

CBRE PROFI ACQUISITION CORP

Form 424B2

March 11, 2013

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Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-1788800

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement dated March 11, 2013

PRELIMINARY PROSPECTUS SUPPLEMENT

(To prospectus dated December 29, 2011)

**\$500,000,000**

**CBRE Services, Inc.**

**% Senior Notes due 2023**

We are offering \$500,000,000 aggregate principal amount of % Senior Notes due 2023 (the notes ). We will pay interest on the notes on and of each year, beginning , 2013. The notes will mature on , 2023. Prior to , 2016, we may redeem up to 35% of the original principal amount of the notes using the proceeds of certain equity offerings. In addition, we may redeem the notes, in whole or in part, at any time prior to , 2018 at a price equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption, plus a make-whole premium. At any time and from time to time on or after , 2018, we may redeem the notes, in whole or in part, at the redemption prices specified under the caption Description of Notes Optional Redemption, plus accrued and unpaid interest, if any, to the date of redemption. If a change of control triggering event as described in this prospectus supplement under the heading Description of Notes Change of Control Triggering Event occurs, we may be required to offer to purchase the notes from the holders.

The notes will be general unsecured senior obligations and rank equally in right of payment with our existing and future unsecured senior indebtedness. The notes and guarantees will be effectively subordinated to all of our secured debt to the extent of the value of the assets securing such debt and structurally subordinated to all of the existing and future liabilities of our subsidiaries that do not guarantee the notes. As of December 31, 2012, on an as adjusted basis after giving the effect to this offering and the application of the net proceeds, the notes would have been effectively subordinated to approximately \$1.5 billion of senior secured debt (including certain warehouse lines of credit).

The notes are a new issue of securities with no established trading market. We do not intend to list the notes on any national securities exchange or include the notes in any automated quotation system.

Investing in the notes involves risks that are described in the section titled Risk Factors beginning on page S-15 of this prospectus supplement.

	Per Note	Total
Public offering price (1)	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to us (1)	%	\$

(1) Plus accrued interest from \_\_\_\_\_, 2013, if settlement occurs after that date.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*, on or about \_\_\_\_\_, 2013.

*Joint Book-Running Managers*

**BofA Merrill Lynch  
Wells Fargo Securities  
Barclays**

**J.P. Morgan  
HSBC**

**Credit Suisse  
Scotiabank  
RBS**

*Co-Managers*

**Mitsubishi UFJ Securities**

**Comerica Securities**

**JMP Securities**

The date of this prospectus supplement is \_\_\_\_\_, 2013.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, in the accompanying prospectus and in any free writing prospectus filed by us with the Securities and Exchange Commission. We have not, and the underwriters have not, authorized any other person to provide you with any information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus or in any such free writing prospectus is accurate as of any date other than their respective dates. Our business, financial condition, results of operations and prospectus may have changed since those dates.

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**Prospectus**

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering, the notes and matters relating to us and our financial performance and condition. The second part is the accompanying prospectus, which provides a more general description of the terms and conditions of the various securities we may offer under our registration statement on Form S-3 that we filed with the Securities and Exchange Commission (the SEC) utilizing a shelf registration process, some of which may not apply to this offering. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You also should read and consider the information in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus and the additional information described under [Where You Can Find More Information](#) on page S-3 of this prospectus supplement and page 1 of the accompanying prospectus.

In this prospectus supplement, the terms [we](#), [us](#), and [our](#) refer to CBRE Group, Inc. and include all of its consolidated subsidiaries, unless otherwise indicated or the context requires otherwise.

**FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus include or incorporate by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). The words [anticipate](#), [believe](#), [could](#), [should](#), [propose](#), [continue](#), [estimate](#), [expect](#), [intend](#), [project](#), [will](#) and similar terms and phrases are used in this prospectus supplement and the accompanying prospectus 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:

the sustainability of the recovery in our investment sales and leasing business from the recessionary levels in 2008 and 2009, particularly in light of the continuing European sovereign debt crisis, fiscal uncertainty in the United States, and slowing economic activity globally in 2012;

disruptions in general economic and business conditions, particularly in geographies where our business may be concentrated;

volatility and disruption of the securities, capital and credit markets, interest rate increases, the cost and availability of capital for investment in real estate, clients' willingness to make real estate or long-term contractual commitments and other factors impacting the value of real estate assets, inside and outside the United States, particularly Europe, which is experiencing a sovereign debt crisis;

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

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integration issues arising out of companies we may acquire;

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

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

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 in our outsourcing business due to consolidation or bankruptcies;

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

foreign currency fluctuations, particularly in Europe where the U.S. dollar has strengthened significantly relative to the Euro and some local currencies since the middle of 2011, and in Japan where the Yen has recently seen significant strengthening;

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;

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

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

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

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

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

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

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our ability to maintain or improve our industry-leading EBITDA margins;

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

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

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

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the ability of CBRE Capital Markets, Inc. ( 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 accounting rules and standards; and

the other factors described elsewhere in this prospectus supplement or the accompanying prospectus or in any document incorporated by reference herein, including our annual report on Form 10-K for the fiscal year ended December 31, 2012.

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

### **STATISTICAL DATA**

Included or incorporated by reference in this prospectus supplement and the accompanying prospectus is information regarding the commercial real estate market, historical office vacancy rates and absorption-to-completion ratios. This information was obtained from our subsidiary, CBRE Econometric Advisors (formerly known as Torto Wheaton Research), which provides this information to paid subscribers on a regular basis. CBRE Econometric Advisors provides real estate research data to many of the largest portfolio managers, insurance companies and pension funds in the United States.

### **WHERE YOU CAN FIND MORE INFORMATION**

#### **Available Information**

We file reports, proxy statements and other information with the SEC. Our SEC filings are available to the public at the SEC's website at <http://www.sec.gov>. You may also read and obtain copies of any document we file with the SEC by mail from the Public Reference Room of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Further information on the operation of the SEC's Public Reference Room in Washington, D.C. can be obtained by calling the SEC at 1-800-SEC-0330.

Our Internet website at <http://www.cbre.com> contains information concerning us. On the Investor Relations page of that website, we provide access to all of our SEC filings free of charge, as soon as reasonably practicable after filing with the SEC. The information at our Internet website is not incorporated in this prospectus supplement or the accompanying prospectus by reference, and you should not consider it a part of this prospectus supplement or the accompanying prospectus.

#### **Incorporation by Reference**

We will incorporate by reference information into this prospectus supplement and the accompanying prospectus by disclosing important information to you by referring you to another document that is filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus supplement and the accompanying prospectus, and later information that we file with the SEC will automatically update and supersede that information. This prospectus supplement and the accompanying prospectus incorporates by reference the documents set forth below that have been previously filed with the SEC. These documents contain important information about us.

Our annual report on Form 10-K for the fiscal year ended December 31, 2012;

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Our current reports on Form 8-K, filed on January 30, 2013, February 21, 2013 and March 4, 2013; and

Those portions of our Proxy Statement for the 2012 Annual Meeting of Shareholders filed on March 23, 2012, that are incorporated by reference in our annual report on Form 10-K for the fiscal year ended December 31, 2011.

We are also incorporating by reference additional documents that we file with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus supplement; *provided, however*, that nothing contained herein shall be deemed to incorporate information furnished to, but not filed with, the SEC.

To the extent there are inconsistencies between the information contained in this prospectus supplement or the accompanying prospectus and the information contained in the documents filed with the SEC prior to the date of this prospectus supplement and incorporated by reference, the information in this prospectus supplement or the accompanying prospectus shall be deemed to supersede the information in such incorporated documents.

You may request copies, at no cost, of any and all of the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, including any future filings, by writing to us at:

Investor Relations

200 Park Avenue, 17<sup>th</sup> Floor

New York, New York 10016

e-mail: [investorrelations@cbre.com](mailto:investorrelations@cbre.com)

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### **SUMMARY**

*This summary highlights selected information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and may not contain all of the information that may be important to you. You should read this summary together with the entire prospectus supplement and the accompanying prospectus, including the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.*

### **Our Company**

We are the world's largest commercial real estate services and investment firm, based on 2012 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, 2012, excluding independent affiliates, we operated more than 300 offices worldwide, with approximately 37,000 employees providing commercial real estate services under the CBRE brand name, investment management services under the CBRE Global Investors brand name and development services under the Trammell Crow brand name. Our business is focused on several competencies, including commercial property and corporate facilities management, occupier and property/agency leasing, property sales, real estate investment management, valuation, commercial mortgage origination and servicing, capital markets (equity and debt) solutions, development services and proprietary research. We generate revenues from management fees on a contractual and per-project basis, and from commissions on transactions. Our contractual, fee-for-services businesses, which generally involve facilities management, property management, mortgage loan servicing and investment management, represented approximately 41% of our 2012 revenue. In 2012, for the second year in a row, we were the highest ranked commercial real estate services company among the *Fortune* Most Admired Companies, and were also named the Global Real Estate Advisor of the Year by *Euromoney*. We have been the only commercial real estate services company included in the S&P 500 since 2006, and in the *Fortune 500* since 2008. Additionally, the International Association of Outsourcing Professionals has included us among the top 100 global outsourcing companies across all industries for six consecutive years, including in 2012 when we ranked fourth overall and were the highest ranked commercial real estate services company. For the year ended December 31, 2012, we generated revenue of \$6.5 billion from a well-balanced, highly diversified base of clients that included approximately 80 of the *Fortune 100* companies.

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

### **Our Business Segments**

We report our results of operations through five segments: (1) the Americas, (2) Europe, Middle East and Africa ( EMEA ), (3) Asia Pacific, (4) Global Investment Management and (5) Development Services.

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### **The Americas**

The Americas segment is our largest segment of operations and provides a comprehensive range of services throughout the United States, in the largest metropolitan regions in Canada and in selected parts of Latin America through both wholly-owned operations as well as independent affiliate offices. Our Americas segment accounted for 63.0% of our 2012 revenue, 62.2% of our 2011 revenue and 62.9% of our 2010 revenue. Within our Americas segment, we organize our services into the following business areas:

#### ***Advisory Services***

Our advisory services businesses offer occupier/tenant and investor/owner services that meet the full spectrum of marketplace needs, including (1) real estate services, (2) capital markets and (3) valuation.

*Real Estate Services.* We provide strategic advice and execution to owners, investors and occupiers of real estate in connection with leasing, disposition and acquisition of property. Our many years of strong local market presence have allowed us to develop significant repeat business from existing clients, including approximately 62% of our revenues from existing U.S. real estate sales and leasing clients in 2012. This includes referrals from other parts of our business. Our real estate services professionals are particularly adept at aligning real estate strategies with client business objectives, serving as advisors as well as transaction executors. We believe we are a market leader for the provision of sales and leasing real estate services in most top U.S. metropolitan statistical areas (as defined by the U.S. Census Bureau), including Atlanta, Chicago, Dallas, Denver, Houston, Los Angeles, Miami, New York, Philadelphia and Phoenix.

*Capital Markets.* We offer clients fully integrated investment sales and debt/equity financing services under the CBRE Capital Markets brand. The tight integration of these services fosters collaboration between our investment sales and debt/equity financing professionals, helping to meet the marketplace demand for comprehensive capital markets solutions. During 2012, we concluded more than \$72.1 billion of capital markets transactions in the Americas, including \$50.1 billion of investment sales transactions and \$22.0 billion of mortgage loan originations and sales.

*Valuation.* We provide valuation services that include market value appraisals, litigation support, discounted cash flow analyses and feasibility and fairness opinions. Our valuation business has developed proprietary systems for data management, analysis and valuation report preparation, which we believe provides us with an advantage over our competitors. We believe that our valuation business is one of the largest in the industry. During 2012, we completed over 40,000 valuation, appraisal and advisory assignments in the Americas.

#### ***Outsourcing Services***

Outsourcing commercial real estate services is a long-term trend in our industry, with corporations, institutions, public sector entities, health care providers and others seeking to achieve improved efficiency, better execution and lower costs by relying on the expertise of third-party real estate specialists. Our outsourcing services primarily include two major business lines that seek to capitalize on this trend: (1) corporate services and (2) asset services. Agreements with our corporate services clients are generally long-term arrangements and although they contain different provisions for termination, there are usually penalties for early termination. Our management agreements with our asset services clients may be terminated with notice generally ranging between 30 to 90 days; however, we have developed long-term relationships with many of these clients and we work closely with them to implement their specific goals and objectives and to preserve and expand upon these relationships. As of December 31, 2012, we managed approximately 1.5 billion square feet of commercial space for property owners and occupiers in the Americas, which we believe represents one of the largest portfolios in the region.

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*Corporate Services.* We provide a comprehensive suite of services to occupiers of real estate, including portfolio and transaction management, project management, facilities management and strategic consulting. We enter into multi-year, multi-service outsourcing contracts with our clients, but also provide services on a one-off assignment or a short-term contract basis. The long-term, contractual nature of these relationships enables us to devise and execute real estate strategies that support our clients' overall business strategies. Our clients include leading global corporations, health care providers and public sector entities with large, geographically-diverse real estate portfolios. Project management services are typically provided on a portfolio-wide or programmatic basis. Revenues for project management include fixed management fees, variable fees, and incentive fees if certain agreed-upon performance targets are met. Revenues may also include reimbursement of payroll and related costs for personnel providing the services. Facilities management involves the day-to-day management of client-occupied space and includes headquarter buildings, regional offices, administrative offices and manufacturing and distribution facilities. We identify best practices, implement technology solutions and leverage our resources to control clients' facilities costs and enhance the workplace environment. Contracts for facilities management services are typically structured so we receive reimbursement of client-dedicated personnel costs and associated overhead expenses plus a monthly fee, and in some cases, annual incentives if agreed-upon performance targets are satisfied. In general, portfolio and transaction services contribute revenue on a transaction basis; project management and facilities management contribute contractual, or per-project, revenue and strategic consulting contributes both transaction and contractual revenue.

*Asset Services.* We provide property management, construction management, marketing, leasing, accounting and financial services on a contractual basis for income-producing office, industrial and retail properties owned by local, regional and institutional investors. We provide these services through an extensive network of real estate experts in major markets throughout the United States. These local office teams are supported by a strategic accounts team whose function is to help ensure quality service and to maintain and expand relationships with large institutional clients, including buyers, sellers and landlords who need to lease, buy, sell and/or finance space. We believe our contractual relationships with these clients put us in an advantageous position to provide other services to them, including refinancing, disposition and appraisal. We typically receive monthly management fees for the asset services we provide based upon a specified percentage of the monthly rental income or rental receipts generated from the property under management, or in certain cases, the greater of such percentage fee or a minimum agreed-upon fee. We are also normally reimbursed for our administrative and payroll costs, as well as certain out-of-pocket expenses, directly attributable to the properties under management.

## **EMEA**

Our EMEA reporting segment operates in 41 countries with services primarily furnished through a number of indirect wholly-owned subsidiaries. The largest operations are located in France, Germany, Italy, the Netherlands, Russia, Spain and the United Kingdom. Our operations in these countries generally provide a full range of services to the commercial property sector. Additionally, we provide some residential property services, focused on the prime and super-prime segments of the market, primarily in France, Spain and the United Kingdom. Within EMEA, our services are organized along the same lines as in the Americas, including brokerage, investment properties, corporate services, valuation/appraisal services, asset management services and facilities management, among others. Our EMEA segment accounted for 15.8% of our 2012 revenue, 18.2% of our 2011 revenue and 18.3% of our 2010 revenue.

In France, we believe we are a market leader in Paris and also have operations in Aix en Provence, Bagnole, Bordeaux, Lille, Lyon, Marseille, Montreuil, Montrouge, Neuilly Sur-Seine, Saint Denis and Toulouse. Our German operations are located in Berlin, Cologne, Düsseldorf, Frankfurt, Munich and Stuttgart. Our presence in Italy includes operations in Milan, Modena, Rome and Turin. Our operations in the Netherlands are located in Amsterdam, the Hague, Hoofddorp and Rotterdam. Our professionals in Russia serve clients from an office in Moscow. In Spain, we provide full-service coverage through our offices in Barcelona, Madrid,

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Marbella, Palma de Mallorca and Valencia. We are one of the leading commercial real estate services companies in the United Kingdom. We have held the leading market position in investment sales in the United Kingdom in each of the past five years, including in 2012. In London, we provide a broad range of commercial property real estate services to investment and corporate clients, and held the leading market position for space acquisition in 2012 for the third year in a row. We also have regional offices in Birmingham, Bristol, Jersey, Leeds, Liverpool, Manchester, Sheffield and Southampton as well as offices in Aberdeen, Belfast, Edinburgh and Glasgow managed by our U.K. team.

In several countries throughout EMEA, we operate through independent affiliates that provide commercial real estate services under our brand name. Our agreements with these independent affiliates include licenses to use the CBRE and CB Richard Ellis names in the relevant territory in return for payments of annual royalty fees to us. In addition, these agreements also include business cross-referral arrangements between us and our affiliates.

### **Asia Pacific**

Our Asia Pacific reporting segment operates in 13 countries with services primarily furnished through a number of indirect wholly-owned subsidiaries. We believe that we are one of only a few companies that can provide a full range of real estate services to large occupiers and investors throughout the region, similar to the broad range of services provided by our Americas and EMEA segments. Our principal operations in Asia are located in China, Hong Kong, India, Japan, Singapore, South Korea, Taiwan and Vietnam (a former independent affiliate we acquired in 2012). In addition, we have agreements with independent affiliates in Cambodia, Malaysia, the Philippines and Thailand that generate royalty fees and support cross-referral arrangements similar to our EMEA segment. The Pacific region includes Australia and New Zealand, with principal offices located in Adelaide, Brisbane, Canberra, Melbourne, Perth, Sydney, Auckland, Christchurch and Wellington. Our Asia Pacific segment accounted for 12.6% of our 2012 revenue, 13.4% of our 2011 revenue and 13.1% of our 2010 revenue.

### **Global Investment Management**

Operations in our Global Investment Management reporting segment are conducted through our indirect wholly-owned subsidiary CBRE Global Investors, LLC and its global affiliates, which we also refer to as CBRE Global Investors. CBRE Global Investors provides investment management services to pension funds, insurance companies, sovereign wealth funds, foundations, endowments and other institutional investors seeking to generate returns and diversification through investment in real estate. It sponsors investment programs that span the risk/return spectrum across three continents: North America, Europe and Asia. In some strategies, CBRE Global Investors and its investment teams co-invest with its limited partners. Our Global Investment Management segment accounted for 7.4% of our 2012 revenue, 4.9% of our 2011 revenue and 4.2% of our 2010 revenue.

CBRE Global Investors' investment programs are organized into four primary categories, which include direct real estate investments through separate accounts and sponsored equity and debt funds as well as indirect real estate investments through listed securities and multi manager funds of funds. The investment programs cover the full range of risk strategies from core/core+ to opportunistic. Operationally, dedicated investment teams execute each investment program within these categories, with the team's compensation being driven largely by the investment performance of its particular strategy/fund. This organizational structure is designed to align the interests of team members with those of the firm and its investor clients/partners and to enhance accountability and performance. Dedicated teams are supported by shared resources such as accounting, financial controls, information technology, investor services and research. CBRE Global Investors has an in-house team of research professionals who focus on investment strategy, underwriting and forecasting, based in part on market data from our advisory services group.

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CBRE Global Investors closed approximately \$3.9 billion and \$4.2 billion of new acquisitions in 2012 and 2011, respectively. It liquidated \$4.7 billion and \$3.1 billion of investments in 2012 and 2011, respectively. Assets under management have increased from \$11.4 billion at December 31, 2002 to \$92.0 billion at December 31, 2012, representing an approximately 23% compound annual growth rate.

As of December 31, 2012, our portfolio of consolidated real estate held for investment consisted of one industrial property and three multifamily/residential properties, all located in the United States. Included in the accompanying consolidated statements of operations were rental revenues (which are included in revenue) and expenses (which are included in operating, administrative and other expenses) relating to these operational real estate properties, excluding those reported as discontinued operations, of \$20.2 million and \$18.4 million, respectively, for the year ended December 31, 2012, \$32.8 million and \$14.2 million, respectively, for the year ended December 31, 2011 and \$41.6 million and \$22.4 million, respectively, for the year ended December 31, 2010.

### **Development Services**

Operations in our Development Services reporting segment are conducted through our indirect wholly-owned subsidiary Trammell Crow Company, LLC and certain of its subsidiaries, providing development services primarily in the United States to users of and investors in commercial real estate, as well as for its own account. Trammell Crow Company pursues opportunistic, risk-mitigated development and investment in commercial real estate across a wide spectrum of property types, including industrial, office and retail properties; healthcare facilities of all types (medical office buildings, hospitals and ambulatory surgery centers); and residential/mixed-use projects. Our Development Services segment accounted for 1.2% of our 2012 revenue, 1.3% of our 2011 revenue and 1.5% of our 2010 revenue.

Trammell Crow Company acts as the manager of development projects, providing services that are vital in all stages of the process, including: (i) site identification, due diligence and acquisition; (ii) evaluating project feasibility, budgeting, scheduling and cash flow analysis; (iii) procurement of approvals and permits, including zoning and other entitlements; (iv) project finance advisory services; (v) coordination of project design and engineering; (vi) construction bidding and management as well as tenant finish coordination; and (vii) project close-out and tenant move coordination.

Trammell Crow Company may pursue development and investment activity on behalf of its user and investor clients (with no ownership), in partnership with its clients (through co-investment either on an individual project basis or through programs with certain strategic capital partners) or for its own account (100% ownership). Development activity in which Trammell Crow Company has an ownership interest is conducted through subsidiaries that are consolidated or unconsolidated for financial reporting purposes, depending primarily on the extent and nature of our ownership interest.

As of December 31, 2012, our portfolio of consolidated real estate consisted of land, industrial, office and retail properties and mixed-use projects. These projects are geographically dispersed throughout the United States. Included in the accompanying consolidated statements of operations were rental revenues (which are included in revenue) and expenses (which are included in operating, administrative and other expenses) relating to these operational real estate properties, excluding those reported as discontinued operations, of \$35.4 million and \$17.1 million, respectively, for the year ended December 31, 2012, \$41.1 million and \$20.7 million, respectively, for the year ended December 31, 2011 and \$46.9 million and \$24.6 million, respectively, for the year ended December 31, 2010.

At December 31, 2012, Trammell Crow Company had \$4.2 billion of development projects in process. Additionally, the inventory of pipeline deals (prospective projects we believe have a greater than 50% chance of closing or where land has been acquired and the projected construction start date is more than twelve months out) was \$2.1 billion at December 31, 2012.

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**Recent Developments**

**New Senior Secured Credit Facilities Proposal**

We are in discussions with our lenders about the potential to refinance the term loans under our existing senior secured credit facilities and to amend our credit agreement. We expect that, after such refinancing, we would have approximately \$715 million of term loans outstanding, or subject to be drawn, under our amended credit agreement. In connection with the refinancing and the amendment, we are targeting secured revolving credit facilities in an aggregate principal amount of approximately \$1.0 billion, a portion of which is expected to be drawn at the closing of such refinancing. The closing of this offering of notes is not conditioned on the refinancing of our existing credit agreement debt, and we cannot assure you that such debt will be refinanced on acceptable terms or at all.

Our principal executive offices are located at 11150 Santa Monica Boulevard, Suite 1600, Los Angeles, California 90025, and our telephone number is (310) 405-8900.

**Table of Contents****The Offering**

The offering terms are summarized below solely for your convenience. This summary is not a complete description of the notes. You should read the full text and more specific details contained in this prospectus supplement under the caption *Description of the Notes*. With respect to the discussion of the terms of the notes on the cover page, in this summary and under the caption *Description of the Notes*, the terms *we*, *us*, *our* or *the Company* refer to CBRE Services, Inc.

<b>Issuer</b>	CBRE Services, Inc.
<b>Securities</b>	\$500.0 million aggregate principal amount of % senior notes due , 2023.
<b>Offering Price</b>	%
<b>Maturity</b>	, 2023.
<b>Interest</b>	% per year payable semiannually in cash in arrears on and of each year, beginning , 2013. Interest will accrue from , 2013.
<b>Guarantees</b>	CBRE Group, Inc. and each subsidiary of CBRE Services, Inc. that guarantees our obligations under the credit agreement will also fully and unconditionally guarantee the notes on a senior unsecured basis. The guarantees by the guarantors of the notes will rank <i>pari passu</i> to all existing and future senior indebtedness of the guarantors.
<b>Ranking</b>	The notes will be our senior unsecured obligations. They will rank equal in right of payment with our existing and future senior indebtedness and senior in right of payment to any of our existing and future subordinated indebtedness. The notes and guarantees will be effectively subordinated to all of our secured debt to the extent of the value of the assets securing such debt and structurally subordinated to all of the existing and future liabilities of our subsidiaries that do not guarantee the notes. As of December 31, 2012, on an as adjusted basis after giving effect to this offering and the application of net proceeds, CBRE Services, Inc., excluding its subsidiaries, would have had approximately \$1.2 billion of senior secured indebtedness (including guarantees). CBRE Group, Inc. and each subsidiary guarantor of CBRE Services, Inc., as the guarantors, would have had approximately \$2.3 billion of senior secured indebtedness, including guarantees of our indebtedness and \$1.0 billion of warehouse lines of credit (principal outstanding thereunder not guaranteed by CBRE Services, Inc.). As of December 31, 2012, our non-guarantor subsidiaries had \$1.1 billion of indebtedness.
<b>Optional Redemption</b>	At any time prior to , 2018, we may redeem the notes, in whole or in part, at a price equal to 100% of the principal amount, plus an applicable <i>make-whole</i> premium and accrued and unpaid interest, if any, to the redemption date, as described under the caption





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Description of the Notes Optional Redemption. At any time and from time to time on or after \_\_\_\_\_, 2018, we may redeem the notes, in whole or in part, at the redemption prices specified under the caption Description of the Notes Optional Redemption, plus accrued and unpaid interest, if any, to the date of redemption.

Until \_\_\_\_\_, 2016, we can choose to redeem the notes in an amount not to exceed 35% of the aggregate principal amount of the notes together with any additional notes issued under the indenture with money we or CBRE Group, Inc. raises in certain equity offerings as described under the caption Description of the Notes Optional Redemption.

**Mandatory Offer to Repurchase**

If a change of control triggering event occurs, we must give holders of the notes an opportunity to sell to us their notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the purchase date, subject to certain conditions. See Description of the Notes Change of Control Triggering Event.

**Certain Covenants**

The indenture governing the notes will contain covenants that limit our ability and the ability of certain of our subsidiaries to:

create certain liens;

enter into sale/leaseback transactions; and

enter into mergers or consolidations.

However, these covenants are subject to a number of important qualifications and exceptions. See Description of the Notes Certain Covenants.

**Use of Proceeds**

We will use the net proceeds from this offering to repay a portion of our outstanding indebtedness under our senior secured credit facilities.

For additional information regarding the use of the proceeds of the offering of the notes, you should read the information included under the caption Use of Proceeds in this prospectus supplement.

**Risk Factors**

Investing in the notes involves substantial risks. You should carefully consider the risk factors set forth under the caption Risk Factors and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus prior to making an investment in the notes. See Risk Factors beginning on page S-15.

**Table of Contents****Summary Historical Consolidated Financial Data**

The following table sets forth our summary historical consolidated financial information for each of the three years in the period ended December 31, 2012. The statement of operations data, the statement of cash flows data and the other data for the years ended December 31, 2012, 2011 and 2010 and the balance sheet data as of December 31, 2012 and 2011 were derived from our audited consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended December 31, 2012, which is incorporated by reference in this prospectus supplement.

The summary financial data presented below is not necessarily indicative of our results of future operations and should be read in conjunction with our consolidated financial statements and the information included under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our annual report on Form 10-K for the fiscal year ended December 31, 2012 which is incorporated by reference in this prospectus supplement.

	2012	Year Ended December 31, 2011 (in thousands)	2010
<b>Statement of Operations Data:</b>			
Revenue	\$ 6,514,099	\$ 5,905,411	\$ 5,115,316
Cost of services	3,742,514	3,457,130	2,960,170
Operating, administrative and other	2,002,914	1,882,666	1,607,682
Operating income	585,081	462,862	446,379
Interest income	7,643	9,443	8,416
Interest expense	175,068	150,249	191,151
Write-off of financing costs			18,148
Income from continuing operations	304,156	240,435	141,689
Income from discontinued operations, net of income taxes	631	49,890	14,320
Net income	304,787	290,325	156,009
Net (loss) income attributable to non-controlling interests	(10,768)	51,163	(44,336)
Net income attributable to CBRE Group, Inc.	315,555	239,162	200,345
<b>Statement of Cash Flows Data:</b>			
Net cash provided by operating activities	\$ 291,081	\$ 361,219	\$ 616,587
Net cash (used in) investing activities	(197,671)	(480,255)	(62,503)
Net cash (used in) provided by financing activities	(100,689)	711,325	(784,222)
<b>Other Data:</b>			
EBITDA (1)	\$ 861,621	\$ 693,261	\$ 647,467
EBITDA, as adjusted (1)	918,439	802,635	681,343

	2012	As of December 31, 2011 (in thousands)	2010
<b>Balance Sheet Data:</b>			
Cash and cash equivalents (2)	\$ 1,089,297	\$ 1,093,182	\$ 506,574
Total assets	7,809,542	7,219,143	5,121,568
Long-term debt, including current portion	2,427,605	2,472,686	1,428,322
Notes payable on real estate (3)	326,012	372,912	627,528
Total liabilities	6,127,730	5,801,980	4,055,773
CBRE Group, Inc. stockholders' equity	1,539,211	1,151,481	908,215

(1) Includes EBITDA related to discontinued operations of \$5.6 million, \$14.1 million and \$16.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

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EBITDA represents earnings before net interest expense, write-off of financing costs, income taxes, depreciation and amortization, while amounts shown for EBITDA, as adjusted, remove the impact of certain cash and non-cash charges related to acquisitions, cost containment and asset impairments. Our management believes that both of these measures

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are useful in evaluating our operating performance compared to that of other companies in our industry because the calculations of EBITDA and EBITDA, as adjusted, generally eliminate the effects of financing and income taxes and the accounting effects of capital spending and acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions. Such items may vary for different companies for reasons unrelated to overall operating performance. As a result, our management uses these measures to evaluate operating performance and for other discretionary purposes, including as a significant component when measuring our operating performance under our employee incentive programs. Additionally, we believe EBITDA and EBITDA, as adjusted, are useful to investors to assist them in getting a more complete picture of our results from operations.

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

EBITDA and EBITDA, as adjusted for selected charges are calculated as follows:

	2012	Year Ended December 31, 2011 (in thousands)	2010
Net income attributable to CBRE Group, Inc.	\$ 315,555	\$ 239,162	\$ 200,345
Add:			
Depreciation and amortization (a)	170,905	116,930	108,962
Non-amortizable intangible asset impairment	19,826		
Interest expense (b)	176,649	153,497	192,706
Write-off financing costs			18,148
Provision for income taxes (c)	186,333	193,115	135,723
Less:			
Interest Income	7,647	9,443	8,417
 EBITDA (d)	 861,621	 693,261	 647,467
Adjustments:			
Integration and other costs related to acquisitions	39,240	68,788	7,278
Cost containment expenses	17,578	31,139	15,291
Write-down of impaired assets		9,447	11,307
 EBITDA, as adjusted (d)	 \$ 918,439	 \$ 802,635	 \$ 681,343

- (a) Includes depreciation and amortization related to discontinued operations of \$1.3 million, \$1.2 million and \$0.6 million for the years ended December 31, 2012, 2011 and 2010, respectively.
- (b) Includes interest expense related to discontinued operations of \$1.6 million, \$3.2 million and \$1.6 million for the years ended December 31, 2012, 2011 and 2010, respectively.
- (c) Includes provision for income taxes related to discontinued operations of \$1.0 million, \$4.0 million and \$5.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.
- (d) Includes EBITDA related to discontinued operations of \$5.6 million, \$14.1 million and \$16.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

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- (2) Includes cash and cash equivalents of \$94.6 million, \$208.1 million and \$26.1 million as of December 31, 2012, 2011 and 2010, respectively, from consolidated funds and other entities, which is not available for general corporate use.
- (3) Notes payable on real estate disclosed here includes the current and long-term portions of notes payable on real estate as well as notes payable included in liabilities related to real estate and other assets held for sale.

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**RISK FACTORS**

*You should carefully consider the risks described below and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding to invest in the notes. If any of the following risks or uncertainties actually occurs, our business, financial condition and operating results would likely suffer.*

**Risks Relating to Our Business**

**The success of our business is significantly related to general economic conditions and, accordingly, our business, operations and financial condition could be adversely affected by economic slowdowns, liquidity crises, fiscal uncertainty and possible subsequent downturns in commercial real estate asset values, property sales and leasing activities.**

Many of the world's largest economies and financial institutions continue to be impacted by ongoing global economic and financial issues, with some continuing to face financial difficulty, fiscal uncertainty, pressure on asset prices, liquidity problems and limited availability of credit, made worse in certain areas by increased unemployment or limited economic growth. It is uncertain how long these effects will last, or whether economic and financial trends in those areas, particularly in Europe, will worsen or improve. The current economic situation may be exacerbated if additional negative geo-political or economic developments, natural disasters or other disruptions were to arise.

Periods of economic weakness or recession, significantly rising interest rates, fiscal uncertainty, declining employment levels, declining demand for commercial real estate, falling real estate values, disruption to the global capital or credit markets, or the public perception that any of these events may occur, may negatively affect the performance of some or all of our business lines.

Our business is significantly impacted by generally prevailing economic conditions in the principal markets where we operate, which can result in a general decline in real estate acquisition, disposition and leasing activity, as well as a general decline in the value of commercial real estate and in rents, which in turn reduces revenue from property management fees and commissions derived from property sales, leasing, valuation and financing, as well as revenues associated with development or investment management activities. Our capital markets business could also suffer from any political or economic disruption that impacts interest rates or liquidity. In addition, we could experience a reduction in the amount of fees we earn in our Global Investment Management business if our assets under management decrease or those assets fail to perform as anticipated. These economic conditions could also lead to a decline in property sales prices as well as a decline in funds invested in existing commercial real estate assets and properties planned for development.

Our development and investment strategy often entails making relatively modest investments alongside our investor clients. Our ability to conduct these activities depends in part on the supply of investment capital for commercial real estate and related assets. During an economic downturn, investment capital is usually constrained and it may take longer for us to dispose of real estate investments or selling prices may be lower than originally anticipated. As a result, the value of our commercial real estate investments may be reduced and we could realize losses or diminished profitability. In addition, economic downturns may reduce the amount of loan originations and related servicing by our commercial mortgage brokerage business.

Performance of our asset services line of business partially depends upon the performance of the properties we manage because our fees are generally based on a percentage of aggregate rent collections from these properties. The performance of these properties may be impacted by many factors which are partially or completely outside of our control, including: (i) real estate and financial market conditions prevailing generally and locally; (ii) our ability to attract and retain creditworthy tenants, particularly during economic downturns; and (iii) the magnitude of defaults by tenants under their respective leases, which may increase during distressed conditions.

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For example, during 2008 and 2009, credit became severely constrained and prohibitively expensive and real estate market activity contracted sharply in most markets around the world as a result of the global financial crisis and the deep economic recession. These adverse macro conditions impacted commercial real estate services companies like ours by significantly hampering transaction activity and lowering real estate valuations. Similar to other commercial real estate services firms, our transaction volumes fell during 2008 and most of 2009, and as a result, our stock price declined significantly. If the economic and market conditions that prevailed in 2008 and 2009 were to return, our business performance and profitability could again deteriorate.

Most recently, in the United States, we believe that the prospect of higher capital gains taxes drove an increase in transactions in the fourth quarter of 2012, but that continued uncertainty over fiscal and tax policy has caused, and may continue to do so in 2013, our clients to delay or cancel commercial real estate transactions which may impact our revenues. The economic situation in Europe has been particularly unstable, arising from the real prospect of a default by certain nations on their debt obligations and the possibility of a Eurozone break-up. If such a default or break-up occurs, or if the measures taken to avert such a default or break-up create their own instability, the adverse impact will likely be global and significant.

Fiscal uncertainty as well as significant changes and volatility in the financial markets and business environment, and in the global political, security and competitive landscape, make it increasingly difficult for us to predict our revenue and earnings into the future. As a result, any revenue or earnings guidance or outlook, which we have given or might give, may be overtaken by events, or may otherwise turn out to be inaccurate. Though we endeavor to give reasonable estimates of future revenue and earnings at the time we give such guidance, based on then-current conditions, there is a significant risk that such guidance or outlook will turn out to be, or to have been, incorrect.

### **Adverse developments in the credit markets may harm our business, results of operations and financial condition.**

Our Global Investment Management, Development Services and Capital Markets (including investment property sales and debt and equity financing services) businesses are sensitive to credit cost and availability as well as marketplace liquidity. Additionally, the revenues in all of our businesses are dependent to some extent on the overall volume of activity (and pricing) in the commercial real estate market.

Disruptions in the credit markets may adversely affect our business of providing advisory services to owners, investors and occupiers of real estate in connection with the leasing, disposition and acquisition of property. If our clients are unable to procure credit on favorable terms, there may be fewer completed leasing transactions, dispositions and acquisitions of property. In addition, if purchasers of commercial real estate are not able to procure favorable financing resulting in the lack of disposition opportunities for our funds and projects, our Global Investment Management and Development Services businesses will be unable to generate incentive fees and we may also experience losses of co-invested equity capital if the disruption causes a permanent decline in the value of investments made.

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

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

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

plan for or react to market conditions;

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

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

incurring or guaranteeing additional indebtedness;

paying dividends or making distributions on or repurchases of capital stock;

repurchasing equity interests;

the payment of dividends or other amounts to us;

transferring or selling assets, including the stock of subsidiaries;

creating liens; and

entering into sale/leaseback transactions.

Our credit agreement currently requires us to maintain a minimum coverage ratio of EBITDA (as defined in the credit agreement) to total interest expense of 2.25x and a maximum leverage ratio of total debt less available cash to EBITDA (as defined in the credit agreement) of 3.75x. Our ability to meet these financial ratios can be affected by events beyond our control, and we cannot give assurance that we will be able to meet those ratios when required. For example, we experienced a decline in EBITDA during the economic downturn in 2008 to 2009, which negatively impacted our minimum coverage ratio and maximum leverage ratio. However, we significantly reduced our cost structure during 2008 and 2009, and, as a result of these cost reductions as well as renewed growth in our business, we were and continue to be well within compliance with the minimum coverage ratio and the maximum leverage ratio under our credit agreement. Our coverage ratio of EBITDA to total interest expense was 10.45x for the year ended December 31, 2012 and our leverage ratio of total debt less available cash to EBITDA was 1.38x as of December 31, 2012. 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



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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.

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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. If we are unable to repay outstanding borrowings when due, the lenders under our credit agreement will have the right to proceed against this pledged capital stock and take control of substantially all of our assets.

**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 December 31, 2012, our total debt, excluding notes payable on real estate (which are generally nonrecourse to us) and warehouse lines of credit (which are recourse only to our wholly-owned subsidiary, CBRE Capital Markets, and are secured by our related warehouse receivables), was approximately \$2.5 billion. For the year ended December 31, 2012, our interest expense was approximately \$175.1 million. Our level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay when due the principal of, or other amounts due in respect of our indebtedness. In addition, we may incur additional debt from time to time to finance strategic acquisitions, investments, joint ventures or for other purposes, subject to the restrictions contained in the documents governing our indebtedness. If we incur additional debt, the risks associated with our leverage, including our ability to service our debt, would increase. If we are required to seek an amendment to our credit agreement, our debt service obligations may be substantially increased.

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

a substantial portion of our cash flow from operations is used to pay principal and interest on our debt;

our interest expense could increase if interest rates increase because the loans under our credit agreement generally bear interest at floating rates;

our leverage could increase our vulnerability to general economic downturns and adverse competitive and industry conditions, placing us at a disadvantage compared to those of our competitors that are less leveraged;

our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and in the commercial real estate services industry;

our failure to comply with the financial and other restrictive covenants in the documents governing our indebtedness could result in an event of default that, if not cured or waived, results in foreclosure on substantially all of our assets; and

our level of debt may restrict us from raising additional financing on satisfactory terms to fund strategic acquisitions, investments, joint ventures and other general corporate requirements.

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



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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 have limited restrictions on the amount of additional recourse debt we are able to incur, which may intensify the risks associated with our leverage, including our ability to service our indebtedness.**

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

**If we experience defaults by multiple clients or counterparties, it could adversely affect our business.**

We could be adversely affected by the actions and deteriorating financial condition and results of operations of certain of our clients or counterparties if that led to losses or defaults by one or more of them, which in turn, could have a material adverse effect on our results of operations and financial condition.

Any of our clients may experience a downturn in their business that may weaken their results of operations and financial condition. As a result, a client may fail to make payments when due, become insolvent or declare bankruptcy. Any client bankruptcy or insolvency, or the failure of any client to make payments when due, could result in losses to our company. A client bankruptcy would delay or preclude full collection of amounts owed to us. Additionally, certain 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 may not be able to obtain reimbursement for those costs or for the severance obligations we would incur as a result of the loss of the client.

The bankruptcy or insolvency of a significant counterparty (which may include co-brokers, lenders, insurance companies, hedging counterparties, service providers or other organizations with which we do business), or the failure of any significant counterparty to perform its contractual commitments, may result in disruption to our business or material losses to our company.

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

Under current accounting guidelines, we must assess, at least annually and potentially more frequently, whether the value of our goodwill and other intangible assets has been impaired. Any impairment of goodwill or other intangible assets as a result of such analysis would result in a non-cash charge against earnings, which charge could materially adversely affect our reported results of operations, stockholders' equity and our stock price. For example, due to the severe market downturn and credit crisis, we determined in December 2008 that the negative impact of the 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. As a result, we incurred charges of \$1.2 billion in connection with the impairment of goodwill and other non-amortizable intangible assets during the year ended December 31, 2008. 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, all 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.

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

Our continued success is highly dependent upon the efforts of our executive officers and other key employees, including Robert E. Sulentic, our President and Chief Executive Officer. Mr. Sulentic and certain other key employees are not parties to employment agreements with us. We also are highly dependent upon the retention of our property sales and leasing professionals, who generate a significant amount of our revenues, as well as other revenue producing professionals. The departure of any of our key employees (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 help retain and incentivize many of our key personnel. Any significant decline in, or failure to grow, our stock price may result in an increased risk of loss of these key personnel. If we are unable to attract and retain these qualified personnel, our growth may be limited and our business and operating results could suffer.

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

We conduct a significant portion of our business and employ a substantial number of people outside of the United States and as a result, we are subject to risks associated with doing business globally. During 2012, we generated approximately 40% of our revenue from operations outside the United States. In 2011, we acquired the majority of the real estate investment management business of Netherlands-based ING Group N.V. (the REIM Acquisitions). With the REIM Acquisitions, the footprint of our Global Investment Management business significantly expanded, particularly in Europe and Asia. Additional circumstances and developments related to international operations that could negatively affect our business, financial condition or results of operations include, but are not limited to, the following factors:

difficulties and costs of staffing and managing international operations among diverse geographies, languages and cultures;

currency restrictions, transfer pricing regulations and adverse tax consequences, which may impact our ability to transfer capital and profits to the United States;

arbitrary adverse changes in regulatory or tax requirements;

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

the impact of regional or country-specific business cycles and economic instability, particularly in Europe, which has seen a continuing crisis in sovereign debt, and which could be further significantly and adversely impacted if the Euro were to fail as a single currency;

greater difficulty in collecting accounts receivable in some geographic regions such as Asia, where many countries have underdeveloped insolvency laws;

a tendency for clients to delay payments in some European and Asian countries;

political and economic instability in certain countries; and

foreign ownership restrictions with respect to operations in countries such as China.

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Although we maintain anti-corruption and anti-money laundering compliance programs throughout the company, violations of our compliance programs may result in criminal or civil sanctions, including material monetary fines, penalties, equitable remedies (including disgorgement), and other costs against us or our employees, and may have a material adverse effect on our reputation and business.

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

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

Our revenue from non-U.S. operations is denominated primarily in the local currency where the associated revenue was earned. During 2012, approximately 40% of our revenue was transacted in foreign currencies, the majority of which included the Euro, the British pound sterling, the Canadian dollar, the Chinese yuan, the Hong Kong dollar, the Japanese yen, the Singapore dollar, the Australian dollar and the Indian rupee. Our Global Investment Management business has a significant amount of Euro-denominated assets under management as well as associated revenue and earnings in Europe, which has seen a continuing crisis in sovereign debt resulting in a notable drop in the value of the Euro against the U.S. dollar. Fluctuations in foreign currency exchange rates may result in corresponding fluctuations in our assets under management, revenue and earnings.

Over time, fluctuations in the value of the U.S. dollar and the Euro relative to the other currencies in which we may generate earnings could adversely affect our business, financial condition and operating results. Due to the constantly changing currency exposures to which we are subject and the volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon future operating results. In addition, fluctuations in currencies relative to the U.S. dollar and the Euro may make it more difficult to perform period-to-period comparisons of our reported results of operations.

From time to time, our management uses currency hedging instruments, including foreign currency forward and option contracts and borrows in foreign currencies. There can be no assurance that these hedging instruments will be available when needed. Additionally, economic risks associated with these hedging instruments include unexpected fluctuations in inflation rates, which impact cash flow, and unexpected changes in the underlying net asset position.

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

A significant component of our growth has occurred through acquisitions, including our acquisition of the Trammell Crow Company in December 2006 and the REIM Acquisitions that we completed in the second half of 2011. Any future growth through acquisitions will be partially dependent upon the continued availability of suitable acquisition candidates at favorable prices and upon advantageous terms and conditions, which may not be available to us, as well as sufficient liquidity and credit to fund these acquisitions. We may incur significant additional debt from time to time to finance any such acquisitions, subject to the restrictions contained in the documents governing our then-existing indebtedness. If we incur additional debt, the risks associated with our leverage, including our ability to service our then-existing debt, would increase. In addition, acquisitions involve risks that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove incorrect. Future acquisitions and any necessary related financings also may involve significant transaction-related expenses, which include severance, lease termination, transaction and deferred financing costs, among others.

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

### **The anticipated benefits of the REIM Acquisitions may not be realized as we contemplated.**

We completed the REIM Acquisitions with the expectation that such acquisitions would result in various benefits, including, among others, enhanced revenues and margins, a strengthened market position, cross-selling opportunities and operating efficiencies. Achieving the anticipated benefits of the REIM Acquisitions will be subject to a number of uncertainties, including the realization of accretive benefits in the timeframe anticipated. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy, which could adversely impact our financial condition and operating results.

### **Our revenue, net income and cash flow generated by our Global Investment Management business can vary significantly as a result of market developments.**

With the completion of the REIM Acquisitions, our Global Investment Management business significantly increased and became more globally diverse. With the addition of the REIM funds, a substantial part of our fees are more recurring in nature. However, the revenue, net income and cash flow generated by our Global Investment Management business are all somewhat variable, primarily due to the fact that management, transaction and incentive fees can vary as a result of market movements from one period to another.

The pace at which the real estate markets worldwide turned from positive to negative starting in 2007 and continuing into 2009 is an example of the market volatility to which we are subject and over which we have no control. The underlying market conditions, decisions regarding the acquisition and disposition of fund and separate account assets, and the specifics of client mandates will cause the amount of asset management, transaction and incentive fees to vary from one product to another.

A substantial part of our fees are based upon the value of the assets we manage and if asset values deteriorate our asset management fees will decline as a result. Our acquisition and disposition fees can decline as a result of delay in the deployment of capital or limited market liquidity. We also earn incentive fees tied to portfolio performance, which fees may decline if there is a downturn in real estate markets and we fail to meet benchmarks or absolute return hurdles. Finally, during periods of economic weakness or recession, existing and prospective clients in our Global Investment Management business may be less able or willing to commit new funds to real estate investments, which are inherently less liquid than many competing investment classes, thereby inhibiting the ability of our Global Investment Management business to raise new funds. Additionally, investors with open commitments to provide additional investment could become less able or willing to honor their financial commitments and seek to renegotiate the terms of their commitments or the fees that they are obligated to pay. To the extent that clients in our Global Investment Management business seek to avoid paying fees they are obligated to pay, or seek to avoid deploying capital that has been committed, we could experience a decrease in collection of fees and interruptions to our client relationships and business.

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

An important part of the strategy for our Global Investment Management business involves investing our capital in certain real estate investments with our clients and there is an inherent risk of loss of our



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investments. As of December 31, 2012, we had committed \$31.7 million to fund future co-investments, \$27.9 million of which is expected to be funded during 2013. In addition to required future capital contributions, some of the co-investment entities may request additional capital from us and our subsidiaries holding investments in those assets. The failure to provide these contributions could have adverse consequences to our interests in these investments, including damage to our reputation with our co-investment partners and clients, as well as the necessity of obtaining alternative funding from other sources that may be on disadvantageous terms for us and the other co-investors. Participating as a co-investor is 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 December 31, 2012, we had approximately 35 consolidated real estate projects with invested equity of \$11.6 million and \$13.9 million of notes payable on real estate that are recourse to us (in addition to being recourse to the single-purpose entity that holds the real estate asset and is the primary obligor on the note payable). In addition, at December 31, 2012, we were involved as a principal (in most cases, co-investing with our clients) in approximately 45 unconsolidated real estate subsidiaries with invested equity of \$58.9 million and had committed additional capital to these unconsolidated subsidiaries of \$14.3 million. We also guaranteed notes payable of these unconsolidated subsidiaries of \$2.2 million, excluding guarantees for which we have outstanding liabilities accrued on our consolidated balance sheet.

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

Because the disposition of a single significant investment can 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 the recognition of any related gain or loss, or incentive participation fee.

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

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

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

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

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

The advice and services we render in our financial and valuation advisory businesses and the investment decisions we make in our Global Investment Management business and the activities of our investment banking and investment management professionals for or on behalf of our clients may subject them and us to the risk of third-party litigation. Such litigation may arise from client or investor dissatisfaction with the performance of our programs, differences between actual values and appraised values, and a variety of other litigation claims, including allegations that we improperly exercised judgment, discretion, control or influence over client investments or that we breached fiduciary duties to clients. For example, in our valuation and appraisal business, if market dynamics lead to a reduction in the market value of properties we have previously appraised, we may be subject to a higher risk of claims, including conflicts of interest claims, based on the circumstances of valuations previously issued. Our valuation and appraisal services involve transactions where the value of the transaction is much greater than the fees we generate. As a result, the consequences of errors that lead to damages might be disproportionately large in relation to the fees generated in the event our contractual protections or our insurance coverage are inadequate to protect us fully.

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

Some of these litigation risks may be mitigated by the commercial insurance we maintain in amounts we believe are appropriate. However, in the event of a substantial loss, our commercial insurance coverage and/or self-insurance reserve levels might not be sufficient to pay the full damages, or the scope of available coverage may not cover certain types of claims. Further, the value of otherwise valid claims we hold under insurance policies could become uncollectible in the event of the covering insurance company's insolvency, although we seek to limit this risk by placing our commercial insurance only with highly-rated companies. Any of these events could negatively impact our business, financial condition or results of operations.

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

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### **A failure to appropriately deal with actual or perceived conflicts of interest could adversely affect our businesses.**

We have a global platform with different business lines and a broad client base and are therefore subject to numerous potential, actual or perceived conflicts of interests in the provision of services to our existing and potential clients. For example, conflicts may arise from our position as broker to both owners and tenants in commercial real estate lease transactions. We have adopted various policies, controls and procedures to address or limit actual or perceived conflicts, but these policies and procedures may not be adequate and may not be adhered to by our employees. Appropriately dealing with conflicts of interest is complex and difficult and our reputation could be damaged and cause us to lose existing clients or fail to gain new clients if we fail, or appear to fail, to identify, disclose and manage potential conflicts of interest, which could have an adverse affect on our business, financial condition and results of operations. In addition, it is possible that in some jurisdictions regulations could be changed to limit our ability to act for parties where conflicts exist even with informed consent, which could limit our market share in those markets. There can be no assurance that conflicts of interest will not arise in the future that could cause material harm to us.

### **Our joint venture activities 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 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 brand, business, results of operations and financial condition.

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

We compete across a variety of business disciplines within the commercial real estate services industry, including commercial property and corporate facilities management, occupier and property/agency leasing, property sales, valuation, real estate investment management, commercial mortgage origination and servicing, capital markets (equity and debt) solutions, development services and proprietary research. Although we are the largest commercial real estate services firm in the world in terms of 2012 revenue, our relative competitive position varies significantly across geographies, property types and services. Depending on the geography, property type or service, we face competition from other commercial real estate service providers, including outsourcing companies that traditionally competed in limited portions of our facilities management business and have recently expanded their offerings, in-house corporate real estate departments, developers, institutional lenders, insurance companies, investment banking firms, investment managers, and accounting and consulting firms. Some of these firms may have greater financial resources than we do. In addition, future changes in laws could lead to the entry of other competitors, such as financial institutions. Although many of our competitors are local or regional firms and are substantially smaller than us, some of these competitors are larger on a local or regional basis. We are also subject to competition from other large national and multi-national firms that have similar service competencies to ours. In general, there can be no assurance that we will be able to compete effectively, to maintain current fee levels or margins, or maintain or increase our market share.

### **A significant portion of our operations are concentrated in California and our business could be harmed if there was an economic downturn in the California real estate markets.**

During 2012, approximately 10% of our revenue was generated from transactions originating in California. As a result of the geographic concentration in California, economic downturns in the California commercial real estate market, similar to recent downturns experienced in California, and particularly in the local

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economies in San Diego, Los Angeles and Orange County could harm our results of operations and disproportionately affect our business as compared to competitors who have less or different geographic concentrations.

### **We operate in many jurisdictions with complex and varied tax regimes. Changes in tax rules or the outcome of tax assessments and audits could cause an adverse effect on our results.**

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

Our estimate of tax related assets, liabilities, recoveries and expenses incorporates assumptions. These assumptions include, but are not limited to, the tax laws in various jurisdictions, the effect of tax treaties between jurisdictions, taxable income projections, and the benefits of various restructuring plans. To the extent that such assumptions differ from actual results, we may have to record additional income tax expenses and liabilities.

We are subject to the possibility of loss contingencies arising out of tax claims, assessments related to uncertain tax positions and provisions for specifically identified income tax exposures. There are currently tax audits ongoing in certain of the jurisdictions in which we operate. There can be no assurance that we will be successful in resolving potential tax claims that arise from these audits. We have recorded provisions on the basis of the best current understanding; however, we could be required to book additional provisions in future periods for amounts that cannot be assessed at this stage. Our failure to do so and/or the need to increase our provisions for such claims could have an adverse effect on our financial position.

### **If the assets in our defined benefit pension plans are not sufficient to meet the plans obligations, we may be required to make cash contributions to it and our liquidity may be adversely affected.**

Our subsidiaries based in the United Kingdom maintain two contributory defined benefit pension plans to provide retirement benefits to existing and former employees participating in the plans. With respect to these plans, our historical policy has been to contribute annually, an amount to fund pension cost as actuarially determined and as required by applicable laws and regulations. Our contributions to these plans are invested and, if these investments do not perform in the future as well as we expect, we will be required to provide additional funding to cover any shortfall. The underfunded status of our defined benefit pension plans included in pension liability in the accompanying consolidated balance sheets, which are incorporated herein by reference, was \$63.5 million and \$60.9 million at December 31, 2012 and 2011, respectively. If the assets in our defined benefit pension plans continue to be insufficient to meet the plans obligations, we may be required to make substantial cash contributions preventing the use of such cash for other purposes and adversely affecting our liquidity.

### **If we fail to maintain and protect our intellectual property, or infringe the intellectual property rights of third parties, our business could be harmed and we could incur financial penalties.**

Our business depends, in part, on our ability to identify and protect proprietary information and other intellectual property (such as our service marks, client lists and information, business methods and research). Existing laws, or the application of those laws, of some countries in which we operate may offer only limited protections for our intellectual property rights. We rely on a combination of trade secrets, confidentiality policies, non-disclosure and other contractual arrangements, and on patent, copyright and trademark laws to protect our intellectual property rights. Our inability to detect unauthorized use or take appropriate or timely steps to enforce our rights may have an adverse effect on our business.

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We cannot be sure that the intellectual property that we may use in the course of operating our business or the services we offer to clients do not infringe on the rights of third parties, and we may have infringement claims asserted against us or against our clients. These claims may harm our reputation, cost us money and prevent us from offering some services.

Confidential intellectual property is increasingly stored or carried on mobile devices, such as laptop computers, which makes inadvertent disclosure more of a risk in the event the mobile devices are lost or stolen and the information has not been adequately safeguarded or encrypted.

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

Security breaches and other disruptions could compromise our information and expose us to liability, which could cause our business and reputation to suffer. In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and intellectual property, and that of our clients and personally identifiable information of our employees and contractors, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. A significant actual or potential theft, loss, fraudulent use or misuse of client, employee or other personally identifiable data, whether by third parties or as a result of employee malfeasance or otherwise, non-compliance with our contractual or other legal obligations regarding such data or a violation of our privacy and security policies with respect to such data could result in significant costs, fines, litigation or regulatory actions against us. Such an event could additionally disrupt our operations and the services we provide to clients, damage our reputation, and cause a loss of confidence in our services, which could adversely affect our business, revenues and competitive position. Additionally, we increasingly rely on third-party data storage providers, including cloud storage solution providers, resulting in less direct control over our data. Such third parties may also be vulnerable to security breaches and compromised security systems, which could adversely affect our reputation.

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

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

The infrastructure disruptions we describe above may also disrupt our ability to manage real estate for clients or may adversely affect the value of real estate investments we make on behalf of clients. The buildings we manage for clients, which include some of the world's largest office properties and retail centers, are used by

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numerous people daily. As a result, fires, earthquakes, floods, other natural disasters, defects and terrorist attacks can result in significant loss of life, and, to the extent we are held to have been negligent in connection with our management of the affected properties, we could incur significant financial liabilities and reputational harm.

Our business relies significantly on the use of commercial real estate data. We produce much of this data internally, but a significant portion is purchased from third-party providers for which there is no certainty of uninterrupted availability. A disruption of our ability to provide data to our professionals and/or clients could damage our reputation, and our operating results could be adversely affected.

**Our businesses, financial condition, results of operations and prospects could be adversely affected by new laws or regulations or by changes in existing laws or regulations or the application thereof. If we fail to comply with laws and regulations applicable to us, including in our role as a real estate broker, registered investment advisor, mortgage broker, property/facility manager or developer, we may incur significant financial penalties.**

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, environmental 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 and certain non-U.S. jurisdictions 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. A number of our services, including the services provided by our indirect wholly-owned subsidiaries, CBRE Capital Markets and CBRE Global Investors, are subject to regulation by the SEC, FINRA or other self-regulatory organizations and state securities regulators and compliance failures or regulatory action could adversely affect our business. We could be subject to disciplinary or other actions in the future due to claimed noncompliance with these regulations, which could have a material adverse effect on our operations and profitability.

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 licensing regimes and the possible loss resulting from non-compliance have increased. The global economic crisis has resulted in increased government and legislative activities, including the introduction of new legislation and changes to rules and regulations, which we expect will continue into the future. New or revised legislation or regulations applicable to our business, both within and outside of the United States, as well as changes in administrations or enforcement priorities may have an adverse effect on our business, including increasing the costs of compliance or preventing us from providing certain types of services in certain jurisdictions or in connection with certain transactions or clients. We are unable to predict how any of these new laws, rules, regulations and proposals will be implemented or in what form, or whether any additional or similar changes to laws or regulations, including the interpretation or implementation thereof, will occur in the future. Any such action could affect us in substantial and unpredictable ways and could have an adverse effect on our businesses, financial condition, results of operations and prospects.

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

Various laws and regulations impose liability on real property owners or operators for the cost of investigating, cleaning up or removing contamination caused by hazardous or toxic substances at a property. In our role as a property or facility manager or developer, we could be held liable as an operator for such costs. This liability may be imposed without regard to the legality of the original actions and without regard to whether we knew of, or were responsible for, the presence of the hazardous or toxic substances. If we fail to disclose environmental issues, we could also be liable to a buyer or lessee of a property. If we incur any such liability, our business could suffer significantly as it could be difficult for us to develop or sell such properties, or borrow

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funds using such properties as collateral. In the event of a substantial liability, our insurance coverage might be insufficient to pay the full damages, or the scope of available coverage may not cover certain of these liabilities. Additionally, liabilities incurred to comply with more stringent future environmental requirements could adversely affect any or all of our lines of business.

### **Risks Relating to the Notes**

#### **We may not have the ability to raise the funds necessary to finance a change of control offer.**

Upon the occurrence of a change of control triggering event, we will be required to offer to repurchase all of the notes. We cannot assure you that there will be sufficient funds available for us to make any required repurchases of the notes upon a change of control. In addition, our credit agreement provides that the occurrence of a change of control constitutes a default. Our failure to purchase tendered notes would constitute a default under the indenture governing the notes, which, in turn, would constitute a default under the credit agreement. See Description of the Notes Change of Control Triggering Event.

#### **A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the notes from relying on that subsidiary to satisfy claims.**

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a subsidiary guarantee can be voided, or claims under the subsidiary guarantee may be subordinated to all other debts of that subsidiary guarantor if, among other things, the subsidiary guarantor, at the time it incurred the indebtedness evidenced by its subsidiary guarantee or, in some states, when payments become due under the subsidiary guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of the subsidiary guarantee and:

was insolvent or rendered insolvent by reason of such incurrence;

was engaged in a business or transaction for which the subsidiary guarantor's remaining assets constituted unreasonably small capital; or

intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

A subsidiary guarantee may also be voided, without regard to the above factors, if a court found that the subsidiary guarantor entered into the subsidiary guarantee with the actual intent to hinder, delay or defraud its creditors.

A court would likely find that a subsidiary guarantor did not receive reasonably equivalent value or fair consideration for its subsidiary guarantee if the subsidiary guarantor did not substantially benefit directly or indirectly from the issuance of the notes. If a court were to void a subsidiary guarantee, you would no longer have a claim against the subsidiary guarantor. Sufficient funds to repay the notes may not be available from other sources, including the remaining guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from the subsidiary guarantor.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon the governing law. Generally, a subsidiary guarantor would be considered insolvent if:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;

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the present fair saleable value of its assets were less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and mature; or

it could not pay its debts as they became due.

Each subsidiary guarantee will contain a provision intended to limit the subsidiary guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its subsidiary guarantee to be a fraudulent transfer. This provision may not be effective to protect the subsidiary guarantees from being voided under fraudulent transfer law.

### **The notes will be effectively subordinated to our secured indebtedness to the extent of the value of the property securing that indebtedness.**

The notes will not be secured by any of our or our subsidiaries' assets. As a result, the notes, and the guarantees given by CBRE Group, Inc. and each of our subsidiaries providing guarantees, will be effectively subordinated to our and such guarantors' indebtedness with respect to the assets that secure such indebtedness. As of December 31, 2012, on an as adjusted basis after giving effect to this offering and the application of the net proceeds, the notes would have been effectively subordinated to approximately \$1.5 billion of senior secured debt (including certain warehouse lines of credit). In addition, we and our subsidiaries may incur additional secured debt in the future. As a result of this effective subordination, upon a default in payment on, or the acceleration of, any of this secured indebtedness, or in the event of bankruptcy, insolvency, liquidation, dissolution or reorganization of our company or a subsidiary, the proceeds from the sale of assets securing our or such subsidiary's secured indebtedness will be available to pay obligations on the notes and other unsecured obligations only after such secured debt has been paid in full. Consequently, the holders of the notes may receive less, ratably, than the holders of secured debt in the event of our or our subsidiaries' bankruptcy, insolvency, liquidation, dissolution or reorganization even if those subsidiaries in the future guarantee the notes.

### **The notes will not be guaranteed by all of our subsidiaries.**

The notes will not be guaranteed by a number of our subsidiaries. As a result, if we default on our obligations under the notes, you will not have any claims against any of our subsidiaries that do not provide guarantees of the notes. Certain of our foreign subsidiaries are co-borrowers under our credit agreement but do not guarantee our obligations thereunder and will not guarantee the notes offered hereby. For the year ended December 31, 2012, revenue of our non-guarantor subsidiaries constituted approximately 42% of our consolidated revenues, and operating income of such non-guarantor subsidiaries was approximately \$187.0 million. As of December 31, 2012 the total assets of such subsidiaries constituted approximately 49% of our consolidated total assets, and the total liabilities of such subsidiaries were \$2.3 billion.

### **We cannot assure you that an active trading market will develop for the notes.**

Prior to this offering, there was no public market for the notes. We have been informed by the underwriters that they intend to make a market in the notes after this offering is completed. However, the underwriters may cease their market-making activities at any time. In addition, the liquidity of the trading market in the notes and the market price quoted for the notes may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects or in the financial performance or prospects of companies in our industry generally. As a result, we cannot assure you that an active trading market will develop or be maintained for the notes. If an active market does not develop or is not maintained, the market price of the notes may decline and the liquidity of the notes may be limited.

### **Ratings of the notes may affect the market price and marketability of the notes.**

Upon issuance, the notes will be rated by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services. Such ratings are limited in scope, and do not address all material risks relating to an investment



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in the notes, but rather reflect only the view of each rating agency at the time the rating is issued. An explanation of the significance of such rating may be obtained from such rating agency. There is no assurance that such credit ratings will be issued or remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. It is also possible that such ratings may be lowered in connection with the application of the proceeds of this offering or in connection with future events, such as future acquisitions. Holders of notes will have no recourse against us or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the notes.

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**USE OF PROCEEDS**

We estimate that our net cash proceeds from the sale of the notes will be approximately \$490.0 million, after deducting the underwriters discounts and estimated offering expenses. The proceeds from the sale of the notes will be used to repay a portion of our outstanding indebtedness under our senior secured credit facilities.

In connection with our repayment of a portion of the outstanding indebtedness under our senior secured credit facilities, certain of the underwriters or their respective affiliates may receive a portion of the proceeds of this offering. See Underwriting.

As of December 31, 2012, the interest rate on (a) term loans under our senior secured credit facilities ranged from 2.46% to 3.71% and (b) revolving credit loans under our senior secured credit facilities ranged from 2.34% to 5.02%. The term loans under our senior secured credit facilities mature through September 4, 2019, depending on tranche, and the revolving credit loans under our senior secured credit facilities mature on May 10, 2015.

**Table of Contents****CAPITALIZATION**

The following table sets forth the cash and cash equivalents and capitalization of CBRE Group, Inc. as of December 31, 2012:

on an actual basis;

on an as adjusted basis to reflect the estimated net proceeds from the issuance of the notes and the application of such net proceeds to repay a portion of our outstanding indebtedness under our senior secured credit facilities; and

on a pro forma as adjusted basis to reflect (a) this offering, (b) the expected closing, following this offering, of the refinancing of our existing senior secured credit facilities and (c) the expected redemption of our 11.625% senior subordinated notes in June 2013.

All of the long-term debt described below is recourse to CBRE Group, Inc. and its subsidiaries. Long-term debt described below includes revolving credit facilities borrowings, but does not include certain other short-term borrowings, including warehouse lines of credit.

	As of December 31, 2012		
	Actual	As Adjusted (in thousands)	Pro Forma As Adjusted (6)
Cash and cash equivalents (1)	\$ 1,089,297	\$ 1,089,297	\$ 489,297
Long-term debt:			
Revolving credit facilities (2)	\$ 72,964	\$ 72,964	\$ 410,000
Term loan facilities (including current portion) (3)	1,627,746	1,137,746	715,000
11.625% senior subordinated notes, net of unamortized discount of \$9,477 (4)	440,523	440,523	
6.625% senior notes	350,000	350,000	350,000
Notes offered hereby		500,000	500,000
Other long-term debt (including current portion)	23,254	23,254	23,254
Total long-term debt (5)	2,514,487	2,524,487	1,998,254
CBRE Group, Inc. stockholders' equity	1,539,211	1,539,211	1,539,211
Total capitalization	\$ 4,053,698	\$ 4,063,698	\$ 3,537,465

- (1) Includes cash and cash equivalents of \$94.6 million from consolidated funds and other entities, which is not available for general corporate use.
- (2) Pro forma as adjusted revolving credit loans reflects revolving credit loans expected to be outstanding for working capital and other purposes as of June 30, 2013.
- (3) Includes current maturities of term loans of \$70.7 million. We expect to refinance our senior secured credit facilities in March 2013. We expect that, after such refinancing, we would have \$715.0 million of term loans outstanding, or subject to be drawn, under such senior secured credit facilities. In connection with the refinancing, we are targeting secured revolving credit facilities in an aggregate principal amount of approximately \$1.0 billion.
- (4) We expect to optionally redeem our 11.625% senior subordinated notes in June 2013 with cash on hand and the proceeds from our new term loans and revolving credit loans under our proposed refinanced senior secured credit facilities.
- (5) Excludes \$1,026.4 million of aggregate warehouse facilities (which are recourse only to our wholly-owned subsidiary CBRE Capital Markets, Inc. and are secured by our related warehouse receivables) and \$312.1 million of notes payable on real estate, which are non-recourse to us.

- (6) Although we are in active discussions with lenders to complete the proposed refinancing of our senior secured credit facilities and expect to complete such refinancing in March 2013, we do not have

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commitments from lenders in respect thereof and we cannot assure you that we will complete such refinancing as we plan or on the time table that we expect. If we have not closed such proposed refinancing in time for the expected redemption in June 2013 of our 11.625% senior subordinated notes, we expect to use a combination of cash on hand and borrowings under our existing revolving credit facility to complete such redemption in June 2013.

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**DESCRIPTION OF THE NOTES**

CBRE Services, Inc. ( *CBRE Services* ) will issue the Notes under an Indenture among itself, the Guarantors party thereto and Wells Fargo Bank, National Association, as trustee (the *Trustee* ), as supplemented as of the date of the issue date for the Notes (as supplemented, the *Indenture* ).

Certain terms used in this description are defined under the subheading *Certain Definitions*. In this description, the words *we*, *us*, *our* and *Iss* refer to CBRE Services and not to any of its subsidiaries. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (the *Trust Indenture Act* ).

The following description is only a summary of the material provisions of the Indenture, which is filed as an exhibit to the Registration Statement of which this prospectus forms a part. We urge you to read the Indenture because it, not this description, defines your rights as holders of these Notes. You may request copies of the Indenture at our address set forth under the heading *Where You Can Find More Information*.

**Brief Description of the Notes**

These Notes:

are unsecured senior obligations of the Issuer;

are senior in right of payment to all existing and any future subordinated indebtedness of the Issuer; and

will be guaranteed by CBRE Group, Inc. ( *Parent* ) and each Subsidiary Guarantor on a senior basis.

**Principal, Maturity and Interest**

The Issuer will issue the Notes initially with a maximum aggregate principal amount of \$500.0 million. The Issuer will issue the Notes in denominations of \$2,000 and any greater integral multiple of \$1,000. The Notes will mature on March 15, 2023. We are permitted to issue more Notes under the Indenture in an unlimited aggregate principal amount (the *Additional Notes* ). The Notes and the Additional Notes, if any, will be treated as a single class for all purposes of the Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context otherwise requires, for all purposes of the Indenture and this *Description of the Notes*, references to the Notes include any Additional Notes actually issued.

Interest on these Notes will accrue at the rate of *%* per annum and will be payable semiannually in arrears on March 15 and September 15, commencing on September 15, 2013. We will make each interest payment to the holders of record of these Notes on the immediately preceding March 1 and September 1.

Interest on these Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

**Optional Redemption**

Except as set forth below, we will not be entitled to redeem the Notes at our option.

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On and after March 15, 2018, we will be entitled at our option to redeem all or a portion of these Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed in percentages of principal amount on the redemption date), plus accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the related interest payment date), if redeemed during the 12-month period commencing on March 15 of the years set forth below:

Period	Redemption Price
2018	%
2019	%
2020	%
2021 and thereafter	100.000%

In addition, before March 15, 2016, we will be entitled at our option on one or more occasions to redeem Notes (which includes Additional Notes, if any) in an aggregate principal amount not to exceed 35% of the aggregate principal amount of the Notes (which includes Additional Notes, if any) originally issued at a redemption price (expressed as a percentage of principal amount) of %, plus accrued and unpaid interest, if any, to the redemption date, with an amount not to exceed the net cash proceeds from one or more Equity Offerings (*provided* that if the Equity Offering is an offering by Parent, a portion of the Net Cash Proceeds thereof equal to the amount required to redeem any such Notes is contributed to the equity capital of the Issuer); *provided* that

- (1) at least 65% of such aggregate principal amount of Notes (which includes Additional Notes, if any) remains outstanding immediately after the occurrence of each such redemption (other than Notes held, directly or indirectly, by the Issuer or its Affiliates); and
- (2) each such redemption occurs within 120 days after the date of the related Equity Offering.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof, and any such redemption or notice, may, at the Issuer's discretion, be subject to the completion of the related Equity Offering.

Prior to March 15, 2018, we will be entitled, at our option, to redeem all or a portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, the redemption date (subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date). Notice of such redemption must be mailed by first-class mail (or delivered by electronic transmission in accordance with the applicable procedures of DTC) to each holder's registered address, not less than 30 nor more than 60 days prior to the redemption date.

*Applicable Premium* means with respect to a Note at any redemption date, as provided by the Issuer, the excess of (1) the present value at such redemption date of (A) the redemption price of such Note on March 15, 2018 (such redemption price being described in the second paragraph in this Optional Redemption section exclusive of any accrued and unpaid interest) plus (B) all required remaining scheduled interest payments due on such Note through March 15, 2018 (but excluding accrued and unpaid interest, if any, to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate, over (2) the principal amount of such Note on such redemption date.

*Adjusted Treasury Rate* means, with respect to any redemption date and as provided by the Issuer, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury

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Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after March 15, 2018, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the date that the applicable redemption notice is first mailed, in each case, plus 0.50%.

*Comparable Treasury Issue* means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the Notes from the redemption date to March 15, 2018, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to March 15, 2018.

*Comparable Treasury Price* means, with respect to any redemption date, if clause (2) of the Adjusted Treasury Rate definition is applicable, the average of three, or such lesser number as is obtained by the Issuer, Reference Treasury Dealer Quotations for such redemption date.

*Quotation Agent* means the Reference Treasury Dealer selected by the Issuer.

*Reference Treasury Dealer* means Merrill Lynch Pierce Fenner & Smith Incorporated and its successors and assigns, Credit Suisse Securities (USA) LLC and its successors and assigns and J.P. Morgan Securities Inc. and its successors and assigns.

*Reference Treasury Dealer Quotations* means with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Issuer, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Issuer by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day immediately preceding the date that the applicable redemption notice is first mailed.

### **Selection and Notice of Redemption**

If we are redeeming less than all the Notes at any time, the Trustee will select Notes on a *pro rata* basis, by lot or by such other method as the Trustee in its sole discretion shall deem to be fair and appropriate in accordance with the applicable procedures of DTC.

We will redeem Notes of \$2,000 or less in whole and not in part. We will cause notices of redemption to be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount thereof to be redeemed. We will issue a new Note in a principal amount equal to the unredeemed portion of the original Note in the name of the holder thereof upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

### **No Sinking Fund; Open Market Purchases**

We are not required to make any sinking fund payments with respect to the Notes. However, under certain circumstances, we may be required to offer to purchase Notes as described under the captions **Change of Control Triggering Event**. We may at any time and from time to time purchase Notes in the open market or otherwise.



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### **Guarantees**

Parent and each Subsidiary Guarantor will jointly and severally guarantee, on a senior unsecured basis, our obligations under these Notes. The obligations of each Subsidiary Guarantor under its Subsidiary Guaranty are designed to be limited as necessary to prevent such Subsidiary Guaranty from constituting a fraudulent conveyance under applicable law and, therefore, will be expressly limited to the maximum amount that such Subsidiary Guaranty could guarantee without such Subsidiary Guaranty constituting a fraudulent conveyance. This limitation, however, may not be effective to prevent such Subsidiary Guaranty from constituting a fraudulent conveyance. See Risk Factors Risks Relating to the Notes A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the Notes from relying on that subsidiary to satisfy claims.

Each Subsidiary Guarantor that makes a payment under its Subsidiary Guaranty will be entitled upon payment in full of all guaranteed obligations under the Indenture to a contribution from each other Subsidiary Guarantor in an amount equal to such other Subsidiary Guarantor's *pro rata* portion of such payment based on the respective net assets of all the Subsidiary Guarantors at the time of such payment determined in accordance with GAAP.

If a Subsidiary Guaranty were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guaranty could be reduced to zero. See Risk Factors Risks Relating to the Notes A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the Notes from relying on that subsidiary to satisfy claims.

The Subsidiary Guaranty of a Subsidiary Guarantor will be released:

- (1) upon the sale or other disposition (including by way of consolidation or merger) of a Subsidiary Guarantor;
- (2) upon the sale or disposition of all or substantially all the assets of a Subsidiary Guarantor;
- (3) at such time as such Subsidiary Guarantor no longer Guarantees any other Debt of the Issuer;
- (4) upon the defeasance of the Notes, as provided under Defeasance; or

(5) as described under Amendments and Waivers, in the case of clause (1) or (2), other than to Parent, the Issuer or a Subsidiary of Parent and as permitted by the Indenture.

### **Ranking**

The indebtedness evidenced by the Notes and the Guaranties will be senior unsecured obligations and will rank *pari passu* in right of payment with all other unsecured unsubordinated indebtedness of the Issuer or the applicable Guarantor, as the case may be.

As of December 31, 2012, on an as adjusted basis after giving effect to this offering:

- (1) the Issuer's unsubordinated indebtedness (including guarantees) would have been approximately \$2.1 billion, including \$1.2 billion of secured indebtedness (including guarantees); and

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- (2) the unsubordinated indebtedness (including guarantees) of the Guarantors would have been approximately \$3.1 billion, including \$2.3 billion of secured indebtedness (including warehouse lines of credit).

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The Notes and the Guaranties are unsecured obligations of the Issuer and the Guarantors, as the case may be. Secured debt and other secured obligations of the Issuer and the Guarantors will be effectively senior to the Notes and the Guaranties to the extent of the value of the assets securing such debt or other obligations.

The Indenture contains no limitations on the amount of additional indebtedness that the Issuer and the Subsidiary Guarantors may incur and therefore the amount of such indebtedness could be substantial and, subject to the limitations set forth in the covenant described under *Certain Covenants Limitation on Liens*, such indebtedness may be secured indebtedness.

A substantial portion of our operations is conducted through our Subsidiaries. Subsidiary Guaranties may be released under certain circumstances. In addition, our future Subsidiaries may not be required to guarantee the Notes. Claims of creditors of any non-guarantor Subsidiaries and joint ventures, including trade creditors and creditors holding indebtedness or guarantees issued by such non-guarantor Subsidiaries and joint ventures, and claims of preferred stockholders of such non-guarantor Subsidiaries and joint ventures, generally will have priority with respect to the assets and earnings of such non-guarantor Subsidiaries and joint ventures over the claims of creditors of the Issuer, including holders of the Notes, even if such claims do not constitute unsubordinated indebtedness. Accordingly, the Notes will be effectively subordinated to creditors (including trade creditors) and preferred stockholders, if any, of such non-guarantor Subsidiaries and joint ventures.

As of December 31, 2012, our non-guarantor Subsidiaries had total indebtedness of \$1.1 billion. The Indenture does not limit the incurrence of unsecured Indebtedness by our Subsidiaries. Moreover, the Indenture does not impose any limitation on the incurrence by such Subsidiaries of liabilities that are not considered indebtedness under the Indenture. See *Certain Covenants Limitation on Indebtedness*.

### **Change of Control Triggering Event**

Upon the occurrence of a Change of Control Triggering Event, each noteholder shall have the right to require that the Issuer purchase such noteholder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following any Change of Control Triggering Event, unless we have exercised our option to redeem all the Notes as described under *Optional Redemption*, we will mail a notice to each noteholder with a copy to the Trustee (the *Change of Control Offer*) stating:

- (1) that a Change of Control Triggering Event has occurred and that such noteholder has the right to require us to purchase such noteholder's Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of noteholders of record on the relevant record date to receive interest on the relevant interest payment date);
- (2) the circumstances and relevant facts regarding such Change of Control Triggering Event (including information with respect to pro forma historical income and capitalization, in each case after giving effect to such Change of Control);
- (3) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and
- (4) the instructions, as determined by us, consistent with the covenant described hereunder, that a noteholder must follow in order to have its Notes purchased.

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We will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by us and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or if the Issuer has exercised its option to redeem all the Notes pursuant to the provisions described under [Optional Redemption](#).

We will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the purchase of Notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, we will comply with the applicable securities laws and regulations and shall not be deemed to have breached our obligations under the covenant described hereunder by virtue of our compliance with such securities laws or regulations.

The Change of Control Triggering Event purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of the Issuer and, thus, the removal of incumbent management. The Change of Control Triggering Event purchase feature is a result of negotiations between the Issuer and the underwriters. We have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional secured indebtedness are contained in the covenant described under [Certain Covenants Limitation on Liens](#). Such restrictions can only be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenant, however, the Indenture will not contain any covenants or provisions that may afford holders of the Notes protection in the event of a highly leveraged transaction.

Holders may not be entitled to require us to purchase their Notes in certain circumstances involving a significant change in the composition of our Board of Directors, including in connection with a proxy contest where our Board of Directors does not approve a dissident slate of directors but approves them as continuing directors, even if our Board of Directors initially opposed the directors.

The Credit Agreement provides that the occurrence of certain change of control events with respect to Parent and the Issuer would constitute a default thereunder, and our outstanding senior subordinated notes and senior notes may require us to make an offer to purchase such senior subordinated notes and senior notes upon the occurrence of a Change of Control. Future indebtedness that we may incur may contain prohibitions on the occurrence of certain events that would constitute a Change of Control or require the purchase of such indebtedness upon a Change of Control. Moreover, the exercise by the holders of their right to require us to purchase the Notes could cause a default under such indebtedness, even if the Change of Control itself does not, due to the financial effect of such purchase on us. Finally, our ability to pay cash to the holders of Notes following the occurrence of a Change of Control may be limited by our then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required purchases. See [Risk Factors Risks Relating to the Notes](#). We may not have the ability to raise the funds necessary to finance a change of control offer.

Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditional upon such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control at the time of making of such Change of Control Offer.

The phrase [all or substantially all](#), as used with respect to the assets of the Issuer in the definition of [Change of Control](#), is subject to interpretation under applicable state law, and its applicability in a given

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instance would depend upon the facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of all or substantially all the assets of the Issuer has occurred in a particular instance, in which case a holder's ability to obtain the benefit of these provisions could be unclear.

The provisions under the Indenture relative to our obligation to make an offer to purchase the Notes as a result of a Change of Control Triggering Event may be waived or modified with the written consent of the holders of a majority in principal amount of the Notes.

For purposes of this discussion of a repurchase of the notes following a Change of Control Triggering Event:

A *Change of Control* means the occurrence of any of the following:

- (1) any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause (1) such person shall be deemed to have beneficial ownership of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time, and except that any Person that is deemed to have beneficial ownership of shares solely as the result of being part of a group pursuant to Rule 13d-5(b)(1) shall be deemed not to have beneficial ownership of any shares held by a Permitted Holder forming a part of such group), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Issuer; *provided, however*, that the Permitted Holders beneficially own (as defined above, except that in the event the Permitted Holders are part of a group pursuant to Rule 13d-5(b)(1), the Permitted Holders shall be deemed not to have beneficial ownership of any shares held by persons other than Permitted Holders forming a part of such group), directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Issuer than such other person and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors (for the purposes of this clause (1), such other person shall be deemed to beneficially own any Voting Stock of a specified person held by a parent entity, if such other person is the beneficial owner (as first defined above), directly or indirectly, of more than 35% of the voting power of the Voting Stock of such parent entity and the Permitted Holders beneficially own (as second defined above), directly or indirectly, in the aggregate a lesser percentage of the voting power of the Voting Stock of such parent entity and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the board of directors of such parent entity);
- (2) individuals who on the Issue Date constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Issuer was approved by a vote of a majority of the directors of the Issuer then still in office who were either directors on the Issue Date or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office;
- (3) the adoption of a plan relating to the liquidation or dissolution of the Issuer; or
- (4) the merger or consolidation of the Issuer with or into another Person or the merger of another Person with or into the Issuer, or the sale of all or substantially all the assets of the Issuer (determined on a consolidated basis) to another Person (other than, in all such cases, a Person that is controlled by the Permitted Holders), other than a transaction following which (A) in the case of a merger or consolidation transaction, holders of securities that represented 100% of the Voting Stock of the Issuer immediately prior to such transaction (or other securities into which such

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securities are converted as part of such merger or consolidation transaction) own, directly or indirectly, at least a majority of the voting power of the Voting Stock of the surviving Person in such merger or consolidation transaction immediately after such transaction and in substantially the same proportion as before the transaction and (B) in the case of a sale of assets transaction, the transferee Person becomes the obligor in respect of the Notes and a Subsidiary of the transferor of such assets.

**Certain Covenants**

*Consolidation, Merger, Sale or Conveyance*

(a) The Indenture provides that neither the Issuer nor Parent may consolidate with or merge into any other entity or convey, transfer or lease their properties and assets substantially as an entirety to any entity, unless:

the successor or transferee entity, if other than the Issuer or Parent, as the case may be, is a Person (in the case of the Issuer, if such Person is not a corporation, then such successor or transferee shall include a corporate co-issuer) organized and existing under the laws of the United States, any state thereof or the District of Columbia and expressly assumes by a supplemental indenture executed and delivered to the trustee, in form reasonably satisfactory to the trustee, the due and punctual payment of the principal of, any premium on and any interest on all the outstanding Notes and the performance of every covenant and obligation in the Indenture to be performed or observed by the Issuer or Parent, as the case may be;

immediately after giving effect to the transaction, no Event of Default, as defined in the Indenture, and no event which, after notice or lapse of time or both, would become an Event of Default, has happened and is continuing; and

the Issuer or Parent, as the case may be, has delivered to the trustee an officers certificate and an opinion of counsel, each in the form required by the Indenture and stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the foregoing provisions relating to such transaction.

In case of any such consolidation, merger, conveyance or transfer, the successor entity will succeed to and be substituted for the Issuer or Parent, as the case may be, as obligor or guarantor on the Notes, as the case may be, with the same effect as if it had been named in the indenture as the Issuer or Parent, as the case may be.

(b) No Subsidiary Guarantor may consolidate with or merge into any other entity or convey, transfer or lease their properties and assets substantially as an entirety to any entity, unless:

the successor or transferee entity, if not a Subsidiary Guarantor prior to such merger, conveyance, transfer or lease, shall be a Person organized and existing under the laws of the jurisdiction under which such Subsidiary was organized or under the laws of the United States of America, or any State thereof or the District of Columbia, and expressly assumes, by a supplemental indenture, all the obligations of such Subsidiary under its guarantee; *provided, however*, that the foregoing shall not apply in the case of a Subsidiary Guarantor (x) that has been, or will be as a result of the subject transaction, disposed of in its entirety to another Person (other than to the Issuer, Parent or an affiliate of the Issuer or Parent), whether through a merger, consolidation or sale of Capital Stock or assets or (y) that, as a result of the disposition of all or a portion of its Capital Stock, ceases to be a Subsidiary;

immediately after giving effect to the transaction, no Event of Default, as defined in the Indenture, and no event which, after notice or lapse of time or both, would become an Event of Default, has happened and is continuing; and

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the Issuer has delivered to the trustee an officers' certificate and an opinion of counsel, each in the form required by the Indenture and stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with the foregoing provisions relating to such transaction.

*Limitation on Liens*

The Issuer and Parent will not, and will not permit any Subsidiary of the Issuer to, create, incur, issue, assume or guarantee any indebtedness for money borrowed ( *Debt* ) secured by a Lien upon (a) any Property of the Issuer, Parent or such Subsidiary, or (b) any shares of Capital Stock or Debt issued by any Subsidiary of the Issuer and owned by the Issuer, Parent or any Subsidiary of the Issuer, whether owned on the Issue Date or thereafter acquired, without effectively providing concurrently that the Notes then outstanding under the Indenture are secured equally and ratably with or, at the option of the Issuer, prior to such Debt so long as such Debt shall be so secured.

The foregoing restriction shall not apply to, and there shall be excluded from Debt (or any guarantee thereof) in any computation under such restriction, Debt (or any guarantee thereof) secured by:

- (1) Liens on any property existing at the time of the acquisition thereof;
- (2) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Issuer, Parent or a Subsidiary of the Issuer or at the time of a sale, lease or other disposition of the properties of such Person (or a division thereof) as an entirety or substantially as an entirety to the Issuer, Parent or a Subsidiary of the Issuer; *provided* that any such Lien does not extend to any property owned by the Issuer, Parent or any Subsidiary of the Issuer immediately prior to such merger, consolidation, sale, lease or disposition;
- (3) Liens on property of a Person existing at the time such Person becomes a Subsidiary of the Issuer;
- (4) Liens in favor of the Issuer, Parent or a Subsidiary of the Issuer;
- (5) Liens to secure all or part of the cost of acquisition, construction, development or improvement of the underlying property, or to secure Debt incurred to provide funds for any such purpose; *provided* that the commitment of the creditor to extend the credit secured by any such Lien shall have been obtained no later than 360 days after the later of (a) the completion of the acquisition, construction, development or improvement of such property or (b) the placing in operation of such property; *provided further* that such Liens do not extend to any property other than such property subject to acquisition, construction, development or improvement;
- (6) Liens in favor of the United States of America or any State thereof, or any department, agency or instrumentality or political subdivision thereof, to secure partial, progress, advance or other payments;
- (7) Liens existing on the Issue Date or any extension, renewal, replacement or refunding of any Debt (or any guarantee thereof) secured by a Lien existing on the Issue Date or referred to in clauses (1)-(3) or (5); *provided* that any such extension, renewal, replacement or refunding of such Debt (or any guarantee thereof) shall be created within 360 days of repaying the Debt (or any guarantee thereof) secured by the Lien referred to in clauses (1)-(3) or (5) and the principal amount of the Debt (or any guarantee thereof) secured thereby and not otherwise authorized by clauses (1)-(3) or (5) shall not exceed the principal amount of Debt (or any guarantee thereof), plus any premium or fee payable in connection with any such extension, renewal, replacement or refunding, so secured at the time of such extension, renewal, replacement or refunding; *provided further* that this clause (7) shall not include Liens securing the Credit Agreement or any extension, renewal, replacement or refunding thereof;

- (8) Liens securing hedging obligations entered into in the ordinary course of business;

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- (9) Liens on assets of Foreign Subsidiaries of the Issuer and the capital stock of such Foreign Subsidiaries securing Debt (or any guarantee thereof) not in excess of the greater of (i) 5% of Consolidated Total Assets of all such Foreign Subsidiaries and (ii) \$125.0 million in the aggregate at the time of determination;
- (10) Liens securing Debt (or any guarantee thereof) of the Issuer, Parent or any Subsidiary of the Issuer not exceeding \$300.0 million in the aggregate at the time of determination;
- (11) Liens securing Non-Recourse Debt or Exempt Construction Loans or guarantees thereof on assets or Capital Stock of Subsidiaries of the Issuer formed solely for the purpose of, and which engage in no business other than the business of making Co-investments;
- (12) Liens on commercial and multi-family residential mortgage loans originated and owned by a Mortgage Banking Subsidiary pursuant to a Mortgage Warehousing Facility; and
- (13) Liens on investments made by the Issuer or any Subsidiary of the Issuer pursuant to a Loan Arbitrage Facility, if such investments were acquired by such Person with the proceeds of Debt borrowed under such Loan Arbitrage Facility.

Notwithstanding the restrictions described above, the Issuer, Parent and any Subsidiaries of the Issuer may create, incur, issue, assume or guarantee Debt secured by Liens without equally and ratably securing the Notes then outstanding if, at the time of such creation, incurrence, issuance, assumption or guarantee, after giving effect thereto and to the retirement of any Debt which is concurrently being retired,

- (A) the aggregate amount of all such Debt secured by Liens which would otherwise be subject to such restrictions (other than any Debt (or any guarantee thereof) secured by Liens permitted as described in clauses (1)-(13) of the immediately preceding paragraph) *plus*
- (B) all Attributable Debt of the Issuer, Parent and the Subsidiaries of the Issuer in respect of Sale/Leaseback Transactions with respect to Properties (with the exception of such transactions that are permitted under clauses (1)-(4) of the first sentence of the first paragraph under *Limitation on Sale/Leaseback transactions* below)

would not exceed the greater of (x) \$2.95 billion and (y) the amount that would cause the Consolidated Secured Debt Ratio to exceed 3.25 to 1.0.

*Limitation on Sale/Leaseback Transactions*

The Issuer and Parent will not, and will not permit any Subsidiary of the Issuer to, enter into any Sale and Leaseback Transaction with respect to any Property unless:

- (1) the Sale/Leaseback Transaction is solely with the Issuer, Parent or another Subsidiary of the Issuer;
- (2) the lease is for a period not in excess of 36 months (or which may be terminated by the Issuer, Parent or such Subsidiary), including renewals;
- (3) the Issuer, Parent or such Subsidiary would (at the time of entering into such arrangement) be entitled as described in clauses (1)-(13) of the second paragraph under the heading *Limitation on Liens*, without equally and ratably securing the Notes then outstanding under the Indenture, to create, incur, issue, assume or guarantee Debt secured by a Lien on such Property in the

amount of the Attributable Debt arising from such Sale/Leaseback Transaction;

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(4) the Issuer, Parent or such Subsidiary within 360 days after the sale of such Property in connection with such Sale/Leaseback Transaction is completed, applies an amount equal to the net proceeds of the sale of such Property to (i) the retirement of Notes, other Funded Debt of the Issuer or Parent ranking on a parity with the Notes (or the Guarantees of the Notes) or Funded Debt of a Subsidiary of the Issuer or (ii) the purchase of Property; or

(5) (A) the Attributable Debt of the Issuer, Parent and Subsidiaries of the Issuer in respect of such Sale/Leaseback Transaction and all other Sale/Leaseback Transactions entered into after the Issue Date (other than any such Sale/Leaseback Transaction as would be permitted as described in clauses (1)-(4) of this sentence), *plus*

(B) the aggregate principal amount of Debt secured by Liens on Properties then outstanding (not including any such Debt secured by Liens described in clauses (1)-(13) of the second paragraph under the heading "Limitation on Liens") that do not equally and ratably secure such outstanding Notes (or secure such outstanding Notes on a basis that is prior to other Debt secured thereby),

would not exceed the greater of (x) \$2.95 billion and (y) the amount that would cause the Consolidated Secured Debt Ratio to exceed 3.25 to 1.0.

*Future Guarantors*

On the Issue Date, Parent and each of the Issuer's Subsidiaries that is a guarantor of the Issuer's Debt under the Credit Agreement will execute and deliver to the Trustee a Guaranty Agreement pursuant to which Parent and each such Subsidiary will fully and unconditionally Guarantee the Notes on an unsecured, senior basis. After the Issue Date, the Issuer will cause each Subsidiary of the Issuer that Guarantees any Debt of the Issuer to, within 30 days of the incurrence of such Guarantee, execute and deliver to the Trustee a Guaranty Agreement pursuant to which such Subsidiary will Guarantee payment of the Notes on the same terms and conditions as those set forth in the Indenture. For the avoidance of doubt, if a Foreign Subsidiary is a co-borrower of Debt of the Issuer, and not a Guarantor of such Debt, then it will not be considered a Guarantor of such Debt for purposes of this covenant.

*SEC Reports*

Notwithstanding that the Issuer may not be subject to the reporting requirements of Sections 13 or 15(d) of the Exchange Act, the Issuer will file with the SEC and make available to the Trustee and noteholders within 15 days after it files them with the SEC such annual reports and such information, documents and other reports as are specified in Sections 13 and 15(d) of the Exchange Act and applicable to a U.S. corporation subject to such Sections, such information, documents and other reports to be so filed with the SEC at the times specified for the filings of such information, documents and reports under such Sections; *provided, however*, that the Issuer shall not be so obligated to file such reports with the SEC if the SEC does not permit such filing, in which event the Issuer will make available such information to the Trustee and noteholders within 15 days after the time the Issuer would be required to file such information with the SEC if it were subject to Sections 13 or 15(d) of the Exchange Act; *provided further, however*, that (a) so long as Parent is the Guarantor of the Notes, the reports, information and other documents required to be filed and provided as described hereunder may, at the Issuer's option, be filed by and be those of Parent rather than the Issuer and (b) in the event that Parent conducts any business or holds any significant assets other than the capital stock of the Issuer at the time of filing and providing any such report, information or other document containing financial statements of Parent, Parent shall include in such report, information or other document summarized financial information (as defined in Rule 1-02(bb) of Regulation S-X promulgated by the SEC) with respect to the Issuer. The Trustee shall have no responsibility to ensure that such filing has occurred.

**Defaults**

Each of the following is an Event of Default:

(1) a default in the payment of interest on the Notes when due, continued for 30 days;

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- (2) a default in the payment of principal of any Note when due at its Stated Maturity, upon redemption, upon required purchase, upon declaration of acceleration or otherwise;
- (3) the failure by the Issuer, Parent or any Subsidiary Guarantor to comply with its obligations under Certain Covenants Consolidation, Merger, Sale or Conveyance;
- (4) the failure by the Issuer, Parent or any Subsidiary Guarantor, as the case may be, to comply for 30 days after notice with any of its obligations in the covenants described above under Change of Control Triggering Event (other than a failure to purchase Notes) or under Certain Covenants under Limitation on Liens, Limitation on Sale/Leaseback Transactions or Future Guarantors;
- (5) the failure by the Issuer or Parent, as the case may be, to comply for 180 days after notice with any of its obligations in the covenant described above under SEC Reports (provided that, if applicable, failure by the Issuer or Parent to comply with the provisions of Section 314(a) of the Trust Indenture Act will not in itself be deemed a Default or an Event of Default under this Indenture);
- (6) the failure by the Issuer, Parent, or any Subsidiary Guarantor to comply for 60 days after notice with its other agreements contained in the Indenture;
- (7) Debt of the Issuer, any Subsidiary Guarantor or any Significant Subsidiary is not paid within any applicable grace period after final maturity or is accelerated by the holders thereof because of a default and the total amount of such Debt unpaid or accelerated exceeds \$100.0 million (the *cross acceleration provision* );
- (8) certain events of bankruptcy, insolvency or reorganization of the Issuer, any Subsidiary Guarantor or any Significant Subsidiary (the *bankruptcy provisions* );
- (9) any final judgment or decree for the payment of money (other than judgments which are covered by enforceable insurance policies issued by solvent carriers) in excess of \$100.0 million is entered against the Issuer, any Subsidiary Guarantor or any Significant Subsidiary, remains outstanding for a period of 60 consecutive days following such judgment becoming final and is not discharged, waived or stayed within 10 days after notice (the *judgment default provision* ); or
- (10) the Parent Guaranty or a Subsidiary Guaranty ceases to be in full force and effect (other than in accordance with the terms of such Guaranty) or a Guarantor denies or disaffirms its obligations under its Guaranty.

However, a default under clauses (4), (5), (6) and (9) will not constitute an Event of Default until the Trustee or the holders of 25% in principal amount of the outstanding Notes notify the Issuer of the default and the Issuer does not cure such default within the time specified after receipt of such notice. In the event of any Event of Default specified under clause (7), such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders, if within 30 days after such Event of Default arose: (a) holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default or (b) the default that is the basis for such Event of Default has been cured.

If an Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the outstanding Notes may declare the principal of and accrued but unpaid interest, if any, on all the Notes to be due and payable. Upon such declaration, such principal and interest shall be due and payable immediately. If an Event of Default relating to certain events of bankruptcy, insolvency or reorganization of the



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Issuer occurs and is continuing, the principal of and interest on all the Notes will *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of the Notes. Under certain circumstances, the holders of a majority in principal amount of the outstanding Notes may rescind any such acceleration with respect to the Notes and its consequences.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the holders of the Notes unless such holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium (if any) or interest when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such holder has previously given the Trustee written notice that an Event of Default is continuing;
- (2) holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee in writing to pursue the remedy;
- (3) such holders have offered the Trustee security or indemnity satisfactory to it against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt thereof and the offer of security or indemnity; and
- (5) holders of a majority in principal amount of the outstanding Notes have not given the Trustee a written direction inconsistent with such request within such 60-day period.

Subject to certain restrictions, the holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other holder of a Note or that would involve the Trustee in personal liability.

If a Default occurs, is continuing and is actually known to the Trustee, the Trustee must mail to each holder of the Notes notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of or interest on any Note, the Trustee may withhold notice if it determines that withholding notice is not opposed to the interest of the holders of the Notes. In addition, we are required to deliver to the Trustee, within 120 days after the end of each fiscal year, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. We are required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any event which would constitute certain Defaults, their status and what action we are taking or propose to take in respect thereof.

## **Amendments and Waivers**

Subject to certain exceptions, the Indenture may be amended with the consent of the holders of a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange for the Notes) and any past default or compliance with any provisions may also be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding. However, without the consent of each holder of an outstanding Note affected thereby, an amendment or waiver may not, among other things:

- (1) reduce the amount of Notes whose holders must consent to an amendment;
- (2) reduce the rate of or extend the time for payment of interest on any Note;



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- (3) reduce the principal of or extend the Stated Maturity of any Note;
- (4) reduce the amount payable upon the redemption of any Note or change the time at which any Note may be redeemed as described under "Optional Redemption";
- (5) make any Note payable in money other than that stated in the Note;
- (6) impair the right of any holder of the Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such holder's Notes;
- (7) make any change in the amendment provisions which require each holder's consent or in the waiver provisions;
- (8) make any change in the ranking or priority of any Note or Guaranty that would adversely affect the noteholders; or
- (9) make any change in any Guaranty that would adversely affect the noteholders.

Notwithstanding the preceding, without the consent of any holder of the Notes, the Issuer, Parent, the Subsidiary Guarantors and Trustee may amend the Indenture:

- (1) to cure any ambiguity, omission, defect or inconsistency, as evidenced in an officer's certificate;
- (2) to provide for the assumption by a successor Person of the obligations of the Issuer, Parent or any Subsidiary Guarantor under the Indenture;
- (3) to provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);
- (4) to add guarantees with respect to the Notes, including any Subsidiary Guaranties, or to secure the Notes;
- (5) to add to the covenants of the Issuer, Parent or any Subsidiary Guarantor for the benefit of the holders of the Notes or to surrender any right or power conferred upon the Issuer, Parent or any Subsidiary Guarantor;
- (6) to make any change that does not materially adversely affect the rights of any holder of the Notes;
- (7) to comply with any requirement of the SEC in connection with any required qualification of the Indenture under the Trust Indenture Act;



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- (8) to conform the text of the Indenture, Guaranties or the Notes to any provision of this Description of the Notes to the extent that such provision was intended to be a verbatim recitation of a provision of the Indenture, the Guaranties or the Notes; or
  
- (9) to amend the provisions of the Indenture relating to the transfer and legending of Notes; *provided, however*, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of holders to transfer Notes.

The consent of the holders of the Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

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After an amendment under the Indenture becomes effective, we are required to mail to holders of the Notes a notice briefly describing such amendment. However, the failure to give such notice to all holders of the Notes, or any defect therein, will not impair or affect the validity of the amendment.

Neither the Issuer nor any Affiliate of the Issuer may, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to all holders and is paid to all holders that so consent, waive or agree to amend in the time frame set forth in solicitation documents relating to such consent, waiver or agreement.

### **Transfer**

The Notes will be issued in registered form and will be transferable only upon the surrender of the Notes being transferred for registration of transfer. We may require payment of a sum sufficient to cover any tax, assessment or other governmental charge payable in connection with certain transfers and exchanges.

### **Defeasance**

At any time, we may terminate all our and each Guarantor's obligations under the Notes, the Guaranties and the Indenture ( *legal defeasance* ), except for certain obligations, including those respecting the defeasance trust and obligations to register the transfer or exchange of the Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain a registrar and paying agent in respect of the Notes.

In addition, at any time we may terminate our obligations under *Change of Control Triggering Event* and under the covenants described under *Certain Covenants* (other than the covenant described under *Consolidation, Merger, Sale or Conveyance* ), the operation of the cross acceleration provision, the bankruptcy provisions with respect to Significant Subsidiaries and the judgment default provision described under *Defaults* above and our Guarantor's obligations under the Guaranties and the Indenture ( *covenant defeasance* ).

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option. If we exercise our legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect thereto. If we exercise our covenant defeasance option, payment of the Notes may not be accelerated because of an Event of Default specified in clause (4), (5), (7), (8) (with respect only to Significant Subsidiaries) or (9) under *Defaults* above. If we exercise our legal defeasance option or our covenant defeasance option, each Guarantor will be released from all of its obligations with respect to its Guaranty.

In order to exercise either of our defeasance options, we must irrevocably deposit in trust (the *defeasance trust* ) with the Trustee money or U.S. Government Obligations in an amount sufficient, confirmed, certified or attested by an independent financial advisor, for the payment of principal and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including, in the case of legal defeasance only, delivery to the Trustee of an Opinion of Counsel to the effect that holders of the Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit and legal defeasance and will be subject to Federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and such Opinion of Counsel must be based on a ruling of the Internal Revenue Service or other change in applicable Federal income tax law).

### **Concerning the Trustee**

Wells Fargo Bank, National Association is to be the Trustee under the Indenture. We have appointed Wells Fargo Bank, National Association as Registrar and Paying Agent with regard to the Notes.

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The Indenture contains certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; *provided, however*, if it acquires any conflicting interest it must either eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.

The holders of a majority in principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. If an Event of Default occurs (and is not cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of such person's affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense and then only to the extent required by the terms of the Indenture.

### **No Personal Liability of Directors, Officers, Employees and Stockholders**

No director, officer, employee, incorporator, member or stockholder of the Issuer or any Guarantor will have any liability for any obligations of the Issuer or any Guarantor under the Notes, any Guaranty or the Indenture or for any claim based on, in respect of, or by reason of such obligations or their creation. Each holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver and release may not be effective to waive liabilities under the U.S. federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

### **Governing Law**

The Indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

### **Certain Definitions**

*Affiliate* of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, *control* when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms *controlling* and *controlled* have meanings correlative to the foregoing.

*Attributable Debt* in respect of a Sale/Leaseback Transaction means, as at the time of determination, the present value (discounted at the interest rate borne by the Notes, compounded annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction (including any period for which such lease has been extended); *provided, however*, that if such Sale/Leaseback Transaction results in a Capital Lease Obligation, the amount of indebtedness represented thereby will be determined in accordance with the definition of *Capital Lease Obligation*.

*Blum Funds* means (1) Blum Capital Partners, L.P. and its successors and (2) any investment vehicle or account that is an Affiliate of Blum Capital Partners, L.P. or its successors.

*Board of Directors* means the Board of Directors of the Issuer or any committee thereof duly authorized to act on behalf of such Board.

*Business Day* means each day other than a Saturday, Sunday or a day on which commercial banking institutions are authorized or required by law to close in New York City.

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*Capital Lease Obligation* means an obligation that is required to be classified and accounted for as a capital lease for financial reporting purposes in accordance with GAAP, and the amount of indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty. For purposes of the covenant described under Certain Covenants Limitation on Liens, a Capital Lease Obligation will be deemed to be secured by a Lien on the property being leased.

*Capital Stock* of any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

*Change of Control Triggering Event* means the occurrence of both a Change of Control and a Rating Event.

*Code* means the Internal Revenue Code of 1986, as amended.

*Co-investment* means any investment by the Issuer or any of its Subsidiaries in, or any guarantee by the Issuer or any of its Subsidiaries of the indebtedness of, a Co-investment Vehicle or separate account or investment program managed, operated or sponsored by an Investment Subsidiary.

*Co-investment Vehicle* shall mean an entity (other than a Subsidiary of the Issuer) formed for the purpose of investing principally in real estate related assets or engaging in real estate development.

*Common Stock* shall mean the Class A common stock of Parent.

*Consolidated Net Income* means, for any period, the net income or loss of the Issuer and its consolidated Subsidiaries for such period determined on a consolidated basis in accordance with GAAP; *provided, however*, that there shall be excluded

- (a) the income of any such consolidated subsidiary to the extent that the declaration or payment of dividends or similar distributions by such consolidated subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, statute, rule or governmental regulation applicable to such consolidated subsidiary,
- (b) the income or loss of any person accrued prior to the date it becomes a consolidated subsidiary of the Issuer or is merged into or consolidated with the Issuer or any of its consolidated subsidiaries or the date that such person's assets are acquired by the Issuer or any of its consolidated subsidiaries,
- (c) any reduction for charges made in accordance with Financial Accounting Standard No. 142 Goodwill and Other Intangible Assets,
- (d) any gains or losses attributable to sales of assets out of the ordinary course of business, and
- (e) any net noncash gain or loss resulting in such period from hedging obligations incurred in the ordinary course of business and made in accordance with Financial Accounting Standard No. 815 Derivatives and Hedging;

*provided further, however*, that Consolidated Net Income for any period shall be increased (i) by cash received during such period by the Issuer or any of its consolidated subsidiaries in respect of commissions receivable (net of related commissions payable to brokers) on transactions that were completed by any acquired business prior to the acquisition of such business and which purchase accounting rules under GAAP would require to be

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recognized as an intangible asset purchased, (ii) increased, to the extent otherwise deducted in determining Consolidated Net Income for such period, by the amortization of intangibles relating to purchase accounting in connection with any acquisition and (iii) increased (or decreased, as the case may be), in connection with the sale of real estate during such period, to eliminate the effect of purchase price allocations to such real estate resulting from the consummation of any acquisition.

*Consolidated Secured Debt Ratio* means, as of any date of determination, the ratio of (1)(A) the aggregate amount of Funded Debt of the Issuer and its Subsidiaries then outstanding of the Issuer and its Subsidiaries that is secured by Liens as of such date of determination, less (B) cash and cash equivalents (other than restricted cash) of the Issuer and its Subsidiaries, to (2) EBITDA for the most recent four consecutive fiscal quarters for which internal financial statements of the Issuer are available, in each case with pro forma and other adjustments to each of Funded Debt and EBITDA to reflect any incurrences or discharges of Funded Debt and any acquisitions or dispositions of businesses or assets since the beginning of such four consecutive fiscal quarter period; *provided, however*, that for purposes of calculating the amount under clause (1)(A) above on any date of determination, amounts of revolving credit indebtedness committed pursuant to any Credit Facility that may be incurred by the Issuer or its Subsidiaries and which, upon incurrence, will be secured by a Lien, shall be deemed to be outstanding at all times and subsequent borrowings, reborrowings, renewals, replacements and extensions of such revolving credit indebtedness, up to such maximum committed amount, shall not be deemed additional incurrences of Funded Debt requiring calculations under this definition (but subsequent incremental borrowings in connection with increases in such maximum committed amount shall require calculations under this definition or shall otherwise comply with the covenant described under Certain Covenants Limitation on Liens ).

*Consolidated Total Assets* means, as of any date of determination for any Person, the total amount of assets which would appear on a consolidated balance sheet of such Person as of such date.

*Credit Agreement* means the Second Amended and Restated Credit Agreement among the Issuer, Parent and certain Subsidiaries of the Issuer, as guarantors, the lenders referred to therein, Credit Suisse, as Administrative Agent and Collateral Agent, Credit Suisse Securities (USA) LLC and Banc of America Securities LLC, as Joint Lead Arrangers and Joint Bookrunners, and the Co-Agents named therein, together with the related documents thereto (including the term loans and revolving loans thereunder, any guarantees and security documents), as amended, extended, renewed, restated, supplemented or otherwise modified (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, and any agreement (and related document) governing Debt, including an indenture, incurred to Refinance, in whole or in part, the borrowings and commitments then outstanding or permitted to be outstanding under such Second Amended and Restated Credit Agreement or a successor Credit Agreement.

*Credit Facilities* means one or more debt facilities (including the Credit Agreement), commercial paper facilities, securities purchase agreement, indenture or similar agreement, in each case, with banks or other institutional lenders or investors providing for revolving loans, term loans, receivables financing (including through the sale of receivables to lenders or to special purpose entities formed to borrow from lenders against such receivables), letters of credit or the issuance of securities, including any related notes, guarantees, collateral documents, instruments and agreement executed in connection therewith, and, in each case, as amended, restated, replaced (whether upon or after termination or otherwise), refinanced, supplemented, modified or otherwise changed (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time.

*Default* means any event which is, or after notice or passage of time or both would be, an Event of Default.

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*Disqualified Stock* means, with respect to any Person, any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

- (1) matures (excluding any maturities as a result of an optional redemption by the issuer thereof) or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise;
- (2) is convertible or exchangeable at the option of the holder for indebtedness or Disqualified Stock; or

(3) is mandatorily redeemable or must be purchased upon the occurrence of certain events or otherwise, in whole or in part; in each case on or prior to the first anniversary of the Stated Maturity of the Notes; *provided, however*, that if such Capital Stock is issued to any employee or to any plan for the benefit of employees of Parent or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Parent or its Subsidiaries in order to satisfy obligations as a result of such employee's death or disability; *provided further, however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to purchase or redeem such Capital Stock upon the occurrence of a change of control occurring prior to the first anniversary of the Stated Maturity of the Notes shall not constitute Disqualified Stock if:

- (1) the change of control provisions applicable to such Capital Stock are not more favorable to the holders of such Capital Stock than the terms applicable to the Notes and described under Change of Control Triggering Event; and
- (2) any such requirement only becomes operative after compliance with such terms applicable to the Notes, including the purchase of any Notes tendered pursuant thereto.

*EBITDA* for any period means Consolidated Net Income for such period *plus* (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of

- (i) consolidated interest expense for such period (including deferred financing costs),
- (ii) consolidated income tax expense for such period,
- (iii) all amounts attributable to depreciation and amortization for such period,
- (iv) any expenses or charges related to any Equity Offering, investments, acquisition, disposition, recapitalization or incurrence of any indebtedness (including a refinancing thereof (whether or not successful)), including (A) such fees, expenses or charges related to the offering of the Notes and the Credit Agreement and (B) any amendment or modification of the Notes or the Credit Agreement,
- (v) any restructuring expenses for such period,
- (vi) any non-recurring fees, expenses or charges for such period representing transaction or integration costs incurred in connection with acquisitions of assets, and
- (vii) all other non-cash losses, expenses and charges of Issuer and its Subsidiaries for such period (excluding (x) the write-down of current assets and (y) any such non-cash charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period); *minus*

(b) without duplication

(i) all cash payments made during such period on account of reserves, restructuring charges and other noncash charges added to Consolidated Net Income pursuant to clause (a)(vii) above in a previous period and



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(ii) to the extent included in determining such Consolidated Net Income, any extraordinary gains for such period, all determined on a consolidated basis in accordance with GAAP.

*Equity Offering* means any primary offering of Capital Stock of Parent or the Issuer (other than Disqualified Stock) to Persons who are not Affiliates of Parent or the Issuer other than (1) public offerings with respect to the Parent's Common Stock registered on Form S-8 and (2) issuances upon exercise of options by employees of the Parent or any of its Subsidiaries.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*Exempt Construction Loan* means any interim construction loan (or guarantee thereof) of an Investment Subsidiary (1) that is subject to or backed by committed permanent refinancing, or (2) in which such Investment Subsidiary has entered into a lease of the property securing such Exempt Construction Loan (or guarantee thereof) and such lease supports a refinancing of the entire interim construction loan amount based upon prevailing permanent loan terms at the time the interim construction loan is closed. Notwithstanding the foregoing, construction loans (and guarantees thereof) shall cease to be treated as Exempt Construction Loans in the event that any of the following occur: (a) the obligor of such Exempt Construction Loan is in default beyond any applicable notice and cure periods of any obligations under the credit agreement relating to such Exempt Construction Loan; or (b) the underlying real property securing such Exempt Construction Loan has not been sold by a date which is no later than 15 months (unless subject to or backed by committed permanent refinancing, in which case no deadline for the sale of such real property shall apply) after completion of construction.

*Foreign Subsidiary* means, with respect to any Person, any Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof, the District of Columbia, or any territory thereof and any Subsidiary of such Foreign Subsidiary.

*Funded Debt* means all Debt having a maturity of more than 12 months from the date as of which the determination is made or having a maturity of 12 months or less but by its terms being renewable or extendable beyond 12 months from such date at the option of the borrower, but excluding (1) any such Debt owed to the Issuer, Parent or a Subsidiary, (2) Debt of any Mortgage Banking Subsidiary that is non-recourse to the Issuer or any of its Subsidiaries (other than such Mortgage Banking Subsidiary), except to the extent recourse is limited to the assets acquired with the proceeds of, or securing such Debt, (3) Debt under any Mortgage Warehousing Facility, (4) Debt under any Loan Arbitrage Facility, (5) Non-Recourse Debt and (6) Exempt Construction Loans.

*GAAP* means generally accepted accounting principles in the United States of America as in effect as of the Issue Date, including those set forth in:

- (1) the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants;
- (2) statements and pronouncements of the Financial Accounting Standards Board;
- (3) such other statements by such other entity as approved by a significant segment of the accounting profession; and
- (4) the rules and regulations of the SEC governing the inclusion of financial statements (including pro forma financial statements) in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC. Except as otherwise provided herein, all ratios and computations based on GAAP contained in the Indenture shall be computed in conformity with GAAP.



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*Guarantor* means Parent and/or a Subsidiary Guarantor.

*Guaranty* means the Parent Guaranty and/or a Subsidiary Guaranty.

*Guaranty Agreement* means the Indenture as of the Issue Date or any supplemental indenture, in a form satisfactory to the Trustee, pursuant to which a Guarantor guarantees the Issuer's obligations with respect to the Notes on the terms provided for in the Indenture.

*holder* or *noteholder* means the Person in whose name a Note is registered on the Registrar's books.

*Investment Grade Rating* means a rating equal to or higher than Baa3 (or the equivalent) and BBB- (or the equivalent) by Moody's Investors Service, Inc. (or any successor to the rating agency business thereof) and Standard & Poor's Ratings Group (or any successor to the rating agency business thereof), respectively.

*Investment Subsidiary* means (1) any Subsidiary engaged principally in the business of buying and holding real estate related assets in anticipation of selling such assets or transferring such assets, which assets may include securities of companies engaged principally in such business, (2) any Subsidiary engaged principally in the business of investment management, including investing in and/or managing entities formed for the purpose of investing principally in real estate related assets and (3) any Subsidiary engaged principally in real estate development and investment activities.

*Lending Program Securities* means mortgage-backed securities or bonds issued by any Mortgage Banking Subsidiary supported by commercial or multi-family residential mortgage loans originated by a Mortgage Banking Subsidiary and guaranteed by the Government National Mortgage Association, Federal Housing Administration or any other governmental or quasi-governmental agency or enterprise or government-sponsored entity, the proceeds of which securities or bonds are applied by any Mortgage Banking Subsidiary to refinance indebtedness under a Mortgage Warehousing Facility.

*Lien* means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof). For the avoidance of doubt, the grant by any Person of a non-exclusive license to use intellectual property owned by, licensed to, or developed by such Person and such license activity shall not constitute a grant by such Person of a Lien on such intellectual property.

*Loan Arbitrage Facility* means a credit facility provided to the Issuer or any of its Subsidiaries by any depository bank in which the Issuer or such Subsidiary, as the case may be, makes deposits, so long as (1) the Issuer or such Subsidiary, as the case may be, applies all proceeds of loans made under such credit facility to purchase certain highly-rated debt instruments considered to be permitted short-term investments under such credit facility, and (2) all such permitted short-term investments purchased by the Issuer or such Subsidiary, as the case may be, with the proceeds of loans thereunder (and proceeds thereof and distributions thereon) are pledged to the depository bank providing such credit facility, and such bank has a first priority perfected security interest therein, to secure loans made under such credit facility.

*Mortgage Banking Subsidiaries* means CBRE Capital Markets, Inc., a Texas corporation, CBRE Capital Markets of Texas, LP, a limited partnership formed under the laws of the State of Texas, CBRE Multifamily Capital Inc., a Delaware corporation, CBRE HMF, Inc., a Delaware corporation, and any other Subsidiary that is engaged in the origination of mortgage loans in respect of commercial and multi-family residential real property, and the sale or assignment of such mortgage loans and the related mortgages, or the sale of securities issued that are backed by such mortgage loans, to another Person (other than the Issuer or any of its Subsidiaries) in connection with such origination.

*Mortgage Warehousing Facility* means (1) a credit facility provided by any bank or other financial institution extended to any Mortgage Banking Subsidiary pursuant to which such lender makes loans to such

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Mortgage Banking Subsidiary, the proceeds of which loans are applied by such Mortgage Banking Subsidiary to fund commercial mortgage loans originated and owned by any Mortgage Banking Subsidiary subject to a commitment (subject to customary exceptions) to purchase such mortgage loans or mortgage-backed securities in respect thereof by (a) the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or any other quasi-federal governmental agency or enterprise or government-sponsored entity or its seller servicer or (b) any other commercial conduit lender, in each case so long as (i) loans made by such lender to such Mortgage Banking Subsidiary thereunder are secured by a pledge of commercial and multi-family residential mortgage loans made by any Mortgage Banking Subsidiary with the proceeds of such loans, and such lender has a perfected first priority security interest therein, to secure loans made under such credit facility and (ii) in the case of loans to be sold to a commercial conduit lender, the related indebtedness of the Mortgage Banking Subsidiary does not exceed a term of 120 days or a loan to value of 80%, and (2) any other credit facility provided by any bank or other financial institution extended to any Mortgage Banking Subsidiary pursuant to which such lender makes loans to such Mortgage Banking Subsidiary, the proceeds of which loans are applied by such Mortgage Banking Subsidiary to fund commercial or multi-family residential mortgage loans originated by any Mortgage Banking Subsidiary, so long as such loans to any Mortgage Banking Subsidiary are repaid by such Mortgage Banking Subsidiary to such lender with the proceeds of the sale or issuance of Lending Program Securities.

*Net Cash Proceeds*, with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees actually incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

*Non-Recourse Debt* means Debt of, or guarantees by, an Investment Subsidiary; provided, however, that (1) such Debt is incurred solely in relation to the investment or real estate development activities of such Investment Subsidiary and (2) such Debt is not guaranteed by, or otherwise recourse to Parent, the Issuer or any Subsidiary of the Issuer other than an Investment Subsidiary (subject to customary environmental indemnities or completion or budget guarantees, and subject to customary exclusions from liability by lenders in non-recourse financing transactions secured by real property (including by means of separate indemnification agreements or carve-out guarantees)); provided further that, if any such Debt is partially guaranteed by or otherwise recourse to Parent, the Issuer or any Subsidiary of the Issuer other than an Investment Subsidiary, the portion of such Debt not so guaranteed or recourse shall be Non-Recourse Debt hereunder.

*Officer* means the chairman of the board of directors, the chief executive officer, the president, the chief financial officer, any executive vice president, senior vice president or vice president, the treasurer or any assistant treasurer or the secretary or any assistant secretary of Parent or the Issuer.

*Officer's Certificate* means a certificate signed on behalf of Parent or the Issuer, as the case may be, by an Officer of Parent or the Issuer, respectively.

*Opinion of Counsel* means a written opinion signed by legal counsel, who may be an employee of or counsel to Parent or the Issuer, satisfactory to the Trustee.

*Parent* means CBRE Group, Inc., a Delaware corporation, and its successors.

*Parent Guaranty* means the Guarantee by Parent of the Issuer's obligations with respect to the Notes contained in the Indenture.

*Permitted Holders* means (1) the Blum Funds, (2) any member of senior management of the Issuer on the Issue Date and (3) the Parent.

*Person* means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof or any other entity.

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*principal* of a Note means the principal of the Note plus the premium, if any, payable on the Note which is due or overdue or is to become due at the relevant time.

*Property* means any property or asset, whether real, personal or mixed, including current assets and shares of capital stock, but excluding deposit accounts, owned on the Issue Date or thereafter acquired by the Issuer or any Subsidiary.

*Rating Agencies* means Standard and Poor's Ratings Group and Moody's Investors Service, Inc. or any successor to the respective rating agency business thereof.

*Rating Event* means the ratings of the Notes are lowered by at least one of the Rating Agencies and the Notes are rated below an Investment Grade Rating by at least one of the Rating Agencies, on any day during the period (which period will be extended so long as the rating of the Notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies) commencing 60 days prior to the first public announcement of the occurrence of a Change of Control or the intentions of the Issuer to effect a Change of Control and ending 60 days following the consummation of such Change of Control.

*Refinance* means, in respect of any Debt, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other Debt in exchange or replacement for, such Debt. *Refinanced* and *Refinancing* shall have correlative meanings.

*Sale/Leaseback Transaction* means an arrangement relating to Property owned by the Issuer or a Subsidiary of the Issuer on the Issue Date or thereafter acquired by the Issuer or a Subsidiary of the Issuer whereby the Issuer or a Subsidiary of the Issuer transfers such property to a Person and the Issuer or a Subsidiary of the Issuer leases it from such Person.

*SEC* means the Securities and Exchange Commission.

*Securities Act* means the Securities Act of 1933, as amended.

*Significant Subsidiary* means any Subsidiary of the Issuer that would be a Significant Subsidiary of the Issuer within the meaning of Rule 1-02 under Regulation S-X promulgated by the SEC.

*Stated Maturity* means, with respect to any security, the date specified in such security as the fixed date on which the final payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the repurchase of such security at the option of the holder thereof upon the happening of any contingency unless such contingency has occurred).

*Subsidiary* means, with respect to any Person, any corporation, association, partnership, limited liability company or other business entity of which more than 50% of the total voting power of shares of Voting Stock is at the time owned or controlled, directly or indirectly, by:

- (1) such Person;
- (2) such Person and one or more Subsidiaries of such Person; or
- (3) one or more Subsidiaries of such Person.

*Subsidiary Guarantor* means each Subsidiary of the Issuer that executes the Indenture as a guarantor on the Issue Date and each other Subsidiary of the Issuer that thereafter guarantees the Notes pursuant to the terms of the Indenture.

*Subsidiary Guaranty* means a Guarantee by a Subsidiary Guarantor of the Issuer's obligations with respect to the Notes.

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*Voting Stock* of a Person means all classes of Capital Stock or other interests (including partnership interests) of such Person then outstanding and normally entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof.

### **Book-Entry, Delivery and Form**

Except as set forth below, Notes will be issued in registered, global form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

The Notes initially will be represented by one or more temporary global notes in registered form without interest coupons (collectively, the *Global Notes* ).

The Global Notes will be deposited upon issuance with the Trustee as custodian for The Depository Trust Company ( *DTC* ), in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in certificated form except in the limited circumstances described below. See *Exchange of Global Notes for Certificated Notes*. Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Notes in certificated form.

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

### **Depository Procedures**

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the *Participants* ) and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the *Indirect Participants* ). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised us that, pursuant to procedures established by it:

- (1) upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the underwriters with portions of the principal amount of the Global Notes; and
- (2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

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Investors in the Global Notes who are Participants in DTC's system may hold their interests therein directly through DTC. Investors in the Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants in such system. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A. /N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

**Except as described below, owners of an interest in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or holders thereof under the Indenture for any purpose.**

Payments in respect of the principal of, and interest and premium, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the indenture, the Issuer and the Trustee will treat the Persons in whose names the Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee nor any agent of the Issuer or the Trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee or the Issuer. Neither the Issuer nor the Trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the Notes, and the Issuer and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under Notice to Investors, transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of

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Euroclear or Clearstream, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf of delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC reserves the right to exchange the Global Notes for legended Notes in certificated form, and to distribute such Notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of the Issuer, the Trustee or any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

### **Exchange of Global Notes for Certificated Notes**

A Global Note is exchangeable for Certificated Notes if:

- (1) DTC (a) notifies the Issuer that it is unwilling or unable to continue as depository for the Global Notes and DTC fails to appoint a successor depository or (b) has ceased to be a clearing agency registered under the Exchange Act;
- (2) the Issuer, at its option, notifies the Trustee in writing that it elects to cause the issuance of the Certificated Notes; or
- (3) there has occurred and is continuing a Default with respect to the Notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes under prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in Notice to Investors, unless that legend is not required by applicable law.

### **Same Day Settlement and Payment**

The Issuer will make payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, and interest) by wire transfer of immediately available funds to the accounts specified by the Global Note holder. The Issuer will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The Notes represented by the Global Notes are expected to trade in DTC's Same-Day Funds

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Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

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**CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the notes as of the date hereof.

Except where noted, this summary deals only with notes that are purchased upon original issuance at their initial offering price and are held as capital assets, and does not represent a detailed description of the U.S. federal income tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws, including if you are:

a dealer in securities or currencies;

a financial institution;

a regulated investment company;

a real estate investment trust;

a tax-exempt organization;

an insurance company;

a person holding the notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;

a trader in securities that has elected the mark-to-market method of accounting for your securities;

a person liable for alternative minimum tax;

a pass-through entity or a person who is an investor in a pass-through entity; or

a U.S. Holder (as defined below) whose functional currency is not the U.S. dollar.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the Code), and U.S. Treasury regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. The discussion below assumes that the notes will be classified for U.S. federal income tax purposes as our indebtedness and you should note that in the event of an alternative characterization, the tax consequences would differ from those discussed below.

If a partnership holds notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding notes, you should consult your tax advisors.



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This summary does not represent a detailed description of the U.S. federal income tax consequences to you in light of your particular circumstances and does not address the effects of any state, local or non-U.S. tax laws. **If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular U.S. federal income tax consequences to you of the ownership of the notes, as well as any consequences arising under the laws of any other taxing jurisdiction.**

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### **U.S. Holders**

The following is a summary of certain U.S. federal tax consequences that will apply to you if you are a U.S. Holder of the notes.

U.S. Holder means a beneficial owner of a note that is for U.S. federal income tax purposes:

an individual citizen or resident of the United States;

a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust if it (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

### ***Payments of Interest***

Except as set forth below, interest on a note generally will be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for tax purposes.

### ***Sale, Exchange and Retirement of Notes***

Your tax basis in a note will, in general, be your cost for that note. Upon the sale, exchange, retirement or other disposition of a note, you will recognize gain or loss equal to the difference between the amount realized upon the sale, exchange, retirement or other disposition (less an amount equal to any accrued and unpaid qualified stated interest, which will be taxable as interest income for U.S. federal income tax purposes to the extent not previously included in income) and the adjusted tax basis of the note. Such gain or loss will be capital gain or loss. Capital gains of individuals derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

### **Non-U.S. Holders**

The following is a summary of certain U.S. federal tax consequences that will apply to you if you are a Non-U.S. Holder of notes. Non-U.S. Holder means a beneficial owner of a note, other than a partnership, that is not a U.S. Holder (as defined under U.S. Holders above).

Special rules may apply to you if you are subject to special treatment under the Code, including if you are a controlled foreign corporation, a passive foreign investment company, or a U.S. expatriate. If you are such a Non-U.S. Holder, you should consult your own tax advisors to determine the U.S. federal, state, local and other tax consequences that may be relevant to you.

### ***U.S. Federal Withholding Tax***

Subject to the discussion below concerning backup withholding, U.S. federal withholding tax will not apply to any payment of interest on a note under the portfolio interest rule, provided that:

interest paid on the note is not effectively connected with your conduct of a trade or business in the United States;

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you do not actually or constructively own 10% or more of the total combined voting power of all classes of our voting stock within the meaning of the Code and applicable U.S. Treasury regulations;

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you are not a controlled foreign corporation that is related to us through stock ownership;

you are not a bank whose receipt of interest on a note is described in Section 881(c)(3)(A) of the Code; and

either (a) you provide your name and address on an Internal Revenue Service ( IRS ) Form W-8BEN (or other applicable form), and certify, under penalties of perjury, that you are not a U.S. person or (b) you hold your notes through certain financial intermediaries and satisfy the certification requirements of applicable U.S. Treasury regulations. Special certification rules apply to Non-U.S. Holders that are pass-through entities rather than corporations or individuals.

If you cannot satisfy the requirements of the portfolio interest exception described above, payments of interest made to you will be subject to a 30% U.S. federal withholding tax unless you provide us or our paying agent, as the case may be, with a properly executed (1) IRS Form W-8BEN (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty or (2) IRS Form W-8ECI (or other applicable form) stating that interest paid on the note is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the U.S. (as discussed below under U.S. Federal Income Tax ). Alternative documentation may be applicable