UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2017

OR

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

For the Transition Period from ______________ to ______________

Commission File Number 001 – 32205

CBRE GROUP, INC.
(Exact name of Registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**94-3391143** **(I.R.S. Employer Identification Number)**
400 South Hope Street, 25th Floor **Los Angeles, California** **(Address of principal executive offices)**	**90071** **(Zip Code)**
(213) 613-3333 **(Registrant's telephone number, including area code)**	**Not applicable** **(Former name, former address and former fiscal year, if changed since last report)**

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐.

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

The number of shares of Class A common stock outstanding at July 31, 2017 was 337,935,219.

FORM 10-Q

June 30, 2017

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

CBRE GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)

	June 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 535,681	$ 762,576
Restricted cash	74,720	68,836
Receivables, less allowance for doubtful accounts of $46,221 and $39,469 at June 30, 2017 and December 31, 2016, respectively	2,653,346	2,605,602
Warehouse receivables	1,069,889	1,276,047
Income taxes receivable	55,593	45,626
Prepaid expenses	235,717	184,107
Other current assets	199,390	179,656
Total Current Assets	4,824,336	5,122,450
Property and equipment, net	556,480	560,756
Goodwill	3,095,980	2,981,392
Other intangible assets, net of accumulated amortization of $884,737 and $771,673 at June 30, 2017 and December 31, 2016, respectively	1,398,757	1,411,039
Investments in unconsolidated subsidiaries	246,715	232,238
Deferred tax assets, net	96,272	105,324
Other assets, net	387,678	366,388
Total Assets	$ 10,606,218	$ 10,779,587
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	$ 1,427,401	$ 1,446,438
Compensation and employee benefits payable	673,510	772,922
Accrued bonus and profit sharing	543,982	890,321
Income taxes payable	41,796	58,351
Short-term borrowings:		
Warehouse lines of credit (which fund loans that U.S. Government Sponsored Entities have committed to purchase)	1,054,970	1,254,653
Other	16	16
Total short-term borrowings	1,054,986	1,254,669
Current maturities of long-term debt	11	11
Other current liabilities	55,864	102,717
Total Current Liabilities	3,797,550	4,525,429
Long-term debt, net of current maturities	2,550,404	2,548,126
Deferred tax liabilities, net	96,780	70,719
Non-current tax liabilities	32,427	54,042
Other liabilities	546,031	524,026
Total Liabilities	7,023,192	7,722,342
Commitments and contingencies	—	—
Equity:		
CBRE Group, Inc. Stockholders' Equity:		
Class A common stock; $0.01 par value; 525,000,000 shares authorized; 337,929,771 and 337,279,449 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	3,379	3,373
Additional paid-in capital	1,199,559	1,145,226
Accumulated earnings	2,983,668	2,656,906
Accumulated other comprehensive loss	(646,913)	(791,018)
Total CBRE Group, Inc. Stockholders' Equity	3,539,693	3,014,487
Non-controlling interests	43,333	42,758
Total Equity	3,583,026	3,057,245
Total Liabilities and Equity	$ 10,606,218	$ 10,779,587

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

CBRE GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATONS
(Unaudited)
(Dollars in thousands, except share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue	$ 3,342,215	$ 3,207,537	$ 6,323,419	$ 6,054,271
Costs and expenses:				
Cost of services	2,318,562	2,254,233	4,405,641	4,267,846
Operating, administrative and other	712,374	680,442	1,318,605	1,323,808
Depreciation and amortization	100,386	90,268	194,423	177,262
Total costs and expenses	3,131,322	3,024,943	5,918,669	5,768,916
Gain on disposition of real estate	11,298	-	12,683	4,819
Operating income	222,191	182,594	417,433	290,174
Equity income from unconsolidated subsidiaries	75,384	34,929	90,402	92,230
Other income	3,186	3,882	7,301	7,097
Interest income	1,427	3,066	3,838	4,525
Interest expense	35,430	36,987	69,440	71,777
Income before provision for income taxes	266,758	187,484	449,534	322,249
Provision for income taxes	68,362	64,039	119,635	114,164
Net income	198,396	123,445	329,899	208,085
Less: Net income attributable to non-controlling interests	1,231	1,777	3,137	4,250
Net income attributable to CBRE Group, Inc.	$ 197,165	$ 121,668	$ 326,762	$ 203,835
Basic income per share:				
Net income per share attributable to CBRE Group, Inc.	$ 0.59	$ 0.36	$ 0.97	$ 0.61
Weighted average shares outstanding for basic income per share	336,975,149	335,076,746	336,941,681	334,534,841
Diluted income per share:				
Net income per share attributable to CBRE Group, Inc.	$ 0.58	$ 0.36	$ 0.96	$ 0.60
Weighted average shares outstanding for diluted income per share	340,882,603	338,080,641	340,214,246	337,797,887

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016**	**2017**	**2016**
Net income	$ 198,396	$ 123,445	$ 329,899	$ 208,085
Other comprehensive income (loss):				
Foreign currency translation gain (loss)	88,347	(102,308)	139,436	(85,714)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of tax	1,380	1,733	2,888	3,476
Unrealized (losses) gains on interest rate swaps, net of tax	(217)	(1,206)	77	(4,115)
Unrealized holding gains on available for sale securities, net of tax	977	1,574	1,900	645
Other, net	(10)	(702)	(16)	(759)
Total other comprehensive income (loss)	90,477	(100,909)	144,285	(86,467)
Comprehensive income	288,873	22,536	474,184	121,618
Less: Comprehensive income attributable to non-controlling interests	1,390	1,694	3,317	4,289
Comprehensive income attributable to CBRE Group, Inc.	$ 287,483	$ 20,842	$ 470,867	$ 117,329

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

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

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 329,899	$ 208,085
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	194,423	177,262
Amortization of financing costs	4,912	5,204
Gains related to mortgage servicing rights, premiums on loan sales and sales of other assets	(80,893)	(73,404)
Net realized and unrealized gains from investments	(7,301)	(7,097)
Equity income from unconsolidated subsidiaries	(90,402)	(92,230)
Provision for doubtful accounts	5,578	4,926
Compensation expense for equity awards	48,283	28,554
Proceeds from sale of mortgage loans	7,071,928	6,748,833
Origination of mortgage loans	(6,848,102)	(5,821,981)
Decrease in warehouse lines of credit	(199,683)	(911,486)
Distribution of earnings from unconsolidated subsidiaries	12,981	14,544
Tenant concessions received	7,436	2,339
Purchase of trading securities	(43,525)	(57,985)
Proceeds from sale of trading securities	34,476	62,497
Decrease in receivables	60,947	71,666
Increase in prepaid expenses and other assets	(88,576)	(74,672)
Decrease in real estate held for sale and under development	9,787	4,440
Decrease in accounts payable and accrued expenses	(55,029)	(111,699)
Decrease in compensation and employee benefits payable and accrued bonus and profit sharing	(487,997)	(332,454)
Increase in income taxes receivable/payable	(47,384)	(53,095)
(Decrease) increase in other liabilities	(7,067)	21,122
Other operating activities, net	(15,428)	(23,386)
Net cash used in operating activities	(190,737)	(210,017)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(59,863)	(79,058)
Acquisition of businesses (other than Global Workplace Solutions (GWS)), including net assets acquired, intangibles and goodwill, net of cash acquired	(40,452)	(16,569)
Acquisition of GWS, including net assets acquired, intangibles and goodwill	-	(21,900)
Contributions to unconsolidated subsidiaries	(32,660)	(27,431)
Distributions from unconsolidated subsidiaries	96,941	93,912
Increase in restricted cash	(3,022)	(478)
Purchase of available for sale securities	(19,734)	(23,984)
Proceeds from the sale of available for sale securities	17,277	22,061
Other investing activities, net	2,608	13,929
Net cash used in investing activities	(38,905)	(39,518)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of senior term loans	-	(14,375)
Proceeds from revolving credit facility	911,000	1,356,000
Repayment of revolving credit facility	(911,000)	(1,200,000)
Proceeds from notes payable on real estate held for sale and under development	2,137	13,315
Repayment of notes payable on real estate held for sale and under development	(9,189)	(4,102)
Units repurchased for payment of taxes on equity awards	(1,900)	(5,112)
Non-controlling interest contributions	1,941	821
Non-controlling interest distributions	(3,904)	(3,517)
Payment of financing costs	-	(5,529)
Other financing activities, net	(3,666)	3,987
Net cash (used in) provided by financing activities	(14,581)	141,488
Effect of currency exchange rate changes on cash and cash equivalents	17,328	(588)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(226,895)	(108,635)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	762,576	540,403
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 535,681	$ 431,768
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 59,490	$ 63,420
Income taxes, net	$ 163,885	$ 160,353

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

CBRE GROUP, INC.
CONSOLIDATED STATEMENT OF EQUITY
(Unaudited)
(Dollars in thousands)

	CBRE Group, Inc. Shareholders					
	Class A common stock	Additional paid-in capital	Accumulated earnings	Accumulated other comprehensive loss	Non-controlling interests	Total
Balance at December 31, 2016	$ 3,373	$ 1,145,226	$ 2,656,906	$ (791,018)	$ 42,758	$ 3,057,245
Net income	—	—	326,762	—	3,137	329,899
Non-cash issuance of common stock related to acquisition	5	7,586	—	(2)	—	7,589
Compensation expense for equity awards	—	48,283	—	—	—	48,283
Units repurchased for payment of taxes on equity awards	—	(1,900)	—	—	—	(1,900)
Foreign currency translation gain	—	—	—	139,256	180	139,436
Amounts reclassified from accumulated other comprehensive loss to interest expense, net of tax	—	—	—	2,888	—	2,888
Unrealized gains on interest rate swaps, net of tax	—	—	—	77	—	77
Unrealized holding gains on available for sale securities, net of tax	—	—	—	1,900	—	1,900
Contributions from non-controlling interests	—	—	—	—	1,941	1,941
Distributions to non-controlling interests	—	—	—	—	(3,904)	(3,904)
Other	1	364	—	(14)	(779)	(428)
Balance at June 30, 2017	$ 3,379	$ 1,199,559	$ 2,983,668	$ (646,913)	$ 43,333	$ 3,583,026

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

1. Basis of Presentation

Readers of this Quarterly Report on Form 10-Q (Quarterly Report) should refer to the audited financial statements and notes to consolidated financial statements of CBRE Group, Inc., a Delaware corporation (which may be referred to in these financial statements as the "company," "we," "us" and "our"), for the year ended December 31, 2016, which are included in our 2016 Annual Report on Form 10-K (2016 Annual Report), filed with the United States Securities and Exchange Commission (SEC) and also available on our website (www.cbre.com), since we have omitted from this Quarterly Report certain footnote disclosures which would substantially duplicate those contained in such audited financial statements. You should also refer to Note 2, Significant Accounting Policies, in the notes to consolidated financial statements in our 2016 Annual Report for further discussion of our significant accounting policies and estimates.

The accompanying consolidated financial statements have been prepared in accordance with the rules applicable to quarterly reports on Form 10-Q and include all information and footnotes required for interim financial statement presentation, but do not include all disclosures required under accounting principles generally accepted in the United States (GAAP) for annual financial statements. In our opinion, all adjustments (consisting of normal recurring adjustments, except as otherwise noted) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, and reported amounts of revenue and expenses. Such estimates include the value of goodwill, intangibles and other long-lived assets, real estate assets, accounts receivable, investments in unconsolidated subsidiaries and assumptions used in the calculation of income taxes, retirement and other post-employment benefits, among others. These estimates and assumptions are based on our best judgment. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors, including consideration of the current economic environment, and adjust such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in these estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

Certain reclassifications have been made to the 2016 financial statements to conform with the 2017 presentation.

The results of operations for the three and six months ended June 30, 2017 are not necessarily indicative of the results of operations to be expected for the year ending December 31, 2017.

2. New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In May 2017, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2017-09, *"Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting."* This ASU provides guidance on determining which changes to the terms and conditions of share-based payment awards require an entity to apply modification accounting under Topic 718. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. We elected to early adopt ASU 2017-09 in the second quarter of 2017 and the adoption did not have a material impact on our consolidated financial statements and related disclosures.

Recent Accounting Pronouncements Pending Adoption

The FASB has recently issued five ASUs related to revenue recognition ("new revenue recognition guidance"), all of which will become effective for the company on January 1, 2018. The ASUs issued are: (1) in May 2014, ASU 2014-09, *"Revenue from Contracts with Customers (Topic 606);"* (2) in March 2016, ASU 2016-08, *"Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net);"* (3) in April 2016, ASU 2016-10, *"Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing;"* (4) in May 2016, ASU 2016-12, *"Revenue from Contracts with Customers (Topic 606): Narrow-scope Improvements and Practical Expedients;"* and (5) in December 2016, ASU 2016-20, *"Technical Corrections and Improvements to Topic 606, Revenue From Contracts with Customers."* ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers and will replace most existing revenue recognition guidance under GAAP. This ASU permits the use of either the retrospective or cumulative effect transition method. ASU 2016-08 clarifies the implementation guidance on principal versus agent considerations. ASU 2016-10 clarifies guidance related to identifying performance obligations and licensing implementation guidance contained in ASU 2014-09. ASU 2016-12 clarifies guidance in certain narrow areas and adds some practical expedients. ASU 2016-20 also clarifies guidance in certain narrow areas and adds optional exemptions to certain disclosure requirements.

We plan to adopt the new revenue recognition guidance in the first quarter of 2018 using the retrospective transition method. We continue to evaluate the impact that adoption of these updates will have on our consolidated financial statements and related disclosures. Based on our initial assessment, the impact of the application of the new revenue recognition guidance will likely result in an acceleration of some revenues that are based, in part, on future contingent events. For example, some brokerage revenues from leasing commissions in various countries where we operate will get recognized earlier. Under current GAAP, a portion of these commissions are deferred until a future contingency is resolved (e.g., tenant move-in or payment of first month's rent). Under the new revenue guidance, the company's performance obligation will be typically satisfied at lease signing and therefore the portion of the commission that is contingent on a future event will likely be recognized earlier if deemed not subject to significant reversal. We continue to evaluate the impact of updated principal versus agent guidance on our consolidated financial statements in relation to third-party costs which are billed to clients in association with facilities management and project management services. While our assessment is still ongoing, we anticipate that a significant amount of additional contracts will be accounted for on a gross basis, resulting in a significant gross up of third-party costs as compared to our current presentation, with no impact on profitability. This is driven by a change in the indicators used to assess if we control these third-party service providers.

In January 2016, the FASB issued ASU 2016-01, *"Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities."* This ASU will significantly change the income statement impact of equity investments and the recognition of changes in fair value of financial liabilities when the fair value option is elected. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is not permitted, except for the provisions related to the recognition of changes in fair value of financial liabilities when the fair value option is elected. We do not believe the adoption of ASU 2016-01 will have a material impact on our consolidated financial statements and related disclosures.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*." This ASU requires lessees to recognize most leases on the balance sheet as liabilities, with corresponding right-of-use assets. For income statement recognition purposes, leases will be classified as either a finance or operating lease in a manner similar to the requirements under the current lease accounting literature, but without relying upon the bright-line tests. This ASU is effective for annual periods in fiscal years beginning after December 15, 2018 and mandates a modified retrospective transition method for all entities. We plan to adopt ASU 2016-02 in the first quarter of 2019 and are currently evaluating the magnitude of its impact on our consolidated financial statements by reviewing our existing lease contracts and service contracts that may include embedded leases.

In June 2016, the FASB issued ASU 2016-13, *"Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments."* This ASU is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those years, with early adoption permitted. We are evaluating the effect that ASU 2016-13 will have on our consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *"Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments."* This ASU addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those years, with early adoption permitted. At this point in time, we do not believe the adoption of ASU 2016-15 will have a material impact on our consolidated financial statements and related disclosures.

In October 2016, the FASB issued ASU 2016-16, *"Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory."* This ASU requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those years, with early adoption permitted. At this point in time, we do not believe the adoption of ASU 2016-16 will have a material impact on our consolidated financial statements and related disclosures.

In November 2016, the FASB issued ASU 2016-18, *"Statement of Cash Flows (Topic 230): Restricted Cash."* This ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those years, with early adoption permitted. At this point in time, we do not believe the adoption of ASU 2016-18 will have a material impact on our consolidated financial statements and related disclosures.

In January 2017, the FASB issued ASU 2017-04, *"Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment."* This ASU eliminates Step 2 from the goodwill impairment test. This ASU also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment. This ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those years, with early adoption permitted. We are evaluating the effect that ASU 2017-04 will have on our goodwill assessment process, but do not believe the adoption of ASU 2017-04 will have a material impact on our consolidated financial statements and related disclosures.

In February 2017, the FASB issued ASU 2017-05, *"Other Income – Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets."* This ASU clarifies that a financial asset is within the scope of Subtopic 610-20 if it meets the definition of an in substance nonfinancial asset and also defines the term in substance nonfinancial asset. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those years. At this point in time, we do not believe the adoption of ASU 2017-05 will have a material impact on our consolidated financial statements and related disclosures.

In March 2017, the FASB issued ASU 2017-08, *"Receivables – Nonrefundable Fees and Other Costs (Subtopic 310-20), Premium Amortization on Purchased Callable Debt Securities."* This ASU requires the premium to be amortized to the earliest call date. This ASU does not require an accounting change for securities held at a discount; the discount continues to be amortized to maturity. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. We are evaluating the effect that ASU 2017-08 will have on our consolidated financial statements and related disclosures.

In July 2017, the FASB issued ASU 2017-11, *"Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception."* This ASU simplifies the accounting for certain financial instruments with down round features. This ASU is effective for fiscal years beginning after December 15, 2018, and interim periods within those years, with early adoption permitted. At this point in time, we do not believe the adoption ofASU 2017-11 will have a material impact on our consolidated financial statements and related disclosures.

3. Warehouse Receivables & Warehouse Lines of Credit

Our wholly-owned subsidiary CBRE Capital Markets, Inc. (CBRE Capital Markets) is a Federal Home Loan Mortgage Corporation (Freddie Mac) approved Multifamily Program Plus Seller/Servicer and an approved Federal National Mortgage Association (Fannie Mae) Aggregation and Negotiated Transaction Seller/Servicer. In addition, CBRE Capital Markets' wholly-owned subsidiary CBRE Multifamily Capital, Inc. (CBRE MCI) is an approved Fannie Mae Delegated Underwriting and Servicing (DUS) Seller/Servicer and CBRE Capital Markets' wholly-owned subsidiary CBRE HMF, Inc. (CBRE HMF) is a U.S. Department of Housing and Urban Development (HUD) approved Non-Supervised Federal Housing Authority (FHA) Title II Mortgagee, an approved Multifamily Accelerated Processing (MAP) lender and an approved Government National Mortgage Association (Ginnie Mae) issuer of mortgage-backed securities (MBS). Under these arrangements, before loans are originated through proceeds from warehouse lines of credit, we obtain either a contractual loan purchase commitment from either Freddie Mac or Fannie Mae or a confirmed forward trade commitment for the issuance and purchase of a Fannie Mae or Ginnie Mae MBS that will be secured by the loans. Loans funded from the warehouse lines of credit are generally repaid within a one-month period, on average, when Freddie Mac or Fannie Mae buys the loans or upon settlement of the Fannie Mae or Ginnie Mae MBS, while we retain the servicing rights. Such loans are funded at the prevailing market rates. The warehouse lines of credit are recourse only to CBRE Capital Markets and are secured by our related warehouse receivables. We elect the fair value option for all warehouse receivables. At June 30, 2017 and December 31, 2016, all of the warehouse receivables included in the accompanying consolidated balance sheets were either under commitment to be purchased by Freddie Mac or had confirmed forward trade commitments for the issuance and purchase of Fannie Mae or Ginnie Mae mortgage-backed securities that will be secured by the underlying loans.

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

Beginning balance at January 1, 2017	$	1,276,047
Origination of mortgage loans		6,848,102
Gains (premiums on loan sales)		21,460
Sale of mortgage loans		(7,050,468)
Cash collections of premiums on loan sales		(21,460)
Proceeds from sale of mortgage loans		(7,071,928)
Net decrease in mortgage servicing rights included in warehouse receivables		(3,792)
Ending balance at June 30, 2017	$	1,069,889

The following table is a summary of our warehouse lines of credit in place as of June 30, 2017 and December 31, 2016 (dollars in thousands):

			June 30, 2017		December 31, 2016	
Lender	**Current Maturity**	**Pricing**	**Maximum Facility Size**	**Carrying Value**	**Maximum Facility Size**	**Carrying Value**
JP Morgan Chase Bank, N.A. (JP Morgan) (1)	2/28/2017	daily one-month LIBOR plus 1.45%	$ -	$ -	$ 300,000	$ 275,945
JP Morgan	10/23/2017	daily one-month LIBOR plus 1.45%	800,000	400,178	700,000	-
JP Morgan	10/23/2017	daily one-month LIBOR plus 2.75%	25,000	1,433	25,000	3,768
Bank of America (BofA) (1)	1/30/2017	daily one-month LIBOR plus 1.60%	-	-	300,000	300,000
BofA	6/5/2018	daily one-month LIBOR plus 1.40%	225,000	127,437	200,000	18,555
Fannie Mae Multifamily As Soon As Pooled Plus Agreement and Multifamily As Soon As Pooled Sale Agreement (ASAP) Program (1)	1/17/2017	daily one-month LIBOR plus 1.35%, with a LIBOR floor of 0.35%	-	-	200,000	200,000
Fannie Mae ASAP Program	Cancelable anytime	daily one-month LIBOR plus 1.35%, with a LIBOR floor of 0.35%	450,000	75,293	450,000	111,160
TD Bank, N.A. (TD Bank) (1)	2/28/2017	daily one-month LIBOR plus 1.35%	-	-	375,000	154,032
TD Bank	6/30/2018	daily one-month LIBOR plus 1.25%	400,000	320,074	400,000	-
Capital One, N.A. (Capital One) (1)	1/23/2017	daily one-month LIBOR plus 1.45%	-	-	250,000	191,193
Capital One (2)	7/27/2017	daily one-month LIBOR plus 1.45%	200,000	130,555	200,000	-
			$ 2,100,000	$ 1,054,970	$ 3,400,000	$ 1,254,653

(1) Temporary facility to accommodate year-end volume.

(2) On July 27, 2017, this agreement was amended to extend the maturity date to July 27, 2018 and reduce the interest rate to daily one-month LIBOR plus 1.40%.

During the six months ended June 30, 2017, we had a maximum of $1.7 billion of warehouse lines of credit principal outstanding.

4. Variable Interest Entities (VIEs)

We hold variable interests in certain VIEs in our Global Investment Management and Development Services segments which are not consolidated as it was determined that we are not the primary beneficiary. Our involvement with these entities is in the form of equity co-investments and fee arrangements.

As of June 30, 2017 and December 31, 2016, our maximum exposure to loss related to the VIEs which are not consolidated was as follows (dollars in thousands):

	June 30, 2017	December 31, 2016
Investments in unconsolidated subsidiaries	$ 29,668	$ 31,041
Co-investment commitments	$ 4,868	$ 168
Other current assets	3,496	3,314
Maximum exposure to loss	$ 38,032	$ 34,523

5. Fair Value Measurements

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

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

There were no significant transfers in or out of Level 1 and Level 2 during the three and six months ended June 30, 2017 and 2016. There have been no significant changes to the valuation techniques and inputs used to develop the recurring fair value measurements from those disclosed in our 2016 Annual Report.

The following tables present the fair value of assets and liabilities measured atfair value on a recurring basis as of June 30, 2017 and December 31, 2016 (dollars in thousands):

	As of June 30, 2017			
	Fair Value Measured and Recorded Using			
	Level 1	Level 2	Level 3	Total
Assets				
Available for sale securities:				
Debt securities:				
U.S. treasury securities	$ 7,273	$ —	$ —	$ 7,273
Debt securities issued by U.S. federal agencies	—	4,768	—	4,768
Corporate debt securities	—	19,191	—	19,191
Asset-backed securities	—	2,546	—	2,546
Collateralized mortgage obligations	—	2,038	—	2,038
Total debt securities	7,273	28,543	—	35,816
Equity securities	26,414	—	—	26,414
Total available for sale securities	33,687	28,543	—	62,230
Trading securities	67,907	—	—	67,907
Warehouse receivables	—	1,069,889	—	1,069,889
Total assets at fair value	$ 101,594	$ 1,098,432	$ —	$ 1,200,026
Liabilities				
Interest rate swaps	$ —	$ 8,569	$ —	$ 8,569
Securities sold, not yet purchased	2,823	—	—	2,823
Foreign currency exchange forward contracts	-	59	—	59
Total liabilities at fair value	$ 2,823	$ 8,628	$ —	$ 11,451

	As of December 31, 2016			
	Fair Value Measured and Recorded Using			
	Level 1	Level 2	Level 3	Total
Assets				
Available for sale securities:				
Debt securities:				
U.S. treasury securities	$ 8,485	$ —	$ —	$ 8,485
Debt securities issued by U.S. federal agencies	—	5,046	—	5,046
Corporate debt securities	—	17,094	—	17,094
Asset-backed securities	—	2,695	—	2,695
Collateralized mortgage obligations	—	1,010	—	1,010
Total debt securities	8,485	25,845	—	34,330
Equity securities	22,744	—	—	22,744
Total available for sale securities	31,229	25,845	—	57,074
Trading securities	52,629	—	—	52,629
Warehouse receivables	—	1,276,047	—	1,276,047
Foreign currency exchange forward contracts	—	1,471	—	1,471
Total assets at fair value	$ 83,858	$ 1,303,363	$ —	$ 1,387,221
Liabilities				
Interest rate swaps	$ —	$ 13,162	$ —	$ 13,162
Securities sold, not yet purchased	3,591	—	—	3,591
Total liabilities at fair value	$ 3,591	$ 13,162	$ —	$ 16,753

There were no significant non-recurring fair value measurements recorded during the three and six months ended June 30, 2017 and 2016.

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

- *Cash and Cash Equivalents* and *Restricted Cash* – These balances include cash and cash equivalents as well as restricted cash with maturities of less than three months. The carrying amount approximates fair value due to the short-term maturities of these instruments.
- *Receivables, less Allowance for Doubtful Accounts* – Due to their short-term nature, fair value approximates carrying value.
- *Warehouse Receivables* – These balances are carried at fair value based on market prices at the balance sheet date.
- *Trading* and *Available for Sale Securities* – These investments are carried at their fair value.
- *Foreign Currency Exchange Forward Contracts* – These assets and liabilities are carried at their fair value as calculated by using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative.
- *Securities Sold, not yet Purchased* – These liabilities are carried at their fair value.

- *Short-Term Borrowings* – The majority of this balance represents outstanding amounts under our warehouse lines of credit of our wholly-owned subsidiary, CBRE Capital Markets. Due to the short-term nature and variable interest rates of these instruments, fair value approximates carrying value (see Notes 3 and 7).
- *Senior Term Loans* – Based upon information from third-party banks (which falls within Level 2 of the fair value hierarchy), the estimated fair value of our senior term loans was approximately $750.4 million at June 30, 2017 and $751.4 million at December 31, 2016. Their actual carrying value, net of unamortized debt issuance costs, totaled $745.5 million and $744.3 million at June 30, 2017 and December 31, 2016, respectively (see Note 7).
- *Interest Rate Swaps* – These liabilities are carried at their fair value as calculated by using widely-accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative.
- *Senior Notes* – Based on dealers' quotes (which falls within Level 2 of the fair value hierarchy), the estimated fair values of our 5.00% senior notes, 4.875% senior notes and 5.25% senior notes were $840.4 million, $642.2 million and $465.2 million, respectively, at June 30, 2017 and $827.6 million, $607.0 million and $439.3 million, respectively, at December 31, 2016. The actual carrying value of our 5.00% senior notes, 4.875% senior notes and 5.25% senior notes, net of unamortized debt issuance costs, totaled $791.1 million, $591.6 million and $422.3 million, respectively, at June 30, 2017 and $790.4 million, $591.2 million and $422.2 million, respectively, at December 31, 2016.

6. Investments in Unconsolidated Subsidiaries

Investments in unconsolidated subsidiaries are accounted for under the equity method of accounting. Our investment ownership percentages in equity method investments vary, generally ranging up to 5.0% in our Global Investment Management segment, up to 10.0% in our Development Services segment, and up to 50.0% in our other business segments.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Global Investment Management				
Revenue	$ 237,907	$ 252,301	$ 505,058	$ 484,904
Operating income	$ 76,410	$ 61,755	$ 91,888	$ 62,378
Net income	$ 60,307	$ 87,747	$ 64,397	$ 65,872
Development Services				
Revenue	$ 27,477	$ 18,418	$ 49,003	$ 31,076
Operating income	$ 157,296	$ 37,199	$ 177,857	$ 158,109
Net income	$ 150,055	$ 31,631	$ 166,152	$ 150,092
Other				
Revenue	$ 44,145	$ 38,263	$ 70,003	$ 66,514
Operating income	$ 8,800	$ 8,106	$ 10,979	$ 14,288
Net income	$ 11,510	$ 8,176	$ 13,658	$ 14,370
Total				
Revenue	$ 309,529	$ 308,982	$ 624,064	$ 582,494
Operating income	$ 242,506	$ 107,060	$ 280,724	$ 234,775
Net income	$ 221,872	$ 127,554	$ 244,207	$ 230,334

7. Long-Term Debt and Short-Term Borrowings

Long-Term Debt

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

	June 30, 2017	December 31, 2016
Senior term loans, with interest ranging from 1.77% to 2.65%, due quarterly through 2022	$ 751,876	$ 751,875
5.00% senior notes due in 2023	800,000	800,000
4.875% senior notes due in 2026, net of unamortized discount	596,090	595,912
5.25% senior notes due in 2025, net of unamortized premium	426,409	426,500
Other	11	14
Total long-term debt	2,574,386	2,574,301
Less: current maturities of long-term debt	(11)	(11)
Less: unamortized debt issuance costs	(23,971)	(26,164)
Total long-term debt, net of current maturities	$ 2,550,404	$ 2,548,126

On January 9, 2015, CBRE Services, Inc. (CBRE Services), our wholly-owned subsidiary, entered into an amended and restated credit agreement (2015 Credit Agreement) with a syndicate of banks jointly led by Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Credit Suisse AG. On March 21, 2016, CBRE Services executed an amendment to the 2015 Credit Agreement that, among other things, extended the maturity on the revolving credit facility to March 2021 and increased the borrowing capacity under the revolving credit facility by $200.0 million.

Our 2015 Credit Agreement is an unsecured credit facility that is jointly and severally guaranteed by us and substantially all of our material domestic subsidiaries. As of June 30, 2017, the 2015 Credit Agreement provided for the following: (1) a $2.8 billion revolving credit facility, which includes the capacity to obtain letters of credit and swingline loans and matures on March 21, 2021; (2) a $500.0 million tranche A term loan facility requiring quarterly principal payments, which began on June 30, 2015 and continue through maturity on January 9, 2020; (3) a $270.0 million tranche B-1 term loan facility requiring quarterly principal payments, which began on December 31, 2015 and continue through maturity on September 3, 2020; and (4) a $130.0 million tranche B-2 term loan facility requiring quarterly principal payments, which began on December 31, 2015 and continue through maturity on September 3, 2022.

Our 2015 Credit Agreement contains restrictive covenants that, among other things, limit our ability to incur additional indebtedness, pay dividends or make distributions to stockholders, repurchase capital stock or debt, make investments, sell assets or subsidiary stock, create or permit liens on assets, engage in transactions with affiliates, enter into sale/leaseback transactions, issue subsidiary equity and enter into consolidations or mergers. Our 2015 Credit Agreement also requires us to maintain a minimum coverage ratio of EBITDA (as defined in the 2015 Credit Agreement) to total interest expense of 2.00x and a maximum leverage ratio of total debt less available cash to EBITDA (as defined in the 2015 Credit Agreement) of 4.25x as of the end of each fiscal quarter. On this basis, our coverage ratio of EBITDA to total interest expense was 13.70x for the trailing twelve months ended June 30, 2017, and our leverage ratio of total debt less available cash to EBITDA was 1.24x as of June 30, 2017.

The indentures governing our 5.00% senior notes, 4.875% senior notes and 5.25% senior notes contain restrictive covenants that, among other things, limit our ability to create or permit liens on assets securing indebtedness, entering into sale/leaseback transactions and entering into consolidations or mergers.

Short-Term Borrowings

Revolving Credit Facility

As of June 30, 2017, letters of credit totaling $2.0 million were outstanding under our revolving credit facility under our 2015 Credit Agreement. These letters of credit, which reduce the amount we may borrow under our revolving credit facility, were primarily issued in the ordinary course of business. As of June 30, 2017 and December 31, 2016, no amounts were outstanding under our revolving credit facility other than these letters of credit totaling $2.0 million.

Warehouse Lines of Credit

CBRE Capital Markets has warehouse lines of credit with third-party lenders for the purpose of funding mortgage loans that will be resold, and a funding arrangement with Fannie Mae for the purpose of selling a percentage of certain closed multifamily loans to Fannie Mae. These warehouse lines are recourse only to CBRE Capital Markets and are secured by our related warehouse receivables. See Note 3 for additional information.

8. Commitments and Contingencies

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

In January 2008, CBRE MCI, a wholly-owned subsidiary of CBRE Capital Markets, entered into an agreement with Fannie Mae under Fannie Mae's Delegated Underwriting and Servicing Lender Program (DUS Program), to provide financing for multifamily housing with five or more units. Under the DUS Program, CBRE MCI originates, underwrites, closes and services loans without prior approval by Fannie Mae, and in selected cases, is subject to sharing up to one-third of any losses on loans originated under the DUS Program. CBRE MCI has funded loans subject to such loss sharing arrangements with unpaid principal balances of $17.9 billion at June 30, 2017. CBRE MCI, under its agreement with Fannie Mae, must post cash reserves or other acceptable collateral under formulas established by Fannie Mae to provide for sufficient capital in the event losses occur. As of June 30, 2017 and December 31, 2016, CBRE MCI had a $53.0 million and a $45.0 million, respectively, letter of credit under this reserve arrangement, and had provided approximately $30.2 million and $28.2 million, respectively, of loan loss accruals. Fannie Mae's recourse under the DUS Program is limited to the assets of CBRE MCI, which assets totaled approximately $593.1 million (including $364.7 million of warehouse receivables, a substantial majority of which are pledged against warehouse lines of credit and are therefore not available to Fannie Mae) at June 30, 2017.

CBRE Capital Markets participates in Freddie Mac's Multifamily Small Balance Loan (SBL) Program. Under the SBL program, CBRE Capital Markets has certain repurchase and loss reimbursement obligations. These obligations are for the period from origination of the loan to the securitization date. CBRE Capital Markets must post a cash reserve or other acceptable collateral to provide for sufficient capital in the event the obligations are triggered. As of June 30, 2017, CBRE Capital Markets had posted a $5.0 million letter of credit under this reserve arrangement.

We had outstanding letters of credit totaling $64.2 million as of June 30, 2017, excluding letters of credit for which we have outstanding liabilities already accrued on our consolidated balance sheet related to our subsidiaries' outstanding reserves for claims under certain insurance programs as well as letters of credit related to operating leases. CBRE MCI's letters of credit totaling $58.0 million as of June 30, 2017 referred to in the preceding paragraphs represented the majority of the $64.2 million outstanding letters of credit as of such date. The remaining letters of credit are primarily executed by us in the ordinary course of business and expire at varying dates through June 2018.

We had guarantees totaling $57.9 million as of June 30, 2017, excluding guarantees related to pension liabilities, consolidated indebtedness and other obligations for which we have outstanding liabilities already accrued on our consolidated balance sheet, and excluding guarantees related to operating leases. The $57.9 million primarily represents guarantees executed by us in the ordinary course of business, including various guarantees of management and vendor contracts in our operations overseas, which expire at the end of each of the respective agreements.

In addition, as of June 30, 2017, we had issued numerous non-recourse carveout, completion and budget guarantees relating to development projects for the benefit of third parties. These guarantees are commonplace in our industry and are made by us in the ordinary course of our Development Services business. Non-recourse carveout guarantees generally require that our project-entity borrower not commit specified improper acts, with us potentially liable for all or a portion of such entity's indebtedness or other damages suffered by the lender if those acts occur. Completion and budget guarantees generally require us to complete construction of the relevant project within a specified timeframe and/or within a specified budget, with us potentially being liable for costs to complete in excess of such timeframe or budget. However, we generally use "guaranteed maximum price" contracts with reputable, bondable general contractors with respect to projects for which we provide these guarantees. These contracts are intended to pass the risk to such contractors. While there can be no assurance, we do not expect to incur any material losses under these guarantees.

An important part of the strategy for our Global Investment Management business involves investing our capital in certain real estate investments with our clients. These co-investments generally total up to 2.0% of the equity in a particular fund. As of June 30, 2017, we had aggregate commitments of $23.3 million to fund future co-investments.

Additionally, an important part of our Development Services business strategy is to invest in unconsolidated real estate subsidiaries as a principal (in most cases co-investing with our clients). As of June 30, 2017, we had committed to fund $22.8 million of additional capital to these unconsolidated subsidiaries.

9. Income Per Share Information

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Basic Income Per Share				
Net income attributable to CBRE Group, Inc. shareholders	$ 197,165	$ 121,668	$ 326,762	$ 203,835
Weighted average shares outstanding for basic income per share	336,975,149	335,076,746	336,941,681	334,534,841
Basic income per share attributable to CBRE Group, Inc. shareholders	$ 0.59	$ 0.36	$ 0.97	$ 0.61
Diluted Income Per Share				
Net income attributable to CBRE Group, Inc. shareholders	$ 197,165	$ 121,668	$ 326,762	$ 203,835
Weighted average shares outstanding for basic income per share	336,975,149	335,076,746	336,941,681	334,534,841
Dilutive effect of contingently issuable shares	3,905,498	2,976,165	3,267,556	3,226,936
Dilutive effect of stock options	1,956	27,730	5,009	36,110
Weighted average shares outstanding for diluted income per share	340,882,603	338,080,641	340,214,246	337,797,887
Diluted income per share attributable to CBRE Group, Inc. shareholders	$ 0.58	$ 0.36	$ 0.96	$ 0.60

For the three and six months ended June 30, 2017, 1,317,651 and 2,037,886, respectively, of contingently issuable shares were excluded from the computation of diluted income per share because their inclusion would have had an anti-dilutive effect.

For the three and six months ended June 30, 2016, 1,536,189 and 1,553,158, respectively, of contingently issuable shares were excluded from the computation of diluted income per share because their inclusion would have had an anti-dilutive effect.

10. Segments

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

The Americas segment is our largest segment of operations and provides a comprehensive range of services throughout the U.S. and in the largest regions of Canada and key markets in Latin America. The primary services offered consist of the following: property sales, property leasing, mortgage services, appraisal and valuation, property management and occupier outsourcing services.

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

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

Our Development Services business consists of real estate development and investment activities primarily in the U.S.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016 (1)	2017	2016 (1)
Revenue				
Americas	$ 1,856,887	$ 1,780,389	$ 3,549,533	$ 3,368,264
EMEA	954,734	953,918	1,798,922	1,794,265
Asia Pacific	420,628	359,602	761,773	670,961
Global Investment Management	92,763	95,737	182,329	186,117
Development Services	17,203	17,891	30,862	34,664
Total revenue	$ 3,342,215	$ 3,207,537	$ 6,323,419	$ 6,054,271
Adjusted EBITDA				
Americas	$ 230,409	$ 227,411	$ 450,809	$ 414,625
EMEA	68,577	59,854	102,441	87,665
Asia Pacific	43,200	28,235	63,481	41,103
Global Investment Management	23,910	26,426	49,769	49,341
Development Services	46,453	18,525	49,257	50,400
Total Adjusted EBITDA	$ 412,549	$ 360,451	$ 715,757	$ 643,134

(1) In 2017, we changed the presentation of the operating results of one of our emerging businesses among our regional services reporting segments. Prior year amounts have been reclassified to conform with the current-year presentation. This change had no impact on our consolidated results.

Adjusted EBITDA is the measure reported to the chief operating decision maker for purposes of making decisions about allocating resources to each segment and assessing performance of each segment. EBITDA represents earnings before net interest expense, income taxes, depreciation and amortization. Amounts shown for adjusted EBITDA further remove (from EBITDA) the impact of certain cash and non-cash charges related to acquisitions, cost-elimination expenses and certain carried interest incentive compensation reversal to align with the timing of associated revenue.

Adjusted EBITDA is calculated as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	**2016 (1)**	**2017**	**2016 (1)**
Net income attributable to CBRE Group, Inc.	$ 197,165	$ 121,668	$ 326,762	$ 203,835
Add:				
Depreciation and amortization	100,386	90,268	194,423	177,262
Interest expense	35,430	36,987	69,440	71,777
Provision for income taxes	68,362	64,039	119,635	114,164
Less:				
Interest income	1,427	3,066	3,838	4,525
EBITDA	399,916	309,896	706,422	562,513
Adjustments:				
Integration and other costs related to acquisitions	15,408	27,751	27,351	44,924
Cost-elimination expenses (2)	-	27,176	-	39,579
Carried interest incentive compensation reversal to align with the timing of associated revenue	(2,775)	(4,372)	(18,016)	(3,882)
Adjusted EBITDA	$ 412,549	$ 360,451	$ 715,757	$ 643,134

(1) In 2017, we changed the presentation of the operating results of one of our emerging businesses among our regional services reporting segments. Prior year amounts have been reclassified to conform with the current-year presentation. This change had no impact on our consolidated results.

(2) Represents cost-elimination expenses relating to a program initiated in the fourth quarter of 2015 and completed in the third quarter of 2016 (our cost-elimination project) to reduce the company's global cost structure after several years of significant revenue and related cost growth. Cost-elimination expenses incurred during the three and six months ended June 30, 2016 consisted of $25.1 million and $36.9 million, respectively, of severance costs related to headcount reductions in connection with the program and $2.1 million and $2.7 million, respectively, of third-party contract termination costs.

11. Guarantor and Nonguarantor Financial Statements

The following condensed consolidating financial information includes condensed consolidating balance sheets as of June 30, 2017 and December 31, 2016, condensed consolidating statements of operations and condensed consolidating statements of comprehensive income for the three and six months ended June 30, 2017 and 2016 and condensed consolidating statements of cash flows for the six months ended June 30, 2017 and 2016 of:

- CBRE Group, Inc., as the parent; CBRE Services, as the subsidiary issuer; the guarantor subsidiaries; the nonguarantor subsidiaries;
- Elimination entries necessary to consolidate CBRE Group, Inc., as the parent, with CBRE Services and its guarantor and nonguarantor subsidiaries; and
- CBRE Group, Inc., on a consolidated basis.

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

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF JUNE 30, 2017
(Dollars in thousands)

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 7	$ 12,906	$ 71,194	$ 451,574	$ —	$ 535,681
Restricted cash	—	—	5,349	69,371	—	74,720
Receivables, net	—	—	998,049	1,655,297	—	2,653,346
Warehouse receivables (1)	—	—	680,272	389,617	—	1,069,889
Income taxes receivable	292	2,988	-	54,936	(2,623)	55,593
Prepaid expenses	—	—	93,622	142,095	—	235,717
Other current assets	—	—	67,678	131,712	—	199,390
Total Current Assets	299	15,894	1,916,164	2,894,602	(2,623)	4,824,336
Property and equipment, net	—	—	387,213	169,267	—	556,480
Goodwill	—	—	1,695,584	1,400,396	—	3,095,980
Other intangible assets, net	—	—	768,206	630,551	—	1,398,757
Investments in unconsolidated subsidiaries	—	—	197,668	49,047	—	246,715
Investments in consolidated subsidiaries	4,840,206	4,682,820	2,605,729	—	(12,128,755)	—
Intercompany loan receivable	—	2,711,774	700,000	—	(3,411,774)	—
Deferred tax assets, net	—	—	44,311	96,272	(44,311)	96,272
Other assets, net	—	19,614	257,276	110,788	—	387,678
Total Assets	$ 4,840,505	$ 7,430,102	$ 8,572,151	$ 5,350,923	$ (15,587,463)	$ 10,606,218
LIABILITIES AND EQUITY						
Current Liabilities:						
Accounts payable and accrued expenses	$ —	$ 30,238	$ 384,961	$ 1,012,202	$ —	$ 1,427,401
Compensation and employee benefits payable	—	626	328,874	344,010	—	673,510
Accrued bonus and profit sharing	—	—	286,198	257,784	—	543,982
Income taxes payable	—	—	3,168	41,251	(2,623)	41,796
Short-term borrowings:					—	
Warehouse lines of credit (which fund loans that U.S. Government Sponsored Entities have committed to purchase) (1)	—	—	673,672	381,298	—	1,054,970
Other	—	—	16	—	—	16
Total short-term borrowings	—	-	673,688	381,298	—	1,054,986
Current maturities of long-term debt	—	—	—	11	—	11
Other current liabilities	—	918	44,858	10,088	—	55,864
Total Current Liabilities	—	31,782	1,721,747	2,046,644	(2,623)	3,797,550
Long-Term Debt, net:						
Long-term debt, net	—	2,550,404	—	-	—	2,550,404
Intercompany loan payable	1,300,812	—	1,857,194	253,768	(3,411,774)	—
Total Long-Term Debt, net	1,300,812	2,550,404	1,857,194	253,768	(3,411,774)	2,550,404
Deferred tax liabilities, net	—	—	—	141,091	(44,311)	96,780
Non-current tax liabilities	—	—	30,676	1,751	—	32,427
Other liabilities	—	7,710	279,714	258,607	—	546,031
Total Liabilities	1,300,812	2,589,896	3,889,331	2,701,861	(3,458,708)	7,023,192
Commitments and contingencies	—	—	—	—	—	—
Equity:						
CBRE Group, Inc. Stockholders' Equity	3,539,693	4,840,206	4,682,820	2,605,729	(12,128,755)	3,539,693
Non-controlling interests	—	—	—	43,333	—	43,333
Total Equity	3,539,693	4,840,206	4,682,820	2,649,062	(12,128,755)	3,583,026
Total Liabilities and Equity	$ 4,840,505	$ 7,430,102	$ 8,572,151	$ 5,350,923	$ (15,587,463)	$ 10,606,218

(1) Although CBRE Capital Markets is included among our domestic subsidiaries that jointly and severally guarantee our 5.00% senior notes, 4.875% senior notes, 5.25% senior notes and our 2015 Credit Agreement, a substantial majority of warehouse receivables funded under JP Morgan, TD Bank, Capital One, BofA and Fannie Mae ASAP, lines of credit are pledged to JP Morgan, TD Bank, Capital One, BofA and Fannie Mae.

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2016
(Dollars in thousands)

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 7	$ 16,889	$ 264,121	$ 481,559	$ —	$ 762,576
Restricted cash	—	—	6,967	61,869	—	68,836
Receivables, net	—	—	943,028	1,662,574	—	2,605,602
Warehouse receivables (1)	—	—	687,454	588,593	—	1,276,047
Income taxes receivable	1,915	17,364	8,170	37,456	(19,279)	45,626
Prepaid expenses	—	—	78,296	105,811	—	184,107
Other current assets	—	1,421	64,576	113,659	—	179,656
Total Current Assets	1,922	35,674	2,052,612	3,051,521	(19,279)	5,122,450
Property and equipment, net	—	—	395,749	165,007	—	560,756
Goodwill	—	—	1,669,683	1,311,709	—	2,981,392
Other intangible assets, net	—	—	793,525	617,514	—	1,411,039
Investments in unconsolidated subsidiaries	—	—	189,455	42,783	—	232,238
Investments in consolidated subsidiaries	4,226,629	4,076,265	2,314,549	—	(10,617,443)	—
Intercompany loan receivable	—	2,684,421	700,000	—	(3,384,421)	—
Deferred tax assets, net	—	—	72,325	90,334	(57,335)	105,324
Other assets, net	—	22,229	240,707	103,452	—	366,388
Total Assets	$ 4,228,551	$ 6,818,589	$ 8,428,605	$ 5,382,320	$ (14,078,478)	$ 10,779,587
LIABILITIES AND EQUITY						
Current Liabilities:						
Accounts payable and accrued expenses	$ —	$ 30,049	$ 409,470	$ 1,006,919	$ —	$ 1,446,438
Compensation and employee benefits payable	—	626	402,719	369,577	—	772,922
Accrued bonus and profit sharing	—	—	506,715	383,606	—	890,321
Income taxes payable	—	—	40,946	36,684	(19,279)	58,351
Short-term borrowings:					—	
Warehouse lines of credit (which fund loans that U.S. Government Sponsored Entities have committed to purchase) (1)	—	—	680,473	574,180	—	1,254,653
Other	—	—	16	—	—	16
Total short-term borrowings	—	—	680,489	574,180	—	1,254,669
Current maturities of long-term debt	—	—	—	11	—	11
Other current liabilities	—	—	81,590	21,127	—	102,717
Total Current Liabilities	—	30,675	2,121,929	2,392,104	(19,279)	4,525,429
Long-Term Debt, net:						
Long-term debt, net	—	2,548,123	—	3	—	2,548,126
Intercompany loan payable	1,214,064	—	1,916,675	253,682	(3,384,421)	—
Total Long-Term Debt, net	1,214,064	2,548,123	1,916,675	253,685	(3,384,421)	2,548,126
Deferred tax liabilities, net	—	—	—	128,054	(57,335)	70,719
Non-current tax liabilities	—	—	53,422	620	—	54,042
Other liabilities	—	13,162	260,314	250,550	—	524,026
Total Liabilities	1,214,064	2,591,960	4,352,340	3,025,013	(3,461,035)	7,722,342
Commitments and contingencies	—	—	—	—	—	—
Equity:						
CBRE Group, Inc. Stockholders' Equity	3,014,487	4,226,629	4,076,265	2,314,549	(10,617,443)	3,014,487
Non-controlling interests	—	—	—	42,758	—	42,758
Total Equity	3,014,487	4,226,629	4,076,265	2,357,307	(10,617,443)	3,057,245
Total Liabilities and Equity	$ 4,228,551	$ 6,818,589	$ 8,428,605	$ 5,382,320	$ (14,078,478)	$ 10,779,587

(1) Although CBRE Capital Markets is included among our domestic subsidiaries that jointly and severally guarantee our 5.00% senior notes, 4.875% senior notes, 5.25% senior notes and our 2015 Credit Agreement, a substantial majority of warehouse receivables funded under BofA, Fannie Mae ASAP, JP Morgan, Capital One and TD Bank lines of credit are pledged to BofA, Fannie Mae, JP Morgan, Capital One and TD Bank.

**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2017
(Dollars in thousands)**

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Revenue	$ —	$ —	$ 1,709,463	$ 1,632,752	$ —	$ 3,342,215
Costs and expenses:						
Cost of services	—	—	1,177,258	1,141,304	—	2,318,562
Operating, administrative and other	1,046	538	387,987	322,803	—	712,374
Depreciation and amortization	—	—	58,695	41,691	—	100,386
Total costs and expenses	1,046	538	1,623,940	1,505,798	—	3,131,322
Gain on disposition of real estate	—	—	2	11,296	—	11,298
Operating (loss) income	(1,046)	(538)	85,525	138,250	—	222,191
Equity income from unconsolidated subsidiaries	—	—	74,960	424	—	75,384
Other income	—	1	612	2,573	—	3,186
Interest income	—	30,698	892	535	(30,698)	1,427
Interest expense	—	34,364	22,468	9,296	(30,698)	35,430
Royalty and management service (income) expense	—	—	(897)	897	—	—
Income from consolidated subsidiaries	197,811	200,401	85,909	—	(484,121)	—
Income before (benefit of) provision for income taxes	196,765	196,198	226,327	131,589	(484,121)	266,758
(Benefit of) provision for income taxes	(400)	(1,613)	25,926	44,449	—	68,362
Net income	197,165	197,811	200,401	87,140	(484,121)	198,396
Less: Net income attributable to non-controlling interests	—	—	—	1,231	—	1,231
Net income attributable to CBRE Group, Inc.	$ 197,165	$ 197,811	$ 200,401	$ 85,909	$ (484,121)	$ 197,165

**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE THREE MONTHS ENDED JUNE 30, 2016
(Dollars in thousands)**

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Revenue	$ —	$ —	$ 1,642,191	$ 1,565,346	$ —	$ 3,207,537
Costs and expenses:						
Cost of services	—	—	1,129,785	1,124,448	—	2,254,233
Operating, administrative and other	767	(8,950)	365,488	323,137	—	680,442
Depreciation and amortization	—	—	55,933	34,335	—	90,268
Total costs and expenses	767	(8,950)	1,551,206	1,481,920	—	3,024,943
Operating (loss) income	(767)	8,950	90,985	83,426	—	182,594
Equity income from unconsolidated subsidiaries	—	—	33,952	977	—	34,929
Other income (loss)	—	1	(49)	3,930	—	3,882
Interest income	—	33,096	654	2,412	(33,096)	3,066
Interest expense	—	34,989	24,827	10,267	(33,096)	36,987
Royalty and management service (income) expense	—	—	(16,340)	16,340	—	—
Income from consolidated subsidiaries	122,141	117,787	38,843	—	(278,771)	—
Income before (benefit of) provision for income taxes	121,374	124,845	155,898	64,138	(278,771)	187,484
(Benefit of) provision for income taxes	(294)	2,704	38,111	23,518	—	64,039
Net income	121,668	122,141	117,787	40,620	(278,771)	123,445
Less: Net income attributable to non-controlling interests	—	—	—	1,777	—	1,777
Net income attributable to CBRE Group, Inc.	$ 121,668	$ 122,141	$ 117,787	$ 38,843	$ (278,771)	$ 121,668

**CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Dollars in thousands)**

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Revenue	$ —	$ —	$ 3,272,529	$ 3,050,890	$ —	$ 6,323,419
Costs and expenses:						
Cost of services	—	—	2,247,642	2,157,999	—	4,405,641
Operating, administrative and other	762	887	703,743	613,213	—	1,318,605
Depreciation and amortization	—	—	115,425	78,998	—	194,423
Total costs and expenses	762	887	3,066,810	2,850,210	—	5,918,669
Gain on disposition of real estate	—	—	228	12,455	—	12,683
Operating (loss) income	(762)	(887)	205,947	213,135	—	417,433
Equity income from unconsolidated subsidiaries	—	—	89,330	1,072	—	90,402
Other income	—	1	1,026	6,274	—	7,301
Interest income	—	60,599	2,539	1,299	(60,599)	3,838
Interest expense	—	67,510	44,616	17,913	(60,599)	69,440
Royalty and management service (income) expense	—	—	(6,699)	6,699	—	—
Income from consolidated subsidiaries	327,233	332,042	127,898	—	(787,173)	—
Income before (benefit of) provision for income taxes	326,471	324,245	388,823	197,168	(787,173)	449,534
(Benefit of) provision for income taxes	(291)	(2,988)	56,781	66,133	—	119,635
Net income	326,762	327,233	332,042	131,035	(787,173)	329,899
Less: Net income attributable to non-controlling interests	—	—	—	3,137	—	3,137
Net income attributable to CBRE Group, Inc.	$ 326,762	$ 327,233	$ 332,042	$ 127,898	$ (787,173)	$ 326,762

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(Dollars in thousands)

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Revenue	$ —	$ —	$ 3,139,690	$ 2,914,581	$ —	$ 6,054,271
Costs and expenses:						
Cost of services	—	—	2,154,348	2,113,498	—	4,267,846
Operating, administrative and other	2,193	(1,426)	708,358	614,683	—	1,323,808
Depreciation and amortization	—	—	110,664	66,598	—	177,262
Total costs and expenses	2,193	(1,426)	2,973,370	2,794,779	—	5,768,916
Gain on disposition of real estate	—	—	3,659	1,160	—	4,819
Operating (loss) income	(2,193)	1,426	169,979	120,962	—	290,174
Equity income from unconsolidated subsidiaries	—	—	90,217	2,013	—	92,230
Other income (loss)	—	1	(481)	7,577	—	7,097
Interest income	—	65,569	1,571	2,954	(65,569)	4,525
Interest expense	—	68,616	49,410	19,320	(65,569)	71,777
Royalty and management service (income) expense	—	—	(23,768)	23,768	—	—
Income from consolidated subsidiaries	205,188	206,187	42,375	—	(453,750)	—
Income before (benefit of) provision for income taxes	202,995	204,567	278,019	90,418	(453,750)	322,249
(Benefit of) provision for income taxes	(840)	(621)	71,832	43,793	—	114,164
Net income	203,835	205,188	206,187	46,625	(453,750)	208,085
Less: Net income attributable to non-controlling interests	—	—	—	4,250	—	4,250
Net income attributable to CBRE Group, Inc.	$ 203,835	$ 205,188	$ 206,187	$ 42,375	$ (453,750)	$ 203,835

**CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2017
(Dollars in thousands)**

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net income	$ 197,165	$ 197,811	$ 200,401	$ 87,140	$ (484,121)	$ 198,396
Other comprehensive income:						
Foreign currency translation gain	—	—	—	88,347	—	88,347
Amounts reclassified from accumulated other comprehensive loss to interest expense, net	—	1,380	—	—	—	1,380
Unrealized losses on interest rate swaps, net	—	(217)	—	—	—	(217)
Unrealized holding gains on available for sale securities, net	—	—	896	81	—	977
Other, net	3	—	(13)	—	—	(10)
Total other comprehensive income	3	1,163	883	88,428	—	90,477
Comprehensive income	197,168	198,974	201,284	175,568	(484,121)	288,873
Less: Comprehensive income attributable to non-controlling interests	—	—	—	1,390	—	1,390
Comprehensive income attributable to CBRE Group, Inc.	$ 197,168	$ 198,974	$ 201,284	$ 174,178	$ (484,121)	$ 287,483

**CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED JUNE 30, 2016
(Dollars in thousands)**

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net income	$ 121,668	$ 122,141	$ 117,787	$ 40,620	$ (278,771)	$ 123,445
Other comprehensive income (loss):						
Foreign currency translation loss	—	—	—	(102,308)	—	(102,308)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net	—	1,733	—	—	—	1,733
Unrealized losses on interest rate swaps, net	—	(1,206)	—	—	—	(1,206)
Unrealized holding gains (losses) on available for sale securities, net	—	—	1,603	(29)	—	1,574
Other, net	—	—	(702)	—	—	(702)
Total other comprehensive income (loss)	—	527	901	(102,337)	—	(100,909)
Comprehensive income (loss)	121,668	122,668	118,688	(61,717)	(278,771)	22,536
Less: Comprehensive income attributable to non-controlling interests	—	—	—	1,694	—	1,694
Comprehensive income (loss) attributable to CBRE Group, Inc.	$ 121,668	$ 122,668	$ 118,688	$ (63,411)	$ (278,771)	$ 20,842

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Dollars in thousands)

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net income	$ 326,762	$ 327,233	$ 332,042	$ 131,035	$ (787,173)	$ 329,899
Other comprehensive (loss) income:						
Foreign currency translation gain	—	—	—	139,436	—	139,436
Amounts reclassified from accumulated other comprehensive loss to interest expense, net	—	2,888	—	—	—	2,888
Unrealized gains on interest rate swaps, net	—	77	—	—	—	77
Unrealized holding gains on available for sale securities, net	—	—	1,725	175	—	1,900
Other, net	(2)	—	(14)	—	—	(16)
Total other comprehensive (loss) income	(2)	2,965	1,711	139,611	—	144,285
Comprehensive income	326,760	330,198	333,753	270,646	(787,173)	474,184
Less: Comprehensive income attributable to non-controlling interests	—	—	—	3,317	—	3,317
Comprehensive income attributable to CBRE Group, Inc.	$ 326,760	$ 330,198	$ 333,753	$ 267,329	$ (787,173)	$ 470,867

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME (LOSS)
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(Dollars in thousands)

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net income	$ 203,835	$ 205,188	$ 206,187	$ 46,625	$ (453,750)	$ 208,085
Other comprehensive loss:						
Foreign currency translation loss	—	—	—	(85,714)	—	(85,714)
Amounts reclassified from accumulated other comprehensive loss to interest expense, net	—	3,476	—	—	—	3,476
Unrealized losses on interest rate swaps, net	—	(4,115)	—	—	—	(4,115)
Unrealized holding gains on available for sale securities, net	—	—	514	131	—	645
Other, net	—	—	(759)	—	—	(759)
Total other comprehensive loss	—	(639)	(245)	(85,583)	—	(86,467)
Comprehensive income (loss)	203,835	204,549	205,942	(38,958)	(453,750)	121,618
Less: Comprehensive income attributable to non-controlling interests	—	—	—	4,289	—	4,289
Comprehensive income (loss) attributable to CBRE Group, Inc.	$ 203,835	$ 204,549	$ 205,942	$ (43,247)	$ (453,750)	$ 117,329

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2017
(Dollars in thousands)

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	$ 49,435	$ 16,131	$ (235,596)	$ (20,707)	$ (190,737)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	—	—	(39,925)	(19,938)	(59,863)
Acquisition of businesses, including net assets acquired, intangibles and goodwill, net of cash acquired	—	—	(31,780)	(8,672)	(40,452)
Contributions to unconsolidated subsidiaries	—	—	(23,752)	(8,908)	(32,660)
Distributions from unconsolidated subsidiaries	—	—	92,304	4,637	96,941
Decrease (increase) in restricted cash	—	—	1,618	(4,640)	(3,022)
Purchase of available for sale securities	—	—	(19,734)	—	(19,734)
Proceeds from the sale of available for sale securities	—	—	17,277	—	17,277
Other investing activities, net	—	—	2,486	122	2,608
Net cash used in in investing activities	—	—	(1,506)	(37,399)	(38,905)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from revolving credit facility	—	911,000	—	—	911,000
Repayment of revolving credit facility	—	(911,000)	—	—	(911,000)
Proceeds from notes payable on real estate held for sale and under development	—	—	—	2,137	2,137
Repayment of notes payable on real estate held for sale and under development	—	—	—	(9,189)	(9,189)
Units repurchased for payment of taxes on equity awards	(1,900)	—	—	—	(1,900)
Non-controlling interest contributions	—	—	—	1,941	1,941
Non-controlling interest distributions	—	—	—	(3,904)	(3,904)
(Increase) decrease in intercompany receivables, net	(47,895)	(20,114)	47,320	20,689	—
Other financing activities, net	360	—	(3,145)	(881)	(3,666)
Net cash (used in) provided by financing activities	(49,435)	(20,114)	44,175	10,793	(14,581)
Effect of currency exchange rate changes on cash and cash equivalents	—	—	—	17,328	17,328
NET DECREASE IN CASH AND CASH EQUIVALENTS	—	(3,983)	(192,927)	(29,985)	(226,895)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	7	16,889	264,121	481,559	762,576
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 7	$ 12,906	$ 71,194	$ 451,574	$ 535,681
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid during the period for:					
Interest	$ —	$ 59,446	$ —	$ 44	$ 59,490
Income taxes, net	$ —	$ —	$ 82,017	$ 81,868	$ 163,885

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(Dollars in thousands)

	Parent	CBRE Services	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	$ 57,811	$ 9,377	$ (192,950)	$ (84,255)	$ (210,017)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Capital expenditures	—	—	(51,510)	(27,548)	(79,058)
Acquisition of businesses (other than GWS), including net assets acquired, intangibles and goodwill, net of cash acquired	—	—	(1,381)	(15,188)	(16,569)
Acquisition of GWS, including net assets acquired, intangibles and goodwill	—	—	(21,900)	-	(21,900)
Contributions to unconsolidated subsidiaries	—	—	(21,549)	(5,882)	(27,431)
Distributions from unconsolidated subsidiaries	—	—	91,421	2,491	93,912
Decrease (increase) in restricted cash	—	—	3,250	(3,728)	(478)
Purchase of available for sale securities	—	—	(23,984)	—	(23,984)
Proceeds from the sale of available for sale securities	—	—	22,061	—	22,061
Other investing activities, net	—	—	6,688	7,241	13,929
Net cash provided by (used in) investing activities	—	—	3,096	(42,614)	(39,518)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Repayment of senior term loans	—	(14,375)	—	—	(14,375)
Proceeds from revolving credit facility	—	1,356,000	—	—	1,356,000
Repayment of revolving credit facility	—	(1,200,000)	—	—	(1,200,000)
Proceeds from notes payable on real estate held for sale and under development	—	—	—	13,315	13,315
Repayment of notes payable on real estate held for sale and under development	—	—	—	(4,102)	(4,102)
Units repurchased for payment of taxes on equity awards	(5,112)	—	—	—	(5,112)
Non-controlling interest contributions	—	—	—	821	821
Non-controlling interest distributions	—	—	—	(3,517)	(3,517)
Payment of financing costs	—	(5,419)	—	(110)	(5,529)
(Increase) decrease in intercompany receivables, net	(53,774)	(147,900)	110,453	91,221	—
Other financing activities, net	1,074	—	(1,173)	4,086	3,987
Net cash (used in) provided by financing activities	(57,812)	(11,694)	109,280	101,714	141,488
Effect of currency exchange rate changes on cash and cash equivalents	—	—	—	(588)	(588)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1)	(2,317)	(80,574)	(25,743)	(108,635)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	5	8,479	147,410	384,509	540,403
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 4	$ 6,162	$ 66,836	$ 358,766	$ 431,768
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:					
Cash paid during the period for:					
Interest	$ —	$ 62,083	$ —	$ 1,337	$ 63,420
Income taxes, net	$ —	$ —	$ 107,070	$ 53,283	$ 160,353

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

This Quarterly Report on Form 10-Q (Quarterly Report) for CBRE Group, Inc. for the three months ended June 30, 2017 represents an update to the more detailed and comprehensive disclosures included in our Annual Report on Form 10-K for the year ended December 31, 2016. Accordingly, you should read the following discussion in conjunction with the information included in our Annual Report on Form 10-K for the year ended December 31, 2016 as well as the unaudited financial statements included elsewhere in this Quarterly Report.

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

Overview

CBRE Group, Inc. is a Delaware corporation. References to "the company," "we," "us" and "our" refer to CBRE Group, Inc. and include all of its consolidated subsidiaries, unless otherwise indicated or the context requires otherwise.

We are the world's largest commercial real estate services and investment firm, based on 2016 revenue, with leading full-service operations in major metropolitan areas throughout the world. We provide services in the office, retail, industrial, multifamily and hotel sectors of commercial real estate. As of December 31, 2016, we operated in approximately 450 offices worldwide with more than 75,000 employees, excluding independent affiliates, providing commercial real estate services under the "CBRE" brand name, investment management services under the "CBRE Global Investors" brand name and development services under the "Trammell Crow Company" brand name. Our business is focused on commercial property, corporate facilities, project and transaction management, tenant/occupier and property/agency leasing, capital markets solutions (property sales, commercial mortgage brokerage, loan origination and servicing), real estate investment management, valuation, development services and proprietary research. We generate revenue from both management fees (large multi-year portfolio and per-project contracts) and commissions on transactions. We have been included in the *Fortune* 500 since 2008 (ranking #214 in 2017) and among the*Fortune* Most Admired Companies in the real estate sector for five consecutive years, including 2017. Additionally, the International Association of Outsourcing Professionals (IAOP) has ranked us among the top few outsourcing service providers across all industries for six consecutive years, including 2017. In 2016, we were ranked by Forbes as the 15th best employer in America, and we were one of two companies to be ranked in the top 12 in the *Barron*'s 500 in each of 2014, 2015 and 2016.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP, which require us to make estimates and assumptions that affect reported amounts. The estimates and assumptions are based on historical experience and on other factors that we believe to be reasonable. Actual results may differ from those estimates. Critical accounting policies represent the areas where more significant judgments and estimates are used in the preparation of our consolidated financial statements. A discussion of such critical accounting policies, which include revenue recognition, goodwill and other intangible assets, and income taxes can be found in our Annual Report on Form 10-K for the year ended December 31, 2016. There have been no material changes to these policies as of June 30, 2017.

New Accounting Pronouncements

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

Seasonality

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

Inflation

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

Items Affecting Comparability

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

Macroeconomic Conditions

Economic trends and government policies affect global and regional commercial real estate markets as well as our operations directly. These include: overall economic activity and employment growth; interest rate levels and changes in interest rates; the cost and availability of credit; and the impact of tax and regulatory policies. Periods of economic weakness or recession, significantly rising interest rates, fiscal uncertainty, declining employment levels, decreasing demand for commercial real estate, falling real estate values, disruption to the global capital or credit markets, or the public perception that any of these events may occur, will negatively affect the performance of our business.

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

Commercial real estate markets, most particularly in the United States, have generally been marked by increased demand for space, falling vacancies and higher rents since 2010. During this time, healthy U.S. property sales activity has been sustained by gradually improving market fundamentals, low-cost credit availability and increased acceptance of commercial real estate as an institutional asset class. Following years of strong growth, property sales volumes have slowed since early 2016, but the market has remained active. Commercial mortgage services activity has remained strong, driven by low interest rates and a favorable lending environment. The U.S. Government Sponsored Enterprises continue to be a significant source of debt capital for multi-family properties.

European economies began to emerge from recession in 2013, with most countries returning to positive, albeit modest, economic growth. Sales and leasing activity in continental Europe has improved significantly across most of Europe for more than two years and this trend has continued in 2017. In the United Kingdom, uncertainty in the immediate aftermath of the referendum to leave the European Union has eased, leading to improved sentiment and higher transaction volumes. However, market activity remains below pre-referendum levels and there continue to be concerns about the separation process.

In Asia Pacific, real estate leasing and investment market activity has varied from country to country. In general, activity has picked up noticeably since late 2016 and this trend has continued in the first half of 2017. The Asia Pacific region also continues to be a significant source of capital investing in real estate in other parts of the world.

Real estate investment management and property development markets have been generally favorable with abundant debt and equity capital flows into commercial real estate. Real estate equity securities have been pressured by a shift in investor preferences from active to passive portfolio strategies and concerns about potentially higher interest rates.

The performance of our global real estate services and real estate investment businesses depends on sustained economic growth and job creation; stable, healthy global credit markets; and continued positive business and investor sentiment.

Effects of Acquisitions

We historically have made significant use of strategic acquisitions to add new service competencies, to increase our scale within existing competencies and to expand our presence in various geographic regions around the world. On September 1, 2015, CBRE, Inc., our wholly-owned subsidiary, pursuant to a Stock and Asset Purchase Agreement with Johnson Controls, Inc. (JCI), acquired JCI's Global Workplace Solutions (JCI-GWS) business (which we refer to as the GWS Acquisition). The acquired JCI-GWS business was a market-leading provider of integrated facilities management solutions for major occupiers of commercial real estate and had significant operations around the world. The purchase price was $1.475 billion, paid in cash, plus adjustments totaling $46.5 million for working capital and other items. We completed the GWS Acquisition in order to advance our strategy of delivering globally integrated services to major occupiers in our Americas, EMEA and Asia Pacific segments. We merged the acquired JCI-GWS business with our existing occupier outsourcing business line, and the new combined business adopted the "Global Workplace Solutions" name.

Strategic in-fill acquisitions have also played a key role in expanding our geographic coverage and broadening and strengthening our service offerings. The companies we acquired have generally been regional or specialty firms that complement our existing platform, or independent affiliates in which, in some cases, we held a small equity interest. During 2016, we acquired our independent affiliate in Norway, a London-based retail property advisor specializing in the luxury goods retail sector and a leading provider of retail project management, shopping center development and tenant coordination services in the United States. We also made an equity investment in a property services firm in Malaysia, acquiring a 49% interest. During the six months ended June 30, 2017, we acquired a leading Software as a Service (SaaS) platform that produces scalable interactive visualization technologies for commercial real estate, a technology company that provides mobile and SaaS technology solutions for facilities management operations, a healthcare-focused project manager in Australia, a full-service brokerage and management boutique in South Florida and a technology-enabled national boutique commercial real estate finance and consulting firm in the United States. In addition, in July 2017, we acquired a retail consultancy in France.

We believe that strategic acquisitions can significantly decrease the cost, time and commitment of management resources necessary to attain a meaningful competitive position within targeted markets or to expand our presence within our current markets. In general, however, most acquisitions will initially have an adverse impact on our operating and net income as a result of transaction-related expenditures. These include severance, lease termination, transaction and deferred financing costs, among others, and the charges and costs of integrating the acquired business and its financial and accounting systems into our own.

Our acquisition structures often include deferred and/or contingent purchase price payments in future periods that are subject to the passage of time or achievement of certain performance metrics and other conditions. As of June 30, 2017, we have accrued deferred consideration totaling $84.5 million, which is included in accounts payable and accrued expenses and in other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 1 of this Quarterly Report.

International Operations

We are monitoring the economic and political developments related to the United Kingdom's referendum to leave the European Union and the potential impact on our businesses in the United Kingdom and the rest of Europe, including, in particular, sales and leasing activity in the United Kingdom, as well as any associated currency volatility impact on our results of operations.

As we continue to increase our international operations through either acquisitions or organic growth, fluctuations in the value of the U.S. dollar relative to the other currencies in which we may generate earnings could adversely affect our business, financial condition and operating results. Our Global Investment Management business has a significant amount of euro-denominated assets under management, or AUM, as well as associated revenue and earnings in Europe. In addition, our Global Workplace Solutions business also has a significant amount of its revenue and earnings denominated in foreign currencies, such as the euro and the British pound sterling, which has significantly declined in value as compared to the U.S. dollar and other currencies as a result of the United Kingdom's referendum to leave the European Union. Fluctuations in foreign currency exchange rates have resulted and may continue to result in corresponding fluctuations in our AUM, revenue and earnings.

During the six months ended June 30, 2017, approximately 47% of our business was transacted in non-U.S. dollar currencies, the majority of which included the Australian dollar, Brazilian real, British pound sterling, Canadian dollar, Chinese yuan, Danish krone, euro, Hong Kong dollar, Indian rupee, Japanese yen, Mexican peso, Polish zloty, Singapore dollar, Swedish krona, Swiss franc and Thai baht. The following table sets forth our revenue derived from our most significant currencies (U.S. dollars in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017		2016		2017		2016	
United States dollar	$ 1,763,723	52.8 %	$ 1,698,086	52.9 %	$ 3,380,595	53.5 %	$ 3,239,522	53.5 %
British pound sterling	482,785	14.4 %	495,731	15.5 %	919,073	14.5 %	967,659	16.0 %
euro	389,824	11.7 %	383,261	11.9 %	721,942	11.4 %	695,831	11.5 %
Australian dollar	103,670	3.1 %	93,766	2.9 %	176,664	2.8 %	159,185	2.6 %
Canadian dollar	82,825	2.5 %	84,055	2.6 %	152,969	2.4 %	140,011	2.3 %
Indian rupee	81,817	2.4 %	56,770	1.8 %	148,388	2.3 %	110,473	1.8 %
Singapore dollar	57,606	1.7 %	41,930	1.3 %	108,813	1.7 %	78,156	1.3 %
Japanese yen	54,845	1.6 %	41,348	1.3 %	94,367	1.5 %	88,771	1.5 %
Chinese yuan	54,356	1.6 %	50,383	1.6 %	102,559	1.6 %	96,952	1.6 %
Swiss franc	32,841	1.0 %	32,426	1.0 %	68,171	1.1 %	63,188	1.0 %
Mexican peso	27,466	0.8 %	20,509	0.6 %	46,409	0.7 %	37,587	0.6 %
Hong Kong dollar	26,473	0.8 %	25,699	0.8 %	51,927	0.8 %	46,530	0.8 %
Brazilian real	19,497	0.6 %	17,402	0.5 %	38,148	0.6 %	30,955	0.5 %
Danish krone	17,195	0.5 %	15,812	0.5 %	34,904	0.6 %	30,440	0.5 %
Swedish krona	14,587	0.4 %	16,772	0.5 %	28,067	0.4 %	28,330	0.5 %
Polish zloty	13,371	0.4 %	15,783	0.5 %	24,768	0.4 %	30,342	0.5 %
Thai baht	12,000	0.4 %	9,996	0.3 %	22,170	0.4 %	18,552	0.3 %
Other currencies	107,334	3.3 %	107,808	3.5 %	203,485	3.3 %	191,787	3.2 %
Total revenue	$ 3,342,215	100.0 %	$ 3,207,537	100.0 %	$ 6,323,419	100.0 %	$ 6,054,271	100.0 %

Although we operate globally, we report our results in U.S. dollars. As a result, the strengthening or weakening of the U.S. dollar may positively or negatively impact our reported results. For example, we estimate that had the British pound sterling-to-U.S. dollar exchange rates been 10% higher during the six months ended June 30, 2017, the net impact would have been an increase in pre-tax income of $0.1 million. Had the euro-to-U.S. dollar exchange rates been 10% higher during the six months ended June 30, 2017, the net impact would have been an increase in pre-tax income of $4.2 million. These hypothetical calculations estimate the impact of translating results into U.S. dollars and do not include an estimate of the impact that a 10% change in the U.S. dollar against other currencies would have had on our foreign operations.

For the past several years, we have entered into derivative financial instruments to attempt to protect the value or fix the amount of certain obligations in terms of our reporting currency, the U.S. dollar. As of June 30, 2017, we had no foreign currency exchange forward contracts outstanding as we made the decision to let our program expire at the end of 2016. Included in the consolidated statement of operations set forth in Item 1 of this Quarterly Report were net gains of $8.5 million and $1.0 million, respectively, from foreign currency exchange forward contracts, which hedged foreign currency denominated EBITDA for the three and six months ended June 30, 2016. We do not intend to hedge our foreign currency denominated EBITDA in 2017.

Due to the constantly changing currency exposures to which we are subject and the volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations upon future operating results. In addition, fluctuations in currencies relative to the U.S. dollar may make it more difficult to perform period-to-period comparisons of our reported results of operations. Our international operations also are subject to, among other things, political instability and changing regulatory environments, which affects the currency markets and which as a result may adversely affect our future financial condition and results of operations. We routinely monitor these risks and related costs and evaluate the appropriate amount of oversight to allocate towards business activities in foreign countries where such risks and costs are particularly significant.

Results of Operations

The following table sets forth items derived from our consolidated statements of operations for the three and six months ended June 30, 2017 and 2016 (dollars in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017		2016		2017		2016	
Revenue:								
Fee revenue: (1)								
Occupier outsourcing	$ 606,575	18.1%	$ 575,214	17.9%	$ 1,165,698	18.4%	$ 1,111,490	18.4%
Property management	131,768	3.9%	129,324	4.0%	256,096	4.0%	246,657	4.1%
Valuation	129,768	3.9%	124,681	3.9%	246,223	3.9%	234,783	3.9%
Investment management	92,763	2.8%	95,737	3.0%	182,329	2.9%	186,117	3.1%
Leasing	622,633	18.6%	637,722	19.9%	1,156,106	18.3%	1,152,101	19.0%
Capital Markets:								
Sales	431,486	12.9%	389,809	12.2%	778,937	12.3%	719,376	11.9%
Commercial mortgage services	144,372	4.3%	131,807	4.1%	265,506	4.2%	238,878	3.9%
Other:								
Development services	13,454	0.4%	14,482	0.5%	24,282	0.4%	29,303	0.5%
Other	19,535	0.7%	21,473	0.6%	38,252	0.7%	37,919	0.6%
Total fee revenue	2,192,354	65.6%	2,120,249	66.1%	4,113,429	65.1%	3,956,624	65.4%
Pass through costs also recognized as revenue	1,149,861	34.4%	1,087,288	33.9%	2,209,990	34.9%	2,097,647	34.6%
Total revenue	3,342,215	100.0%	3,207,537	100.0%	6,323,419	100.0%	6,054,271	100.0%
Costs and expenses:								
Cost of services	2,318,562	69.4%	2,254,233	70.3%	4,405,641	69.7%	4,267,846	70.5%
Operating, administrative and other	712,374	21.3%	680,442	21.2%	1,318,605	20.9%	1,323,808	21.9%
Depreciation and amortization	100,386	3.0%	90,268	2.8%	194,423	3.0%	177,262	2.9%
Total costs and expenses	3,131,322	93.7%	3,024,943	94.3%	5,918,669	93.6%	5,768,916	95.3%
Gain on disposition of real estate	11,298	0.3%	-	0.0%	12,683	0.2%	4,819	0.1%
Operating income	222,191	6.6%	182,594	5.7%	417,433	6.6%	290,174	4.8%
Equity income from unconsolidated subsidiaries	75,384	2.3%	34,929	1.1%	90,402	1.4%	92,230	1.5%
Other income	3,186	0.1%	3,882	0.1%	7,301	0.1%	7,097	0.1%
Interest income	1,427	0.0%	3,066	0.1%	3,838	0.1%	4,525	0.1%
Interest expense	35,430	1.0%	36,987	1.2%	69,440	1.1%	71,777	1.2%
Income before provision for income taxes	266,758	8.0%	187,484	5.8%	449,534	7.1%	322,249	5.3%
Provision for income taxes	68,362	2.1%	64,039	2.0%	119,635	1.9%	114,164	1.9%
Net income	198,396	5.9%	123,445	3.8%	329,899	5.2%	208,085	3.4%
Less: Net income attributable to non-controlling interests	1,231	0.0%	1,777	0.0%	3,137	0.0%	4,250	0.0%
Net income attributable to CBRE Group, Inc.	$ 197,165	5.9%	$ 121,668	3.8%	$ 326,762	5.2%	$ 203,835	3.4%
EBITDA	$ 399,916	12.0%	$ 309,896	9.7%	$ 706,422	11.2%	$ 562,513	9.3%
Adjusted EBITDA	$ 412,549	12.3%	$ 360,451	11.2%	$ 715,757	11.3%	$ 643,134	10.6%

(1) Certain adjustments have been made to 2016 fee revenue to conform with current-year presentation.

Fee revenue, EBITDA and adjusted EBITDA are not recognized measurements under GAAP. When analyzing our operating performance, investors should use these measures in addition to, and not as an alternative for, their most directly comparable financial measure calculated and presented in accordance with GAAP. We generally use these non-GAAP financial measures to evaluate operating performance and for other discretionary purposes. We believe these measures provide a more complete understanding of ongoing operations, enhance comparability of current results to prior periods and may be useful for investors to analyze our financial performance because they eliminate the impact of selected charges that may obscure trends in the underlying performance of our business. Because not all companies use identical calculations, our presentation of fee revenue, EBITDA and adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Fee revenue is gross revenue less both client reimbursed costs largely associated with employees that are dedicated to client facilities and subcontracted vendor work performed for clients. We believe that investors may find this measure useful to analyze the company's overall financial performance because it excludes costs reimbursable by clients, and as such provides greater visibility into the underlying performance of our business.

EBITDA represents earnings before net interest expense, income taxes, depreciation and amortization. Amounts shown for adjusted EBITDA further remove (from EBITDA) the impact of certain cash and non-cash charges related to acquisitions, cost-elimination expenses and certain carried interest incentive compensation reversal to align with the timing of associated revenue. We believe that investors may find these measures useful in evaluating our operating performance compared to that of other companies in our industry because their calculations generally eliminate the effects of acquisitions, which would include impairment charges of goodwill and intangibles created from acquisitions, the effects of financings and income taxes and the accounting effects of capital spending.

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

EBITDA and adjusted EBITDA are calculated as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income attributable to CBRE Group, Inc.	$ 197,165	$ 121,668	$ 326,762	$ 203,835
Add:				
Depreciation and amortization	100,386	90,268	194,423	177,262
Interest expense	35,430	36,987	69,440	71,777
Provision for income taxes	68,362	64,039	119,635	114,164
Less:				
Interest income	1,427	3,066	3,838	4,525
EBITDA	399,916	309,896	706,422	562,513
Adjustments:				
Integration and other costs related to acquisitions	15,408	27,751	27,351	44,924
Cost-elimination expenses (1)	-	27,176	-	39,579
Carried interest incentive compensation reversal to align with the timing of associated revenue	(2,775)	(4,372)	(18,016)	(3,882)
Adjusted EBITDA	$ 412,549	$ 360,451	$ 715,757	$ 643,134

(1) Represents cost-elimination expenses relating to a program initiated in the fourth quarter of 2015 and completed in the third quarter of 2016 (our cost-elimination project) to reduce the company's global cost structure after several years of significant revenue and related cost growth. Cost-elimination expenses incurred during the three and six months ended June 30, 2016 consisted of $25.1 million and $36.9 million, respectively, of severance costs related to headcount reductions in connection with the program and $2.1 million and $2.7 million, respectively, of third-party contract termination costs.

Three Months Ended June 30, 2017 Compared to the Three Months Ended June 30, 2016

We reported consolidated net income of $197.2 million for the three months ended June 30, 2017 on revenue of $3.3 billion as compared to consolidated net income of $121.7 million on revenue of $3.2 billion for the three months ended June 30, 2016.

Our revenue on a consolidated basis for the three months ended June 30, 2017 increased by $134.7 million, or 4.2%, as compared to the three months ended June 30, 2016. The revenue increase reflects strong organic growth fueled by higher occupier outsourcing revenue (up 9.2%), as well as increased sales (up 12.7%) and commercial mortgage brokerage (up 9.9%) activity. These increases were partially offset by lower leasing activity (down slightly versus the prior-year quarter) and foreign currency translation, which had a $84.9 million negative impact on total revenue during the three months ended June 30, 2017, primarily driven by weakness in the British pound sterling and euro.

Our cost of services on a consolidated basis increased by $64.3 million, or 2.9%, during the three months ended June 30, 2017 as compared to same period in 2016. This increase was primarily due to higher costs associated with our occupier outsourcing business as well as higher professional bonuses (particularly in the United Kingdom) resulting from improved operating performance. These increases were partially offset by foreign currency translation, which had a $63.8 million positive impact on cost of services during the three months ended June 30, 2017. In addition, we incurred $17.8 million of costs in the prior-year quarter in connection with our cost-elimination project that did not recur in the current year. Such costs were the primary driver of cost of services as a percentage of revenue decreasing from 70.3% for the three months ended June 30, 2016 to 69.4% for the three months ended June 30, 2017.

Our operating, administrative and other expenses on a consolidated basis increased by $31.9 million, or 4.7%, during the three months ended June 30, 2017 as compared to the three months ended June 30, 2016. The increase was mostly driven by higher payroll-related costs (including an increase in bonus and stock compensation expense driven by improved operating performance) and an increase in net carried interest expense incurred in the current year. These increases were partially offset by the impact of $9.4 million of costs incurred in the second quarter of 2016 in connection with our cost-elimination project that did not recur in the current year. Foreign currency had a net $10.0 million positive impact on total operating expenses during the three months ended June 30, 2017, including a $15.6 million positive impact from foreign currency translation, partially offset by $5.6 million of unfavorable foreign currency transaction activity over the same period in the prior year (much of which related to hedging gains in the prior year, which did not recur in the current year given that we discontinued our hedging program at the end of 2016). Operating expenses as a percentage of revenue was consistent at 21.2% for the three months ended June 30, 2016 and 21.3% for the three months ended June 30, 2017.

Our depreciation and amortization expense on a consolidated basis increased by $10.1 million, or 11.2%, during the three months ended June 30, 2017 as compared to the same period in 2016. This increase was primarily attributable to higher amortization expense associated with mortgage servicing rights.

Our equity income from unconsolidated subsidiaries on a consolidated basis increased by $40.5 million, or 115.8%, for the three months ended June 30, 2017 as compared to the same period in 2016, primarily driven by higher equity earnings associated with gains on property sales reported in our Development Services segment.

Our consolidated interest expense was relatively consistent at $35.4 million for the three months ended June 30, 2017 versus $37.0 million for the three months ended June 30, 2016.

Our provision for income taxes on a consolidated basis was $68.4 million for the three months ended June 30, 2017 as compared to $64.0 million for the same period in 2016. Our effective tax rate, after adjusting pre-tax income to remove the portion attributable to non-controlling interests, decreased to 25.7% for the three months ended June 30, 2017 compared to 34.5% for the three months ended June 30, 2016. We benefited from a more favorable geographic mix of income, a re-measurement of income tax exposures relating to prior periods and certain one-time benefits. A more favorable geographic mix of income provided a tax rate benefit as greater income was generated from lower taxed jurisdictions. The tax rate can vary from quarter to quarter due to the timing of discrete items, such as the settlement of income tax audits and changes in tax laws.

Six Months Ended June 30, 2017 Compared to the Six Months Ended June 30, 2016

We reported consolidated net income of $326.8 million for the six months ended June 30, 2017 on revenue of $6.3 billion as compared to consolidated net income of $203.8 million on revenue of $6.1 billion for the six months ended June 30, 2016.

Our revenue on a consolidated basis for the six months ended June 30, 2017 increased by $269.1 million, or 4.4%, as compared to the six months ended June 30, 2016. The revenue increase reflects strong organic growth fueled by higher occupier outsourcing revenue (up 8.7%), as well as increased sales (up 9.8%), commercial mortgage brokerage (up 11.6%) and leasing (up 1.1%) activity. These increases were partially offset by foreign currency translation, which had a $152.2 million negative impact on total revenue during the six months ended June 30, 2017, primarily driven by weakness in the British pound sterling and euro.

Our cost of services on a consolidated basis increased by $137.8 million, or 3.2%, during the six months ended June 30, 2017 as compared to same period in 2016. This increase was primarily due to higher costs associated with our occupier outsourcing business as well as higher professional bonuses (particularly in the United Kingdom) resulting from improved operating performance. These increases were partially offset by foreign currency translation, which had a $117.7 million positive impact on cost of services during the six months ended June 30, 2017. In addition, we incurred $22.4 million of costs in the prior-year period in connection with our cost-elimination project that did not recur in the current year. Such costs were the primary driver of cost of services as a percentage of revenue decreasing from 70.5% for the six months ended June 30, 2016 to 69.7% for the six months ended June 30, 2017. Higher transaction revenue in certain countries that have a fixed compensation structure also contributed to the decrease in cost of services as a percentage of revenue for the six months ended June 30, 2017.

Our operating, administrative and other expenses on a consolidated basis were consistent at $1.3 billion for both the six months ended June 30, 2017 and 2016. Higher payroll-related costs (including an increase in bonus and stock compensation expense driven by improved operating performance), were partially offset by lower carried interest expense incurred during the six months ended June 30, 2017. In addition, we incurred $17.2 million of costs in the first half of 2016 in connection with our cost-elimination project that did not recur in the current year. Foreign currency had a net $25.0 million positive impact on total operating expenses during the six months ended June 30, 2017, including a $26.5 million positive impact from foreign currency translation, partially offset by $1.5 million of unfavorable foreign currency transaction activity over the same period in the prior year (much of which related to net hedging gains in the prior year, which did not recur in the current year given that we discontinued our hedging program at the end of 2016). Operating expenses as a percentage of revenue decreased from 21.9% for the six months ended June 30, 2016 to 20.9% for the six months ended June 30, 2017, primarily driven by the aforementioned increase in revenue during the six months ended June 30, 2017 while total operating expenses were flat versus the prior-year period.

Our depreciation and amortization expense on a consolidated basis increased by $17.2 million, or 9.7%, during the six months ended June 30, 2017 as compared to the same period in 2016. This increase was primarily attributable to higher amortization expense associated with mortgage servicing rights.

Our equity income from unconsolidated subsidiaries on a consolidated basis was relatively consistent at $90.4 million for the six months ended June 30, 2017 as compared to $92.2 million for the six months ended June 30, 2016.

Our consolidated interest expense was relatively consistent at $69.4 million for the six months ended June 30, 2017 versus $71.8 million for the six months ended June 30, 2016.

Our provision for income taxes on a consolidated basis was $119.6 million for the six months ended June 30, 2017 as compared to $114.2 million for the same period in 2016. Our effective tax rate, after adjusting pre-tax income to remove the portion attributable to non-controlling interests, decreased to 26.8% for the six months ended June 30, 2017 compared to 35.9% for the six months ended June 30, 2016. We benefited from a more favorable geographic mix of income, a re-measurement of income tax exposures relating to prior periods and certain one-time benefits. The favorable impact from discrete items recorded in the current-year period, primarily driven by the positive impact from the resolution of certain tax audits and the re-measurement of income tax exposures relating to prior periods, contributed to the lower effective tax rate for the six months ended June 30, 2017. In addition, a more favorable geographic mix of income provided a tax rate benefit as greater income was generated from lower taxed jurisdictions.

Segment Operations

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

The following table summarizes our results of operations by our Americas, EMEA, Asia Pacific, Global Investment Management and Development Services operating segments for the three and six months ended June 30, 2017 and 2016 (dollars in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017		2016 (1)		2017		2016 (1)	
Americas								
Revenue:								
Fee revenue:								
Occupier outsourcing	$ 268,204	14.4 %	$ 234,414	13.2 %	$ 512,866	14.4 %	$ 456,711	13.6 %
Property management	69,309	3.7 %	70,814	4.0 %	137,449	3.9 %	136,641	4.1 %
Valuation	61,599	3.3 %	59,497	3.3 %	118,780	3.3 %	116,234	3.5 %
Leasing	452,866	24.4 %	480,199	27.0 %	850,508	24.0 %	869,911	25.8 %
Capital Markets:								
Sales	261,985	14.1 %	266,244	15.0 %	496,400	14.0 %	487,607	14.5 %
Commercial mortgage services	138,799	7.5 %	127,772	7.2 %	254,699	7.2 %	230,776	6.9 %
Other	11,371	0.7 %	11,702	0.5 %	24,084	0.7 %	23,820	0.5 %
Total fee revenue	1,264,133	68.1 %	1,250,642	70.2 %	2,394,786	67.5 %	2,321,700	68.9 %
Pass through costs also recognized as revenue	592,754	31.9 %	529,747	29.8 %	1,154,747	32.5 %	1,046,564	31.1 %
Total revenue	1,856,887	100.0 %	1,780,389	100.0 %	3,549,533	100.0 %	3,368,264	100.0 %
Costs and expenses:								
Cost of services	1,288,799	69.4 %	1,235,106	69.4 %	2,453,476	69.1 %	2,338,370	69.4 %
Operating, administrative and other	350,973	18.9 %	340,801	19.1 %	673,288	19.0 %	658,600	19.6 %
Depreciation and amortization	71,724	3.9 %	63,200	3.6 %	140,293	3.9 %	123,803	3.7 %
Operating income	$ 145,391	7.8 %	$ 141,282	7.9 %	$ 282,476	8.0 %	$ 247,491	7.3 %
EBITDA	$ 222,948	12.0 %	$ 208,472	11.7 %	$ 433,670	12.2 %	$ 381,637	11.3 %
Adjusted EBITDA	$ 230,409	12.4 %	$ 227,411	12.8 %	$ 450,809	12.7 %	$ 414,625	12.3 %
EMEA								
Revenue:								
Fee revenue:								
Occupier outsourcing	$ 278,970	29.2 %	$ 288,490	30.2 %	$ 536,970	29.8 %	$ 551,015	30.7 %
Property management	39,389	4.1 %	37,853	4.0 %	73,946	4.1 %	70,642	3.9 %
Valuation	37,229	3.9 %	35,598	3.7 %	69,738	3.9 %	65,883	3.7 %
Leasing	87,666	9.2 %	82,636	8.7 %	162,578	9.0 %	153,505	8.6 %
Capital Markets:								
Sales	94,055	9.9 %	71,227	7.5 %	161,355	9.0 %	133,447	7.4 %
Commercial mortgage services	4,667	0.5 %	3,426	0.4 %	9,363	0.5 %	7,318	0.4 %
Other	5,854	0.6 %	6,332	0.6 %	9,615	0.6 %	9,469	0.5 %
Total fee revenue	547,830	57.4 %	525,562	55.1 %	1,023,565	56.9 %	991,279	55.2 %
Pass through costs also recognized as revenue	406,904	42.6 %	428,356	44.9 %	775,357	43.1 %	802,986	44.8 %
Total revenue	954,734	100.0 %	953,918	100.0 %	1,798,922	100.0 %	1,794,265	100.0 %
Costs and expenses:								
Cost of services	729,977	76.5 %	757,781	79.4 %	1,399,500	77.8 %	1,435,326	80.0 %
Operating, administrative and other	164,686	17.2 %	160,689	16.8 %	307,777	17.1 %	308,890	17.2 %
Depreciation and amortization	18,845	2.0 %	16,252	1.7 %	34,415	1.9 %	31,252	1.7 %
Operating income	$ 41,226	4.3 %	$ 19,196	2.1 %	$ 57,230	3.2 %	$ 18,797	1.1 %
EBITDA	$ 60,916	6.4 %	$ 36,281	3.8 %	$ 92,647	5.2 %	$ 51,591	2.9 %
Adjusted EBITDA	$ 68,577	7.2 %	$ 59,854	6.3 %	$ 102,441	5.7 %	$ 87,665	4.9 %

	Three Months Ended June 30, 2017		2016 (1)		Six Months Ended June 30, 2017		2016 (1)	
Asia Pacific								
Revenue:								
Fee revenue:								
Occupier outsourcing	$ 59,401	14.1 %	$ 52,310	14.5 %	$ 115,862	15.2 %	$ 103,764	15.5 %
Property management	19,972	4.7 %	18,251	5.1 %	39,693	5.2 %	35,406	5.3 %
Valuation	30,940	7.4 %	29,586	8.2 %	57,705	7.6 %	52,666	7.8 %
Leasing	81,615	19.4 %	74,328	20.7 %	142,143	18.7 %	127,836	19.1 %
Capital Markets:								
Sales	75,281	17.9 %	51,894	14.4 %	120,487	15.8 %	97,778	14.6 %
Commercial mortgage services	916	0.2 %	609	0.2 %	1,454	0.2 %	784	0.1 %
Other	2,300	0.6 %	3,439	1.0 %	4,543	0.6 %	4,630	0.6 %
Total fee revenue	270,425	64.3 %	230,417	64.1 %	481,887	63.3 %	422,864	63.0 %
Pass through costs also recognized as revenue	150,203	35.7 %	129,185	35.9 %	279,886	36.7 %	248,097	37.0 %
Total revenue	420,628	100.0 %	359,602	100.0 %	761,773	100.0 %	670,961	100.0 %
Costs and expenses:								
Cost of services	299,786	71.3 %	261,346	72.7 %	552,665	72.5 %	494,150	73.6 %
Operating, administrative and other	77,909	18.5 %	77,547	21.6 %	146,095	19.2 %	145,326	21.7 %
Depreciation and amortization	4,389	1.0 %	4,299	1.2 %	8,703	1.1 %	8,482	1.3 %
Operating income	$ 38,544	9.2 %	$ 16,410	4.5 %	$ 54,310	7.2 %	$ 23,003	3.4 %
EBITDA	$ 42,914	10.2 %	$ 20,631	5.7 %	$ 63,063	8.3 %	$ 31,362	4.7 %
Adjusted EBITDA	$ 43,200	10.3 %	$ 28,235	7.9 %	$ 63,481	8.3 %	$ 41,103	6.1 %
Global Investment Management								
Revenue	$ 92,763	100.0 %	$ 95,737	100.0 %	$ 182,329	100.0 %	$ 186,117	100.0 %
Costs and expenses:								
Operating, administrative and other	71,309	76.9 %	73,577	76.9 %	122,831	67.4 %	145,967	78.4 %
Depreciation and amortization	4,885	5.2 %	5,817	6.0 %	9,924	5.4 %	12,437	6.7 %
Operating income	$ 16,569	17.9 %	$ 16,343	17.1 %	$ 49,574	27.2 %	$ 27,713	14.9 %
EBITDA	$ 26,685	28.8 %	$ 25,987	27.1 %	$ 67,785	37.2 %	$ 47,523	25.5 %
Adjusted EBITDA	$ 23,910	25.8 %	$ 26,426	27.6 %	$ 49,769	27.3 %	$ 49,341	26.5 %
Development Services								
Revenue:								
Property management	$ 3,098	18.0 %	$ 2,406	13.4 %	$ 5,008	16.2 %	$ 3,968	11.4 %
Leasing	486	2.8 %	559	3.1 %	877	2.8 %	849	2.4 %
Capital Markets:								
Sales	165	1.0 %	444	2.5 %	695	2.3 %	544	1.6 %
Other:								
Development services	13,454	78.2 %	14,482	81.0 %	24,282	78.7 %	29,303	84.6 %
Total revenue	17,203	100.0 %	17,891	100.0 %	30,862	100.0 %	34,664	100.0 %
Costs and expenses:								
Operating, administrative and other	47,497	276.1 %	27,828	155.5 %	68,614	222.3 %	65,025	187.6 %
Depreciation and amortization	543	3.2 %	700	4.0 %	1,088	3.6 %	1,288	3.7 %
Gain on disposition of real estate	11,298	65.7 %	-	0.0 %	12,683	41.1 %	4,819	13.9 %
Operating loss	$ (19,539)	(113.6 %)	$ (10,637)	(59.5 %)	$ (26,157)	(84.8 %)	$ (26,830)	(77.4 %)
EBITDA and Adjusted EBITDA	$ 46,453	270.0 %	$ 18,525	103.5 %	$ 49,257	159.6 %	$ 50,400	145.4 %

(1) In 2017, we changed the presentation of the operating results of one of our emerging businesses among our regional services reporting segments. Prior year amounts have been reclassified to conform with the current-year presentation. This change had no impact on our consolidated results. Additionally, certain adjustments have been made to 2016 fee revenue to conform with current-year presentation.

Three Months Ended June 30, 2017 Compared to the Three Months Ended June30, 2016

Americas

Revenue increased by $76.5 million, or 4.3%, for the three months ended June 30, 2017 compared to the three months ended June 30, 2016. The revenue increase reflects strong organic growth fueled by higher occupier outsourcing and property management revenue as well as improved commercial mortgage brokerage activity. These increases were partially offset by lower lease and sales transaction revenue. Foreign currency translation had a $3.6 million negative impact on revenue during the three months ended June 30, 2017, primarily driven by weakness in the Canadian dollar and Mexican peso, partially offset by strength in the Brazilian real.

Cost of services increased by $53.7 million, or 4.3%, for the three months ended June 30, 2017 as compared to the same period in 2016, primarily due to higher costs associated with our occupier outsourcing business. Foreign currency translation had a $3.0 million positive impact on cost of services during the three months ended June 30, 2017. Cost of services as a percentage of revenue was consistent at 69.4% for both the three months ended June 30, 2017 and June 30, 2016.

Operating, administrative and other expenses increased by $10.2 million, or 3.0%, for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016. The increase was partly driven by higher payroll-related costs (including an increase in bonus and stock compensation expense due to improved operating performance). Foreign currency had a net $3.3 million negative impact on total operating expenses during the three months ended June 30, 2017, which included unfavorable foreign currency transaction activity, mostly hedging related, of $3.5 million, partially offset by a positive impact from foreign currency translation of $0.2 million. These increases were partially offset by a decrease of $11.3 million in integration and other costs related to the GWS Acquisition incurred during the three months ended June 30, 2017.

In connection with the origination and sale of mortgage loans for which the company retains servicing rights, we record servicing assets or liabilities based on the fair value of the retained mortgage servicing rights (MSRs) on the date the loans are sold. We also assume or purchase certain servicing assets. Upon origination of a mortgage loan held for sale, the fair value of the mortgage servicing rights to be retained is included in the forecasted proceeds from the anticipated loan sale and results in a net gain (which is reflected in revenue). Subsequent to the initial recording, MSRs are amortized (within amortization expense) and carried at the lower of amortized cost or fair value in other intangible assets in the accompanying consolidated balance sheets. They are amortized in proportion to and over the estimated period that the servicing income is expected to be received. For the three months ended June 30, 2017, MSRs contributed to operating income $32.6 million of gains recognized in conjunction with the origination and sale of mortgage loans, offset by $24.4 million of amortization of related intangible assets. For the three months ended June 30, 2016, MSRs contributed to operating income $30.7 million of gains recognized in conjunction with the origination and sale of mortgage loans, offset by $17.6 million of amortization of related intangible assets.

EMEA

Revenue was consistent at $954.7 million for the three months ended June 30, 2017 as compared to $953.9 million for the three months ended June 30, 2016. We achieved strong organic growth fueled by higher occupier outsourcing revenue, as well as increased sales and leasing activity. Such growth was almost entirely offset by foreign currency translation, which had a $75.9 million negative impact on total revenue during the three months ended June 30, 2017, primarily driven by weakness in the British pound sterling and euro.

Cost of services decreased by $27.8 million, or 3.7%, for the three months ended June 30, 2017 as compared to the same period in 2016, primarily due to foreign currency translation, which had a $59.4 million positive impact on cost of services. In addition, we incurred $14.3 million of costs in the prior-year quarter in connection with our cost-elimination project that did not recur in the current year. These items were largely offset by higher costs associated with our occupier outsourcing business as well as higher professional bonuses (particularly in the United Kingdom) resulting from improved operating performance. Cost of services as a percentage of revenue decreased from 79.4% for the three months ended June 30, 2016 to 76.5% for the three months ended June 30, 2017, largely due to higher transaction revenue in certain countries that have a fixed compensation structure as well as the aforementioned costs associated with our cost-elimination project that did not recur in the current year.

Operating, administrative and other expenses increased by $4.0 million, or 2.5%, for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016, primarily driven by higher payroll-related costs (including an increase in bonus and stock compensation due to improved operating performance). This increase in costs was largely offset by foreign currency, which had a $9.8 million net positive impact on total operating expenses during the three months ended June 30, 2017, including a $12.1 million positive impact from foreign currency translation, partially offset by $2.3 million of unfavorable foreign currency transaction activity, part of which related to hedging activities. In addition, we incurred $2.3 million of costs during the second quarter of 2016 as part of our cost-elimination project, which did not recur in the current year.

Asia Pacific

Revenue increased by $61.0 million, or 17.0%, for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016. The revenue increase reflects strong organic growth, fueled by higher occupier outsourcing revenue as well as improved sales and leasing activity. Foreign currency translation had a $1.7 million negative impact on total revenue during the three months ended June 30, 2017, primarily driven by weakness in the Chinese yuan and Singapore dollar, partially offset by strength in the Indian rupee.

Cost of services increased by $38.4 million, or 14.7%, for the three months ended June 30, 2017 as compared to the same period in 2016, driven by higher costs associated with our occupier outsourcing business. This increase was partially offset by the impact of $3.3 million of costs incurred in the second quarter of 2016 in connection with our cost-elimination project that did not recur in the current year. In addition, foreign currency translation had a $1.4 million positive impact on cost of services during the three months ended June 30, 2017. Cost of services as a percentage of revenue decreased from 72.7% for the three months ended June 30, 2016 to 71.3% for the three months ended June 30, 2017, partly due to the aforementioned costs associated with our cost-elimination project that did not recur in the current year.

Operating, administrative and other expenses was consistent at $77.9 million for the three months ended June 30, 2017 versus $77.5 million for the three months ended June 30, 2016. We incurred higher payroll-related costs (including increased stock compensation and bonus expense due to improved operating performance) in the current year quarter. This was almost entirely offset by foreign currency activity as well as the impact of $1.6 million of costs incurred in the second quarter of 2016 in connection with our cost-elimination project that did not recur in the current year. Foreign currency activity had an overall positive impact of $2.4 million for the three months ended June 30, 2017, due to favorable foreign currency transaction activity of $1.7 million, mostly related to hedging, and a $0.7 million positive impact from foreign currency translation.

Global Investment Management

Revenue decreased by $3.0 million, or 3.1%, for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016. Foreign currency translation had a $3.7 million negative impact on total revenue during the three months ended June 30, 2017, primarily driven by weakness in the British pound sterling and euro. This, coupled with lower asset management fees, was mostly offset by higher carried interest revenue in the three months ended June 30, 2017.

Operating, administrative and other expenses decreased by $2.3 million, or 3.1%, for the three months ended June 30, 2017 as compared to the same period in 2016, primarily driven by the impact of $4.8 million of costs incurred in the second quarter of 2016 in connection with our cost-elimination project that did not recur in the current year. Additionally, foreign currency had a net $1.1 million positive impact on total operating expenses during the three months ended June 30, 2017, which included a $2.6 million positive impact from foreign currency translation, partially offset by a $1.5 million of unfavorable foreign currency transaction activity over the same period in the prior year, part of which related to hedging activities. These items were partially offset by higher carried interest expense incurred during the three months ended June 30, 2017.

A roll forward of our AUM by product type for the three months ended June 30, 2017 is as follows (dollars in billions):

	Funds	Separate Accounts	Securities	Total
Balance at April 1, 2017	$ 31.4	$ 38.8	$ 16.3	$ 86.5
Inflows	1.4	2.3	0.5	4.2
Outflows	(1.5)	(0.7)	(1.0)	(3.2)
Market appreciation	2.1	1.8	0.3	4.2
Balance at June 30, 2017	$ 33.4	$ 42.2	$ 16.1	$ 91.7

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

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

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

Development Services

Revenue was relatively consistent at $17.2 million for the three months ended June 30, 2017 versus $17.9 million for the three months ended June 30, 2016.

Operating, administrative and other expenses increased by $19.7 million, or 70.7%, for the three months ended June 30, 2017 as compared to the same period in 2016. This increase was primarily driven by higher bonuses in the current three months due to improved operating performance (property sales reflected in equity income from unconsolidated subsidiaries and gain on disposition of real estate were significantly higher in the current-year quarter).

As of June 30, 2017, development projects in process totaled $5.9 billion, down $1.2 billion from the second quarter of 2016. The development pipeline totaled $5.9 billion, up $2.9 billion over the second quarter of 2016.

Six Months Ended June 30, 2017 Compared to the Six Months Ended June 30, 2016

Americas

Revenue increased by $181.3 million, or 5.4%, for the six months ended June 30, 2017 compared to the six months ended June 30, 2016. The revenue increase reflects strong organic growth fueled by higher occupier outsourcing revenue, as well as improved commercial mortgage brokerage and sales activity. These increases were partially offset by lower lease transaction revenue. Foreign currency translation had a $2.1 million negative impact on revenue during the six months ended June 30, 2017, primarily driven by weakness in the Canadian dollar, Mexican peso and Venezuelan bolivar, largely offset by strength in the Brazilian real.

Cost of services increased by $115.1 million, or 4.9%, for the six months ended June 30, 2017 as compared to the same period in 2016, primarily due to higher costs associated with our occupier outsourcing business. Foreign currency translation had a $2.7 million positive impact on cost of services during the six months ended June 30, 2017. Cost of services as a percentage of revenue was relatively consistent at 69.4% for the six months ended June 30, 2016 versus 69.1% for the six months ended June 30, 2017.

Operating, administrative and other expenses increased by $14.7 million, or 2.2%, for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016. The increase was partly driven by higher payroll-related costs (including an increase in bonus and stock compensation expense due to improved operating performance). Foreign currency had a $4.9 million negative impact on total operating expenses during the six months ended June 30, 2017, which included a negative impact from foreign currency translation of $1.1 million and unfavorable foreign currency transaction activity, mostly hedging related, of $3.8 million. These increases were partially offset by a decrease of $12.3 million in integration and other costs related to the GWS Acquisition incurred during the six months ended June 30, 2017 as well as the impact of $3.5 million of costs incurred during the first half of 2016 as part of our cost-elimination project, which did not recur in the current year.

For the six months ended June 30, 2017, MSRs contributed to operating income $60.6 million of gains recognized in conjunction with the origination and sale of mortgage loans, offset by $46.7 million of amortization of related intangible assets. For the six months ended June 30, 2016, MSRs contributed to operating income $55.0 million of gains recognized in conjunction with the origination and sale of mortgage loans, offset by $34.8 million of amortization of related intangible assets.

EMEA

Revenue was consistent at $1.8 billion for both the six months ended June 30, 2017 and 2016. We achieved strong organic growth fueled by higher occupier outsourcing revenue, as well as higher sales and leasing activity. Such growth was almost entirely offset by foreign currency translation, which had a $143.9 million negative impact on total revenue during the six months ended June 30, 2017, primarily driven by weakness in the British pound sterling and euro.

Cost of services decreased by $35.8 million, or 2.5%, for the six months ended June 30, 2017 as compared to the same period in 2016, primarily due to foreign currency translation, which had a $114.8 million positive impact on cost of services. In addition, we incurred $18.0 million of costs in the prior-year period in connection with our cost-elimination project that did not recur in the current year. These items were largely offset by higher costs associated with our occupier outsourcing business. Cost of services as a percentage of revenue decreased from 80.0% for the six months ended June 30, 2016 to 77.8% for the six months ended June 30, 2017, largely due to higher transaction revenue in certain countries that have a fixed compensation structure as well as the aforementioned costs associated with our cost-elimination project that did not recur in the current year.

Operating, administrative and other expenses were relatively consistent at $307.8 million for the six months ended June 30, 2017 as compared to $308.9 million for the six months ended June 30, 2016. Foreign currency had an $18.6 million net positive impact on total operating expenses during the six months ended June 30, 2017, including a $23.2 million positive impact from foreign currency translation, partially offset by $4.6 million of unfavorable foreign currency transaction activity, part of which related to hedging activities. In addition, we incurred $5.6 million of costs during the first half of 2016 as part of our cost-elimination project, which did not recur in the current year. These favorable items were almost entirely offset by higher payroll-related costs, including increased bonus and stock compensation expense due to improved operating performance in the first half of 2017.

Asia Pacific

Revenue increased by $90.8 million, or 13.5%, for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016. The revenue increase reflects strong organic growth, fueled by higher occupier outsourcing revenue as well as improved sales and leasing activity. In addition, foreign currency translation had a $0.9 million positive impact on total revenue during the six months ended June 30, 2017, primarily driven by strength in the Australian dollar and Indian rupee, largely offset by weakness in the Chinese yuan.

Cost of services increased by $58.5 million, or 11.8%, for the six months ended June 30, 2017 as compared to the same period in 2016, driven by higher costs associated with our occupier outsourcing business. This increase was partially offset by the impact of $3.6 million of costs incurred in the first half of 2016 in connection with our cost-elimination project that did not recur in the current year. In addition, foreign currency translation had a $0.2 million positive impact on cost of services during the six months ended June 30, 2017. Cost of services as a percentage of revenue decreased from 73.6% for the six months ended June 30, 2016 to 72.5% for the six months ended June 30, 2017, partly due to the aforementioned costs associated with our cost-elimination project that did not recur in the current year.

Operating, administrative and other expenses were relatively consistent at $146.1 million for the six months ended June 30, 2017 as compared to $145.3 million for the six months ended June 30, 2016. We incurred higher payroll-related costs (including increased stock compensation and bonus expense due to improved operating performance) in the first half of 2017. This was almost entirely offset by foreign currency activity as well as the impact of $2.4 million of costs incurred in the first half of 2016 in connection with our cost-elimination project that did not recur in the current year. Foreign currency activity had an overall net positive impact of 6.8 million for the six months ended June 30, 2017, due to favorable foreign currency transaction activity of $7.2 million, mostly related to hedging, partially offset by a $0.4 million negative impact from foreign currency translation.

Global Investment Management

Revenue decreased by $3.8 million, or 2.0%, for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016. Foreign currency translation had a $7.1 million negative impact on total revenue during the six months ended June 30, 2017, primarily driven by weakness in the British pound sterling and euro. This, coupled with lower asset management fees, was mostly offset by higher carried interest revenue in the current six months.

Operating, administrative and other expenses decreased by $23.1 million, or 15.9%, for the six months ended June 30, 2017 as compared to the same period in 2016, primarily driven by lower net carried interest expense incurred in the current-year period. The decrease was also due to the impact of $5.7 million of costs incurred in the six months ended June 30, 2016 in connection with our cost-elimination project that did not recur in the current year. Lastly, foreign currency had a net $4.5 million positive impact on total operating expenses during the six months ended June 30, 2017, which included a $4.8 million positive impact from foreign currency translation, partially offset by $0.3 million of unfavorable foreign currency transaction activity over the same period in the prior year, part of which related to hedging activities.

A roll forward of our AUM by product type for the six months ended June 30, 2017 is as follows (dollars in billions):

	Funds	Separate Accounts	Securities	Total
Balance at December 31, 2016	$ 31.6	$ 37.5	$ 17.5	$ 86.6
Inflows	2.5	4.2	1.0	7.7
Outflows	(4.0)	(2.5)	(3.0)	(9.5)
Market appreciation	3.3	3.0	0.6	6.9
Balance at June 30, 2017	$ 33.4	$ 42.2	$ 16.1	$ 91.7

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

Development Services

Revenue decreased by $3.8 million, or 11.0%, for the six months ended June 30, 2017 as compared to the six months ended June 30, 2016, primarily driven by lower incentive and development fees in the current six months.

Operating, administrative and other expenses increased by $3.6 million, or 5.5%, for the six months ended June 30, 2017 as compared to the same period in 2016. This increase was primarily driven by higher payroll-related costs, including increased bonus expense in the current six months.

Liquidity and Capital Resources

We believe that we can satisfy our working capital and funding requirements with internally generated cash flow and, as necessary, borrowings under our revolving credit facility. Our expected capital requirements for 2017 include up to approximately $170 million of anticipated capital expenditures, net of tenant concessions. During the six months ended June 30, 2017, we incurred $52.4 million of capital expenditures, net of tenant concessions received. As of June 30, 2017, we had aggregate commitments of $23.3 million to fund future co-investments in our Global Investment Management business, $14.3 million of which is expected to be funded in 2017. Additionally, as of June 30, 2017, we are committed to fund $22.8 million of additional capital to unconsolidated subsidiaries within our Development Services business, which we may be required to fund at any time. As of June 30, 2017, we had $2.8 billion of borrowings available under our $2.8 billion revolving credit facility.

We have historically relied on our internally generated cash flow and our revolving credit facility to fund our working capital, capital expenditure and general investment requirements (including strategic in-fill acquisitions) and have not sought other external sources of financing to help fund these requirements. In the absence of extraordinary events or a large strategic acquisition, we anticipate that our cash flow from operations and our revolving credit facility would be sufficient to meet our anticipated cash requirements for the foreseeable future, and at a minimum for the next 12 months. We may seek to take advantage of market opportunities to refinance existing debt instruments, as we have done in the past, with new debt instruments at interest rates, maturities and terms we deem attractive.

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

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

The second long-term liquidity need is the payment of obligations related to acquisitions. Our acquisition structures often include deferred and/or contingent purchase price payments in future periods that are subject to the passage of time or achievement of certain performance metrics and other conditions. As of June 30, 2017 and December 31, 2016, we had accrued $84.5 million ($24.5 million of which was a current liability) and $91.0 million ($29.3 million of which was a current liability), respectively, of deferred purchase consideration, which was included in accounts payable and accrued expenses and in other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 1 of this Quarterly Report.

In addition, on October 27, 2016, we announced that our board of directors had authorized the company to repurchase up to an aggregate of $250 million of our Class A common stock over three years. The timing of the repurchase and the actual amount repurchased will depend on a variety of factors, including the market price of our common stock, general market and economic conditions and other factors. We intend to fund the repurchases, if any, with cash on hand or borrowings under our revolving credit facility. As of June 30, 2017, the authorization remains unused.

Historical Cash Flows

Operating Activities

Net cash used in operating activities totaled $190.7 million for the six months ended June 30, 2017, a decrease of $19.3 million as compared to the six months ended June 30, 2016. The decrease in net cash used in operating activities was primarily due to improved operating performance and lower net payments to vendors during the six months ended June 30, 2017. These items were partially offset by higher commissions and salaries paid in the current-year period.

Investing Activities

Net cash used in investing activities was comparable at $38.9 million for the six months ended June 30, 2017 versus $39.5 million for the six months ended June 30, 2016.

Financing Activities

Net cash used in financing activities totaled $14.6 million for the six months ended June 30, 2017, as compared to net cash provided by financing activities of $141.5 million for the six months ended June 30, 2016. This variance was primarily due to lower net borrowings under our revolving credit facility during the six months ended June 30, 2017.

Indebtedness

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

Long-Term Debt

We maintain credit facilities with third-party lenders, which we use for a variety of purposes. On January 9, 2015, CBRE Services entered into our 2015 Credit Agreement with a syndicate of banks jointly led by Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC and Credit Suisse AG. On March 21, 2016, CBRE Services executed an amendment to our 2015 Credit Agreement that, among other things, extended the maturity on our revolving credit facility to March 2021 and increased the borrowing capacity under the revolving credit facility by $200.0 million.

Our 2015 Credit Agreement is an unsecured credit facility that is jointly and severally guaranteed by us and substantially all of our material domestic subsidiaries. Our 2015 Credit Agreement currently provides for the following: (1) a $2.8 billion revolving credit facility, which includes the capacity to obtain letters of credit and swingline loans and matures on March 21, 2021; (2) a $500.0 million tranche A term loan facility requiring quarterly principal payments, which began on June 30, 2015 and continue through maturity on January 9, 2020; (3) a $270.0 million tranche B-1 term loan facility requiring quarterly principal payments, which began on December 31, 2015 and continue through maturity on September 3, 2020; and (4) a $130.0 million tranche B-2 term loan facility requiring quarterly principal payments, which began on December 31, 2015 and continue through maturity on September 3, 2022. On November 1, 2016, we prepaid a total of $101.9 million of the 2017 and 2018 required amortization on our senior term loans, which included $59.4 million for the tranche A term loan facility, $28.7 million for the tranche B-1 term loan facility and $13.8 million for the tranche B-2 term loan facility.

In prior years, we also issued 5.00%, 4.875% and 5.25% senior notes that are due in 2023, 2026 and 2025, respectively. For additional information on all of our long-term debt, see Note 10 of the Notes to Consolidated Financial Statements set forth in Item 8 included in our Annual Report on Form 10-K for the year ended December 31, 2016 and Note 7 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report.

Short-Term Borrowings

We maintain a $2.8 billion revolving credit facility under our 2015 Credit Agreement and warehouse lines of credit with certain third-party lenders. For additional information on all of our short-term borrowings, see Note 10 of the Notes to Consolidated Financial Statements set forth in Item 8 included in our Annual Report on Form 10-K for the year ended December 31, 2016 and Note 7 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report.

Interest Rate Swap Agreements

In March 2011, we entered into five interest rate swap agreements, all with effective dates in October 2011, and immediately designated them as cash flow hedges in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 815, "*Derivatives and Hedging*." The purpose of these interest rate swap agreements is to attempt to hedge potential changes to our cash flows due to the variable interest nature of our senior term loan facilities. The total notional amount of these interest rate swap agreements is $400.0 million, with $200.0 million expiring in October 2017 and $200.0 million expiring in September 2019. As of June 30, 2017 and December 31, 2016, the fair values of such interest rate swap agreements were reflected as an $8.6 million liability and a $13.2 million liability, respectively, and were included in current and other long-term liabilities in the accompanying consolidated balance sheets set forth in Item 1 of this Quarterly Report.

In July 2015, we entered into three interest rate swap agreements with an aggregate notional amount of $300.0 million, all with effective dates in August 2015, and designated them as cash flow hedges in accordance with FASB ASC Topic 815. In August 2015, we elected to terminate these agreements and paid a $6.2 million cash settlement, which has been recorded to accumulated other comprehensive loss in the accompanying consolidated balance sheets set forth in Item 1 of this Quarterly Report. This settlement fee is being amortized to interest expense throughout the remaining term of the terminated hedge transaction until August 2025.

Off –Balance Sheet Arrangements

Our off-balance sheet arrangements are described in Note 8 of the Notes to Consolidated Financial Statements (Unaudited) set forth in Item 1 of this Quarterly Report and are incorporated by reference herein.

Cautionary Note on Forward-Looking Statements

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

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

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

- disruptions in general economic and business conditions, particularly in geographies where our business may be concentrated;
- volatility and disruption of the securities, capital and credit markets, interest rate increases, the cost and availability of capital for investment in real estate, clients' willingness to make real estate or long-term contractual commitments and other factors affecting the value of real estate assets, inside and outside the United States;
- increases in unemployment and general slowdowns in commercial activity;
- trends in pricing and risk assumption for commercial real estate services;
- the effect of significant movements in average cap rates across different property types;
- a reduction by companies in their reliance on outsourcing for their commercial real estate needs, which would affect our revenues and operating performance;
- client actions to restrain project spending and reduce outsourced staffing levels;
- declines in lending activity of U.S. Government Sponsored Enterprises, regulatory oversight of such activity and our mortgage servicing revenue from the commercial real estate mortgage market;
- our ability to diversify our revenue model to offset cyclical economic trends in the commercial real estate industry;
- our ability to attract new user and investor clients;
- our ability to retain major clients and renew related contracts;
- our ability to leverage our global services platform to maximize and sustain long-term cash flow;
- our ability to maintain EBITDA and adjusted EBITDA margins that enable us to continue investing in our platform and client service offerings;
- our ability to control costs relative to revenue growth;
- economic volatility and market uncertainty globally related to uncertainty surrounding the implementation and effect of the United Kingdom's referendum to leave the European Union, including uncertainty in relation to the legal and regulatory framework that would apply to the United Kingdom and its relationship with the remaining members of the European Union;
- foreign currency fluctuations;
- our ability to retain and incentivize key personnel;
- our ability to compete globally, or in specific geographic markets or business segments that are material to us;
- our ability to identify, acquire and integrate synergistic and accretive businesses;
- costs and potential future capital requirements relating to businesses we may acquire;
- integration challenges arising out of companies we may acquire;
- the ability of our Global Investment Management business to maintain and grow assets under management and achieve desired investment returns for our investors, and any potential related litigation, liabilities or reputational harm possible if we fail to do so;
- our ability to manage fluctuations in net earnings and cash flow, which could result from poor performance in our investment programs, including our participation as a principal in real estate investments;

- our leverage under our debt instruments as well as the limited restrictions therein on our ability to incur additional debt, and the potential increased borrowing costs to us from a credit-ratings downgrade;
- the ability of CBRE Capital Markets to periodically amend, or replace, on satisfactory terms, the agreements for its warehouse lines of credit;
- variations in historically customary seasonal patterns that cause our business not to perform as expected;
- litigation and its financial and reputational risks to us;
- our exposure to liabilities in connection with real estate advisory and property management activities and our ability to procure sufficient insurance coverage on acceptable terms;
- liabilities under guarantees, or for construction defects, that we incur in our Development Services business;
- our and our employees' ability to execute on, and adapt to, information technology strategies and trends;
- changes in domestic and international law and regulatory environments (including relating to anti-corruption, anti-money laundering, trade sanctions, currency controls and other trade control laws), particularly in Russia, Eastern Europe and the Middle East, due to the level of political instability in those regions;
- our ability to comply with laws and regulations related to our global operations, including real estate licensure, tax, labor and employment laws and regulations, as well as the anti-corruption laws and trade sanctions of the U.S. and other countries;
- our ability to maintain our effective tax rate at or below current levels;
- changes in applicable tax or accounting requirements, including potential tax reform under the current U.S. administration;
- the effect of implementation of new accounting rules and standards; and
- the other factors described elsewhere in this Quarterly Report, included under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies," "Quantitative and Qualitative Disclosures About Market Risk" and Part II, Item 1A, "Risk Factors" or as described in our Annual Report on Form 10-K for the year ended December 31, 2016, in particular in Part II, Item 1A "Risk Factors", or as described in the other documents and reports we file with the Securities and Exchange Commission.

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

Item 3. Quantita tive and Qualitative Disclosures About Market Risk

The information in this section should be read in connection with the information on market risk related to changes in interest rates and non-U.S. currency exchange rates in Part II, Item 7A, "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2016.

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

Exchange Rates

Our foreign operations expose us to fluctuations in foreign exchange rates. These fluctuations may impact the value of our cash receipts and payments in terms of our functional (reporting) currency, which is U.S. dollars. See the discussion of international operations, which is included in Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the caption "Items Affecting Comparability—International Operations" and is incorporated by reference herein.

Interest Rates

We manage our interest expense by using a combination of fixed and variable rate debt. We enter into interest rate swap agreements to attempt to hedge the variability of future interest payments due to changes in interest rates. See discussion of our interest rate swap agreements, which is included in Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the caption "Liquidity and Capital Resources—Indebtedness—Interest Rate Swap Agreements" and is incorporated by reference herein.

The estimated fair value of our senior term loans was approximately $750.4 million at June 30, 2017. Based on dealers' quotes, the estimated fair values of our 5.00% senior notes, 4.875% senior notes and 5.25% senior notes were $840.4 million, $642.2 million and $465.2 million, respectively, at June 30, 2017.

We utilize sensitivity analyses to assess the potential effect of our variable rate debt. If interest rates were to increase 100 basis points on our outstanding variable rate debt at June 30, 2017, excluding notes payable on real estate, the net impact of the additional interest cost would be a decrease of $1.8 million on pre-tax income and an increase of $1.8 million in cash used in operating activities for the six months ended June 30, 2017.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

We conducted the required evaluation, and our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined by Securities Exchange Act Rule 13a-15(e)) were effective as of June 30, 2017 to accomplish their objectives at the reasonable assurance level.

Changes in Internal Controls Over Financial Reporting

No changes in our internal control over financial reporting occurred during the fiscal quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material changes to our legal proceedings as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Item 1A. Risk Factors

There have been no material changes to our risk factors as previously disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Item 6. Exhibits

		Incorporated by Reference				
Exhibit No.	**Exhibit Description**	**Form**	**SEC File No.**	**Exhibit**	**Filing Date**	**Filed Herewith**
3.1	Amended and Restated Certificate of Incorporation of CBRE Group, Inc.	8-K	001-32205	3.1	05/19/2016	
3.2	Amended and Restated By-Laws of CBRE Group, Inc.	10-Q	001-32205	3.2	05/10/2017	
4.1	Form of Class A common stock certificate of CBRE Group, Inc.					X
4.2(a)	Indenture, dated as of March 14, 2013, among CBRE Group, Inc., CBRE Services, Inc., certain subsidiaries of CBRE Services, Inc. and Wells Fargo Bank, National Association, as trustee	10-Q	001-32205	4.4(a)	05/10/2013	
4.2(b)	First Supplemental Indenture, dated as of March 14, 2013, between CBRE Services, Inc., CBRE Group, Inc., certain subsidiaries of CBRE Services, Inc. and Wells Fargo Bank, National Association, as trustee, for the 5.00% Senior Notes Due 2023, including the Form of 5.00% Senior Notes due 2023	10-Q	001-32205	4.4(b)	05/10/2013	
4.2(c)	Form of Supplemental Indenture among certain subsidiary guarantors of CBRE Services, Inc., CBRE Services, Inc. and Wells Fargo Bank, National Association, as trustee, for the 5.00% Senior Notes due 2023	8-K	001-32205	4.3	04/16/2013	
4.2(d)	Second Supplemental Indenture, dated as of April 10, 2013, between CBRE/LJM- Nevada, Inc., CBRE Consulting, Inc., CBRE Services, Inc. and Wells Fargo Bank, National Association, as trustee, for the 5.00% Senior Notes due 2023	S-3ASR	333-201126	4.3(c)	12/19/2014	

Exhibit No.	Exhibit Description	Incorporated by Reference Form	SEC File No.	Exhibit	Filing Date	Filed Herewith
4.2(e)	Second Supplemental Indenture, dated as of September 26, 2014, between CBRE Services, Inc., CBRE Group, Inc., certain subsidiaries of CBRE Services, Inc. and Wells Fargo Bank, National Association, as trustee, for the 5.25% Senior Notes due 2025, including the Form of 5.25% Senior Notes due 2025	8-K	001-32205	4.1	09/26/2014	
4.2(f)	Third Supplemental Indenture, dated as of December 12, 2014, between CBRE Services, Inc., CBRE Group, Inc., certain subsidiaries of CBRE Services, Inc. and Wells Fargo Bank, National Association, as trustee, for the additional issuance of 5.25% Senior Notes due 2025	8-K	001-32205	4.1	12/12/2014	
4.2(g)	Form of Supplemental Indenture among certain subsidiary guarantors of CBRE Services, Inc., CBRE Services, Inc. and Wells Fargo Bank, National Association, as trustee, for the 5.25% Senior Notes due 2025	S-3ASR	333-201126	4.3(h)	12/19/2014	
4.2(h)	Fourth Supplemental Indenture, dated as of August 13, 2015, between CBRE Services, Inc., CBRE Group, Inc., certain subsidiaries of CBRE Services, Inc. and Wells Fargo Bank, National Association, as trustee, for the issuance of 4.875% Senior Notes due 2026, including the Form of 4.875% Senior Notes due 2026	8-K	001-32205	4.2	08/13/2015	
4.2(i)	Fifth Supplemental Indenture, dated as of September 25, 2015, between CBRE GWS LLC, CBRE Services, Inc. and Wells Fargo Bank, National Association, as trustee, relating to the 5.00% Senior Notes due 2023, the 5.25% Senior Notes due 2025 and the 4.875% Senior Notes due 2026	8-K	001-32205	4.1	09/25/2015	
10.1	CBRE Group, Inc. 2017 Equity Incentive Plan +	S-8	333-218113	99.1	5/19/2017	
10.2	Form of Grant Notice and Restricted Stock Unit Agreement for the CBRE Group, Inc. 2017 Equity Incentive Plan (Time Vest) +	S-8	333-218113	99.2	5/19/2017	
10.3	Form of Grant Notice and Restricted Stock Unit Agreement for the CBRE Group, Inc. 2017 Equity Incentive Plan (Performance Vest) +	S-8	333-218113	99.3	5/19/2017	
10.4	Form of Grant Notice and Restricted Stock Unit Agreement for the CBRE Group, Inc. 2017 Equity Incentive Plan (Non-Employee Director) +	S-8	333-218113	99.4	5/19/2017	
11	Statement concerning Computation of Per Share Earnings (filed as Note 9 of the Consolidated Financial Statements)					X

Exhibit No.	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	SEC File No.	Exhibit	Filing Date	
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002					X
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002					X
32	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

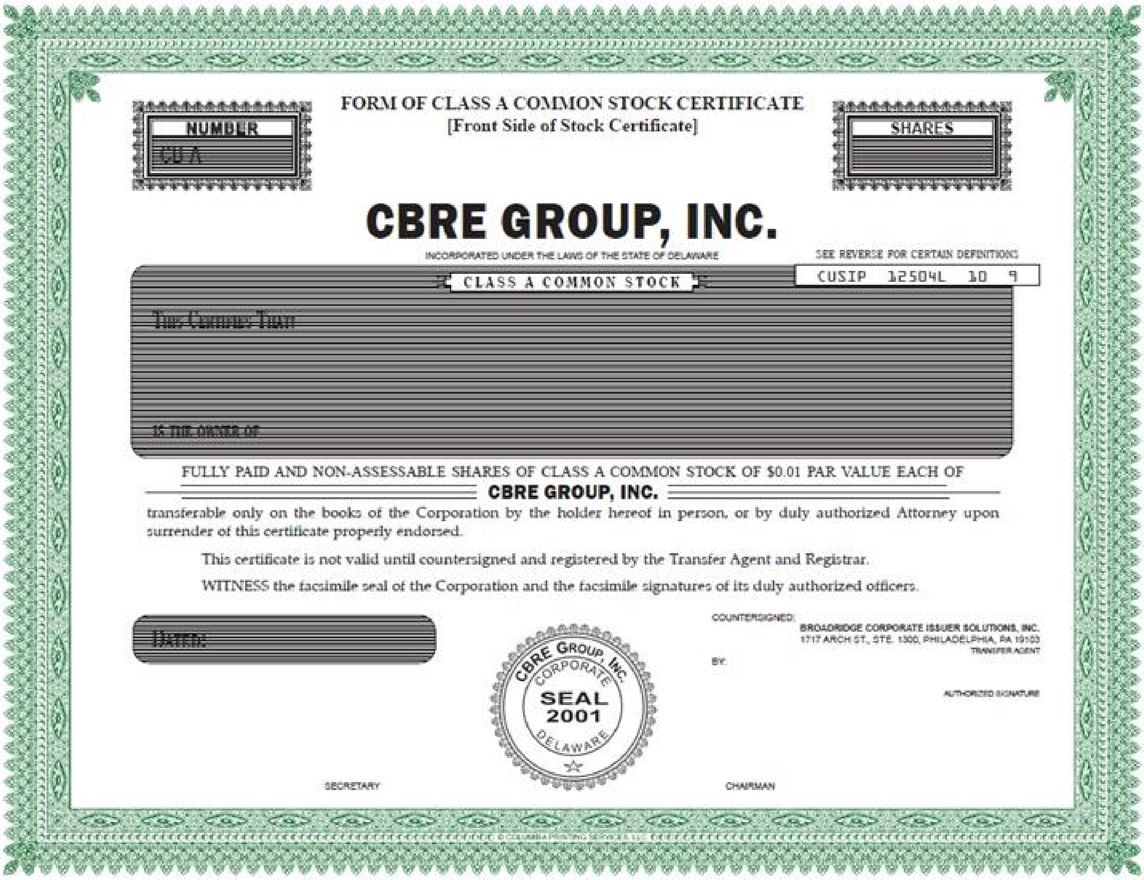
\+ Denotes a management contract or compensatory arrangement

SIGNATURES

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

	CBRE GROUP, INC.
Date: August 8, 2017	/s/ James R. Groch
	James R. Groch
	Chief Financial Officer (principal financial officer)
Date: August 8, 2017	/s/ Gil Borok
	Gil Borok
	Chief Accounting Officer (principal accounting officer)

Exhibit 4.1



FORM OF CLASS A COMMON STOCK CERTIFICATE
[Front Side of Stock Certificate]

NUMBER
CU A

SHARES

CBRE GROUP, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

SEE REVERSE FOR CERTAIN DEFINITIONS

CUSIP 12504L 10 9

CLASS A COMMON STOCK

THIS CERTIFIES THAT

IS THE OWNER OF

FULLY PAID AND NON-ASSESSABLE SHARES OF CLASS A COMMON STOCK OF $0.01 PAR VALUE EACH OF

CBRE GROUP, INC.

transferable only on the books of the Corporation by the holder hereof in person, or by duly authorized Attorney upon surrender of this certificate properly endorsed.

This certificate is not valid until countersigned and registered by the Transfer Agent and Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

DATED:

CBRE GROUP, INC. CORPORATE SEAL 2001 DELAWARE

COUNTERSIGNED:
BROADRIDGE CORPORATE ISSUER SOLUTIONS, INC.
1717 ARCH ST., STE. 1300, PHILADELPHIA, PA 19103
TRANSFER AGENT

BY:

AUTHORIZED SIGNATURE

SECRETARY

CHAIRMAN

[Reverse Side of Stock Certificate]

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - ………………… Custodian ……………
(Cust) (Minor)
under Uniform Gifts to Minors
Act…………………………………………
(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, ____________________ *hereby sell, assign and transfer unto*

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

____ *Shares*
of the stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

____ *Attorney*
to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated ______________________________

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed

By ______________________________
The Signature(s) must be guaranteed by an eligible guarantor institution (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions with membership in an approved Signature Guarantee Medallion Program), pursuant to SEC Rule 17 Ad-15.

THE CORPORATION WILL FURNISH TO ANY STOCKHOLDER, UPON REQUEST AND WITHOUT CHARGE, A FULL STATEMENT OF THE DESIGNATIONS, RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF THE SHARES OF EACH CLASS AND SERIES AUTHORIZED TO BE ISSUED, SO FAR AS THE SAME HAVE BEEN DETERMINED, AND OF THE AUTHORITY, IF ANY, OF THE BOARD TO DIVIDE THE SHARES INTO CLASSES OR SERIES AND TO DETERMINE AND CHANGE THE RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF ANY CLASS OR SERIES. SUCH REQUEST MAY BE MADE TO THE SECRETARY OF THE CORPORATION OR TO THE TRANSFER AGENT NAMED ON THIS CERTIFICATE.

EXHIBIT 31.1

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

I, Robert E. Sulentic, certify that:

1) I have reviewed this quarterly report on Form 10-Q of CBRE Group, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2017

/s/ Robert E. Sulentic

Robert E. Sulentic
President and Chief Executive Officer

EXHIBIT 31.2

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

I, James R. Groch, certify that:

1) I have reviewed this quarterly report on Form 10-Q of CBRE Group, Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2017

/s/ James R. Groch

James R. Groch
Chief Financial Officer

EXHIBIT 32

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

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

(i) the Quarterly Report on Form 10-Q for the period ended June 30, 2017, of the Company (the "Report") fully complies with the requirements of Section 13(a) and 15(d), as applicable, of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: August 8, 2017

/s/ Robert E. Sulentic
Robert E. Sulentic
President and Chief Executive Officer

/s/ James R. Groch
James R. Groch
Chief Financial Officer

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