permits certain existing uses of the name "Trammell Crow" by affiliates of Crow Holdings. The use of the Trammell Crow name or other similar names by third parties may create confusion or reduce the value associated with the Trammell Crow name.

If we fail to comply with laws and regulations applicable to us in our role as a real estate broker, mortgage broker, property/facility manager or developer, we may incur significant financial penalties.

We are subject to numerous federal, state, local and non-U.S. laws and regulations specific to the services we perform in our business, as well as laws of broader applicability, such as tax, securities and employment laws. Brokerage of real estate sales and leasing transactions and the provision of property management and valuation services require us to maintain applicable licenses in each U.S. state in which we perform these services. If we fail to maintain our licenses or conduct these activities without a license, or violate any of the regulations covering our licenses, we may be required to pay fines (including treble damages in certain states) or return commissions received or have our licenses suspended or revoked. In addition, our indirect wholly-owned subsidiary, CBRE Investors, is subject to laws and regulations as a registered investment advisor and compliance failures or regulatory action could adversely affect our business. As the size and scope of commercial real estate transactions have increased significantly during the past several years, both the difficulty of ensuring compliance with numerous state licensing regimes and the possible loss resulting from non-compliance have increased. Furthermore, the laws and regulations applicable to our business, both within and outside of the United States, also may change in ways that increase the costs of compliance.

We may have liabilities in connection with real estate brokerage and property management activities.

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

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

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actions. Adverse outcomes of real estate brokerage or property management litigation could negatively impact our business, financial condition or results of operations.

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

Various laws and regulations impose liability on real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at a property. In our role as a property or facility manager or developer, we could be held liable as an operator for such costs. This liability may be imposed without regard to the legality of the original actions and without regard to whether we knew of, or were responsible for, the presence of the hazardous or toxic substances. Liability under some of these laws may be joint and several, meaning that one liable party could be held responsible for all costs related to a contaminated site despite the existence of other liable parties. If we fail to disclose environmental issues, we could also be liable to a buyer or lessee of a property. In addition, some environmental laws create a lien on the contaminated site in favor of the government for damages and costs incurred in connection with the contamination. If we incur any such liability, our business could suffer significantly as it could be difficult for us to develop or sell such properties, or borrow funds using such properties as collateral. Additionally, liabilities incurred to comply with more stringent future environmental requirements could adversely affect any or all of our lines of business.

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ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of CB Richard Ellis Group, Inc. filed on June 16, 2004, as amended by the Certificate of Amendment filed on June 4, 2009 (incorporated by reference to Exhibit 3.1 of the CB Richard Ellis Group, Inc. Quarterly Report on Form 10-Q filed with the SEC on August 10, 2009)
3.2	Amended and Restated By-laws of CB Richard Ellis Group, Inc. (incorporated by reference to Exhibit 3.2 of the CB Richard Ellis Group, Inc. Current Report on Form 8-K filed with the SEC on December 5, 2008)
4.1(a)	Securityholders' Agreement, dated as of July 20, 2001 ("Securityholders' Agreement"), by and among, CB Richard Ellis Group, Inc., CB Richard Ellis Services, Inc., Blum Strategic Partners, L.P., Blum Strategic Partners II, L.P., Blum Strategic Partners II GmbH & Co. KG, FS Equity Partners III, L.P., FS Equity Partners International, L.P., Credit Suisse First Boston Corporation, DLJ Investment Funding, Inc., The Koll Holding Company, Frederic V. Malek, the management investors named therein and the other persons from time to time party thereto (incorporated by reference to Exhibit 25 to Amendment No. 9 to Schedule 13D with respect to CB Richard Ellis Services, Inc. filed with the SEC on July 25, 2001)
4.1(b)	Amendment and Waiver to Securityholders' Agreement, dated as of April 14, 2004, by and among, CB Richard Ellis Group, Inc., CB Richard Ellis Services, Inc. and the other parties to the Securityholders' Agreement (incorporated by reference to Exhibit 4.2(b) of the CB Richard Ellis Group, Inc. Amendment No. 2 to Registration Statement on Form S-1 filed with the SEC (No. 333-112867) on April 30, 2004)
4.1(c)	Second Amendment and Waiver to Securityholders' Agreement, dated as of November 24, 2004, by and among CB Richard Ellis Group, Inc., CB Richard Ellis Services, Inc. and certain of the other parties to the Securityholders' Agreement (incorporated by reference to Exhibit 4.2(c) of the CB Richard Ellis Group, Inc. Amendment No. 1 to Registration Statement on Form S-1 filed with the SEC (No. 333-120445) on November 24, 2004)
4.1(d)	Third Amendment and Waiver to Securityholders' Agreement, dated as of August 1, 2005, by and among CB Richard Ellis Group, Inc., CB Richard Ellis Services, Inc. and the other parties thereto (incorporated by reference to Exhibit 4.1 of the CB Richard Ellis Group, Inc. Form 8-K filed with the SEC on August 2, 2005)
4.2(a)	Indenture, dated as of June 18, 2009, among CB Richard Ellis Services, Inc., CB Richard Ellis Group, Inc., the other guarantors party thereto and Wells Fargo Bank, National Association, as trustee, for the 11.625% Senior Subordinated Notes Due June 15, 2017 (incorporated by reference to Exhibit 4.1 of the CB Richard Ellis Group, Inc. Form 8-K filed with the SEC on June 23, 2009)
4.2(b)	First Supplemental Indenture, dated as of September 10, 2009, among CB Richard Ellis Services, Inc., CB Richard Ellis Group, Inc., CBRE Loan Services, Inc., the other guarantors party thereto and Wells Fargo Bank, National Association, as trustee, for the 11.625% Senior Subordinated Notes Due June 15, 2017 (incorporated by reference to Exhibit 4.1 of the CB Richard Ellis Group, Inc. Form 8-K filed with the SEC on September 10, 2009)
4.3	Form of Exchange Note (included in Exhibit 4.3)

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Exhibit Number	Description
4.4	Registration Rights Agreement, dated June 15, 2009, among CB Richard Ellis Services, Inc., CB Richard Ellis Group, Inc., the other guarantors party thereto, and Banc of America Securities LLC, Credit Suisse Securities (USA) LLC and J.P. Morgan Securities Inc., as representatives of the initial purchasers (incorporated by reference to Exhibit 4.4 of the CB Richard Ellis Group, Inc. Form 8-K filed with the SEC on June 23, 2009)
10.1(a)	Amendment No. 1, dated as of August 6, 2009, to the Second Amended and Restated Credit Agreement, dated as of March 24, 2009, among CB Richard Ellis Services, Inc., certain subsidiaries of CB Richard Ellis Services, Inc., CB Richard Ellis Group, Inc., the lenders parties thereto and Credit Suisse, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 of the CB Richard Ellis Group, Inc. Form 8-K filed with the SEC on August 12, 2009)
10.1(b)	Loan Modification Agreement, dated as of August 24, 2009, relating to the Second Amended and Restated Credit Agreement, dated as of March 24, 2009, among CB Richard Ellis Services, Inc., certain subsidiaries of CB Richard Ellis Services, Inc., CB Richard Ellis Group, Inc., the lenders parties thereto and Credit Suisse, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.1 of the CB Richard Ellis Group, Inc. Form 8-K filed with the SEC on August 28, 2009)
10.2	Supplement No. 1, dated as of September 10, 2009, between CBRE Loan Services, Inc. and Credit Suisse, as collateral agent, to the Amended and Restated Guarantee and Pledge Agreement, dated as of March 24, 2009, by and among CB Richard Ellis Services, Inc., CB Richard Ellis Group, Inc., certain subsidiaries of CB Richard Ellis Services, Inc. and Credit Suisse, as collateral agent (incorporated by reference to Exhibit 10.1 of the CB Richard Ellis Group, Inc. Form 8-K filed with the SEC on September 10, 2009)
11	Statement concerning Computation of Per Share Earnings (filed as Note 15 of the Consolidated Financial Statements)
31.1	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*
31.2	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*
32	Certifications by 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*

* Filed herewith

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SIGNATURES

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

	CB RICHARD ELLIS GROUP, INC.
Date: November 9, 2009	/s/ ROBERT E. SULENTIC
	Robert E. Sulentic *Chief Financial Officer (principal financial officer)*
Date: November 9, 2009	/s/ GIL BOROK
	Gil Borok *Chief Accounting Officer (principal accounting officer)*