



# **CB Richard Ellis Group, Inc.**

**Third Quarter 2008**

**Earnings Conference Call**

**November 7, 2008**

# Forward Looking Statements

This presentation contains statements that are forward looking within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our momentum in and possible scenarios for 2008 and 2009, future operations, expenses, financial performance, performance under our credit facilities, and the success and impact of future securities offerings. These statements should be considered as estimates only and actual results may ultimately differ from these estimates. Except to the extent required by applicable securities laws, we undertake no obligation to update or publicly revise any of the forward-looking statements that you may hear today. Please refer to our current annual report on Form 10-K and our current quarterly report on Form 10-Q, in particular any discussion of Risk Factors, which are filed with the SEC and available at the SEC's website (<http://www.sec.gov>), for a full discussion of the risks and other factors that may impact any estimates that you may hear today. We may make certain statements during the course of this presentation which include references to "non-GAAP financial measures," as defined by SEC regulations. As required by these regulations, we have provided reconciliations of these measures to what we believe are the most directly comparable GAAP measures, which are attached hereto within the appendix.

# Conference Call Participants

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Brett White

President & Chief Executive Officer

Kenneth J. Kay

Senior Executive Vice President & Chief Financial Officer

Nick Kormeluk

Senior Vice President, Investor Relations

# Business Overview

- Third quarter performance was respectable despite challenging market environment
- Market conditions remain weak – although generally in-line with our view on how things would progress after the Q2 call
- Highlights:
  - Outsourcing up 30% in Q3
  - Market share gains – US investment sales share increased to 17.2% YTD
  - Achieved \$190 million in run rate expense savings to benefit full year 2009
  - Margins improved from 1<sup>st</sup> half – 12.2% normalized EBITDA in Q3
- Challenges:
  - Worldwide global capital markets remain soft
  - Leasing resilient, although impacted by weaker economies around the globe
  - Global Investment Management & Development Services gains deferred due to tougher sales environment

# Q3 CBRE Wins



## CONNECTICUT

### Avalon Walk

- CBRE arranged the sale of a premier luxury apartment community of 764 units for \$124 million.
- CBRE sourced long term financing of \$95 million through FNMA.



## UNITED KINGDOM

### AXA REIM, BP, Morley

- CBRE advised on the sale of three designer retail outlet centers comprising 782,500 SF for \$644 million.
- This was the largest single retail investment deal in the UK in 2008.



## AUSTRALIA

### Toll Logistics

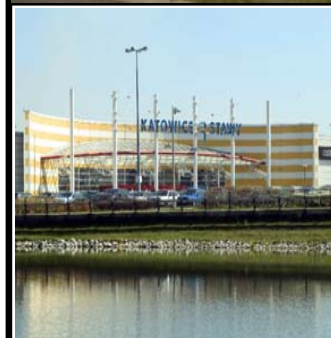
- CBRE negotiated the largest industrial lease in Melbourne's northern suburbs this year.
- Toll Logistics committed to 239,000 SF and will anchor a new development designed for logistics operators.



## BELGIUM

### Robelco

- CBRE advised on the sale of Airport Plaza in Brussels to a fund sponsored by CBRE Investors.
- Sold for \$122 million, the business park will comprise seven office buildings, constructed in two phases.



## POLAND

### GE Real Estate

- CBRE arranged the sale of a 398,250 SF shopping center in Katowice, Poland.
- At a sales price of \$130 million, the transaction was the most significant retail investment in Poland in 2008.



## RUSSIA

### Ivanhoe Cambridge and Europolis JV

- CBRE advised on the acquisition of Vremena Goda shopping center in Moscow for approximately \$500 million.
- CBRE was also appointed to manage the 322,920 SF center, which accommodates 150 retailers.



## INDIA

### Dow Chemical

- CBRE represented Dow Chemical in a 21,000 SF office lease in Mumbai.



## AUSTIN

### Equity Residential Property Trust

- CBRE represented the client in the \$270 million sale of a portfolio of prime multi-family assets in Austin, TX.
- CBRE also arranged financing of \$205 million through FNMA.

# US Market Statistics

	US Vacancy				US Absorption Trends (in millions of square feet)			
	4Q06	4Q07	3Q08	4Q08 F	2006	2007	3Q08	2008 F
<b>Office</b>	12.6%	12.6%	13.4%	<b>13.8%</b>	81.6	55.8	9.5	<b>16.8</b>
<b>Industrial</b>	9.6%	9.5%	10.7%	<b>11.1%</b>	205.9	170.2	-8.2	<b>-46.8</b>
<b>Retail</b>	7.6%	8.7%	9.8%	<b>10.0%</b>	24.5	15.1	-2.4	<b>5.6</b>

Source: TWR Outlooks Winter 2009

## Cap Rates Remain Steady At Lower Volumes

	3Q07	4Q07	3Q08
<b>Office</b>			
Volume (\$B)	39.4	26.8	13.9
<b>Cap Rate</b>	<b>6.5%</b>	<b>6.5%</b>	<b>7.0%</b>
<b>Industrial</b>			
Volume (\$B)	13.1	10	4.5
<b>Cap Rate</b>	<b>6.9%</b>	<b>7.2%</b>	<b>7.3%</b>
<b>Retail</b>			
Volume (\$B)	15	11.8	3.6
<b>Cap Rate</b>	<b>6.6%</b>	<b>6.7%</b>	<b>6.8%</b>

Source: RCA October 2008

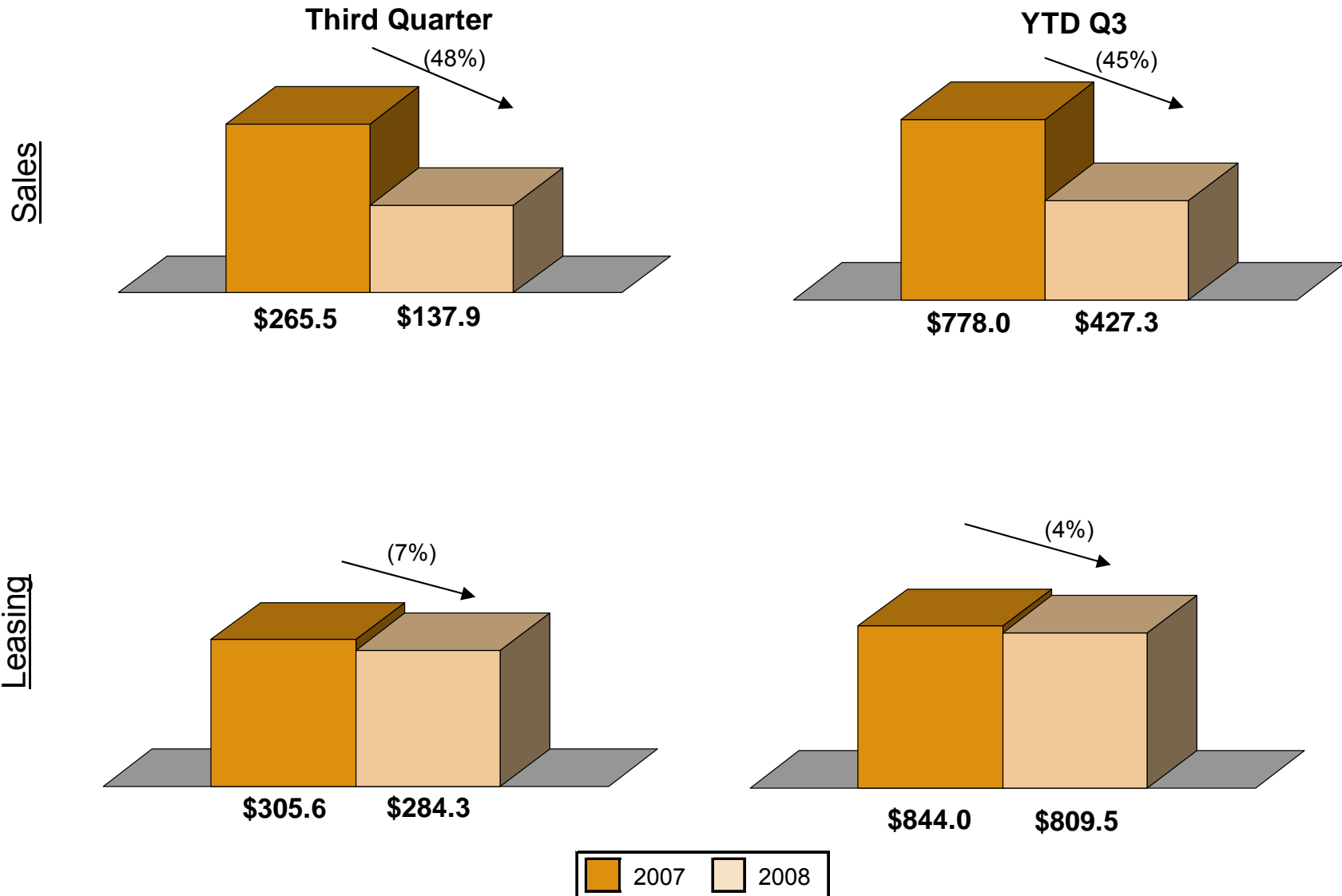
## Cap Rate Growth<sup>1</sup>

2008 / 2009 F
+120 to 200 bps
+80 to 180 bps
+90 to 190 bps

1. TWR estimates

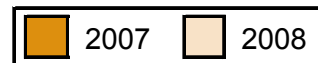
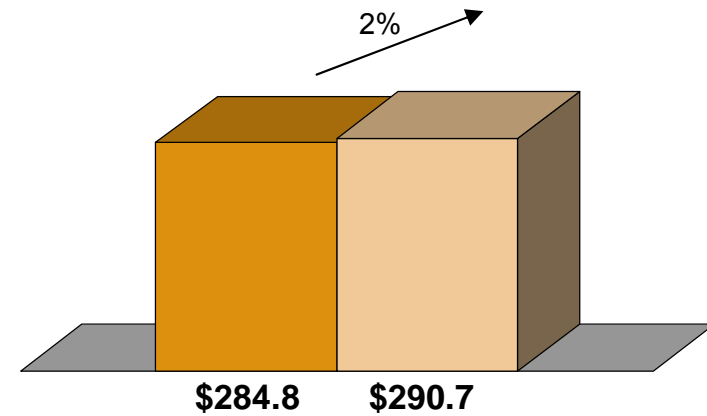
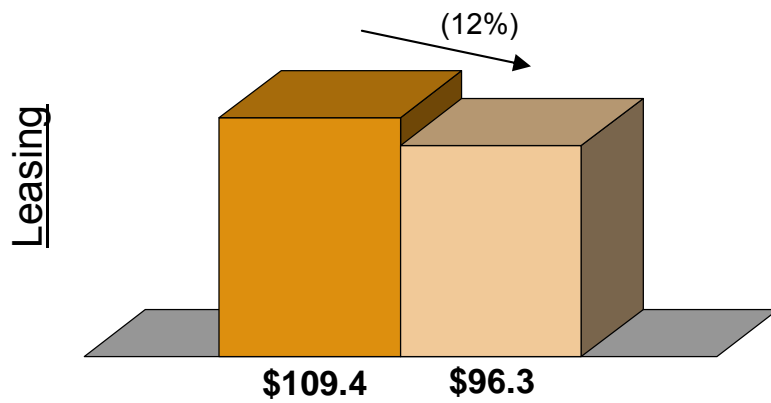
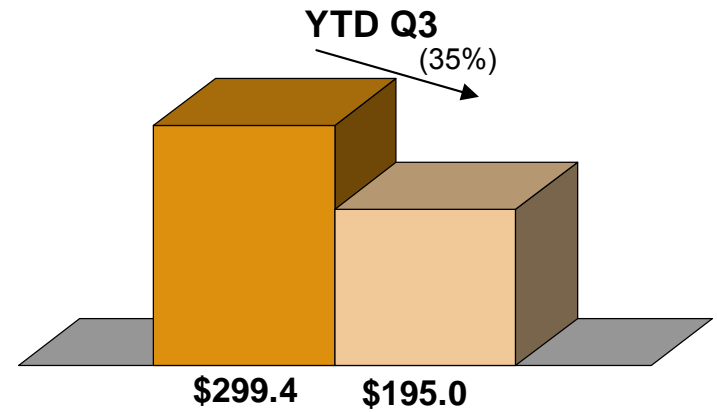
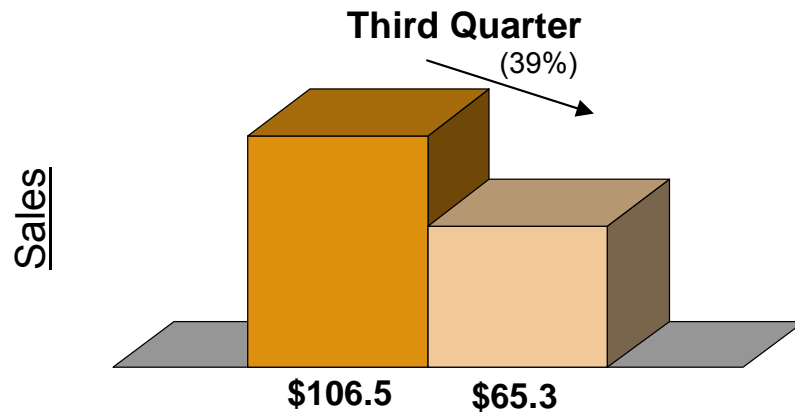
# Sales and Leasing Revenue - Americas

(\$ in millions)



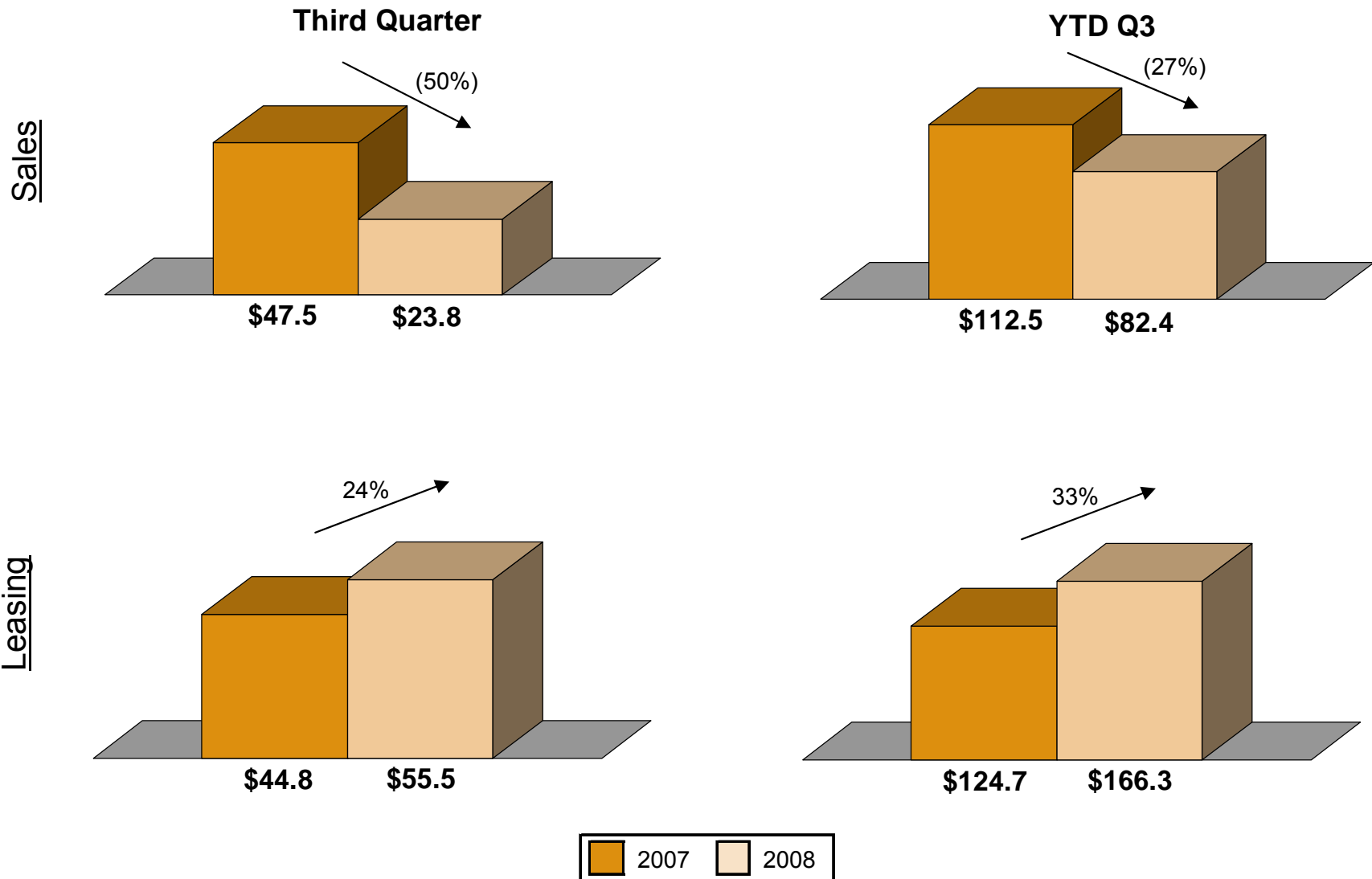
# Sales and Leasing Revenue – EMEA

(\$ in millions)



# Sales and Leasing Revenue – Asia Pacific

(\$ in millions)



# Q3 2008 Performance Overview

Revenue <sup>1</sup>	\$1.3 billion	\$192 million or 13% lower than prior year quarter
Net Income	GAAP \$40.4 million	\$75 million or 65% lower than prior year quarter
	Adjusted \$56.1 million	\$74 million or 57% lower than prior year quarter
EPS <sup>2</sup>	GAAP \$0.19	Decreased 60% as compared to \$0.48 EPS for prior year quarter
	Adjusted \$0.27	Decreased 51% as compared to \$0.55 EPS for prior year quarter
EBITDA	\$148 million	\$92 million or 38% lower than prior year quarter
Normalized EBITDA <sup>3</sup>	\$159 million	\$96 million or 38% lower than prior year quarter

1. Includes revenue from discontinued operations of \$1.3 million for the three months ended September 30, 2008.

2. All EPS information is based upon diluted shares.

3. Normalized EBITDA excludes merger-related charges, integration costs related to acquisitions, severance and the write-down of impaired investments.

# Q3 2008 Financial Results

(\$ in millions)	2008 <sup>1</sup>	2007	% Change
Revenue	1,301.0	1,492.8	(13)
Cost of Services	755.4	791.8	(5)
Operating, Administrative & Other	421.0	468.4	(10)
Merger-Related Charges	-	5.1	n/a
Equity (Loss) Income from Unconsolidated Subsidiaries	(3.4)	6.0	(157)
Minority Interest Expense	15.8	9.7	62
Gain on Disposition of Real Estate	42.6	16.1	164
EBITDA	148.0	239.9	(38)
<u>One Time Items:</u>			
Integration Costs	3.3	9.6	(65)
Severance	3.4	-	n/a
Write-down of Impaired Investments	4.1	-	n/a
Merger-Related Charges	-	5.1	n/a
Normalized EBITDA	158.8	254.6	(38)
Normalized EBITDA Margin	12.2%	17.1%	

1. Includes activity reported as "discontinued operations" including \$1.3 million of revenue, \$0.7 million of operating expenses, \$16.5 million of minority interest expense and \$32.8 million of gain on disposition of real estate.

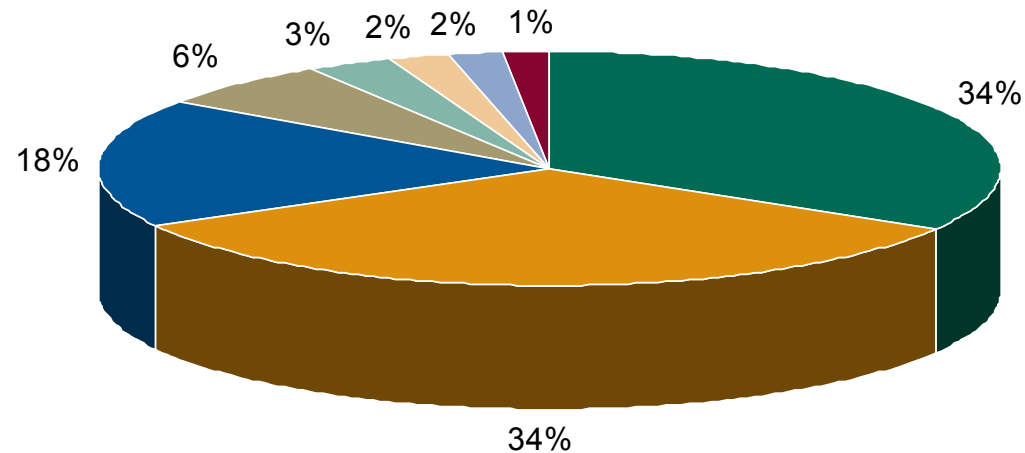
# YTD 2008 Financial Results

(\$ in millions)	2008 <sup>1</sup>	2007	% Change
Revenue	3,846.8	4,197.1	(8)
Cost of Services	2,197.0	2,233.1	(2)
Operating, Administrative & Other	1,322.2	1,350.1	(2)
Merger-Related Charges	-	39.8	n/a
Equity (Loss) Income from Unconsolidated Subsidiaries	(25.9)	36.1	(172)
Minority Interest Expense	8.2	12.4	(34)
Other Loss	(4.6)	(37.5)	(88)
Gain on Disposition of Real Estate	46.6	16.1	190
<b>EBITDA</b>	<b>335.5</b>	<b>576.4</b>	<b>(42)</b>
<u>One Time Items:</u>			
Integration Costs	12.5	34.3	(63)
Severance	3.4	-	n/a
Write-down of Impaired Investments	26.6	-	n/a
Merger-Related Charges	-	39.8	n/a
Loss on Trading Securities Acquired in the Trammell Crow Company Acquisition	-	33.7	n/a
<b>Normalized EBITDA</b>	<b>378.0</b>	<b>684.2</b>	<b>(45)</b>
<b>Normalized EBITDA Margin</b>	<b>9.8%</b>	<b>16.3%</b>	

1. Includes activity reported as "discontinued operations" including \$1.3 million of revenue, \$0.7 million of operating expenses, \$16.5 million of minority interest expense and \$32.8 million of gain on disposition of real estate.

# Revenue Breakdown







3<sup>rd</sup> Quarter 2008

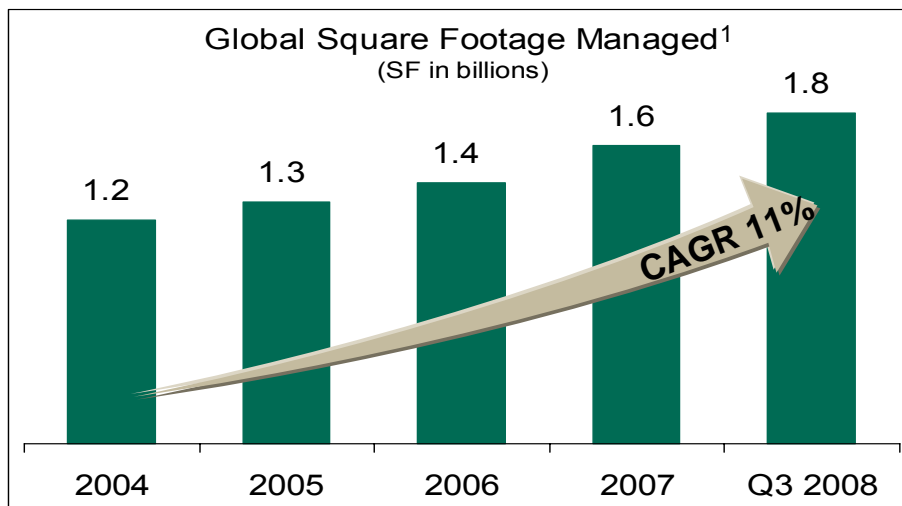


(\$ in millions)	Three months ended September 30,			Nine months ended September 30,		
	2008 <sup>1</sup>	2007	% Change	2008 <sup>1</sup>	2007	% Change
■ Leasing	436.4	460.1	-5	1,267.1	1,254.4	1
■ Property & Facilities Management	436.3	336.2	30	1,269.2	968.5	31
■ Sales	227.8	419.8	-46	705.9	1,190.9	-41
■ Appraisal & Valuation	83.7	93.6	-11	263.2	274.7	-4
■ Investment Management	40.9	99.9	-59	125.2	274.1	-54
■ Development Services	29.0	20.1	44	85.3	51.1	67
■ Commercial Mortgage Brokerage	25.3	39.2	-36	71.9	124.1	-42
■ Other	21.6	23.9	-10	59.0	59.3	-1
<b>Total</b>	<b>1,301.0</b>	<b>1,492.8</b>	<b>-13</b>	<b>3,846.8</b>	<b>4,197.1</b>	<b>-8</b>

1. Includes revenue from discontinued operations, which totaled \$1.3 million for the three and nine months ended September 30, 2008.

# GCS Strength in Q3 2008

11 new accounts			
10 account expansions			
7 account renewals			



1. Represents combined data for CBRE and TCC; does not include joint ventures and affiliates

## Cross Selling Examples

### Ernst & Young:

Transaction management client expanded to southeast, southwest and northwest United States.

### Prudential:

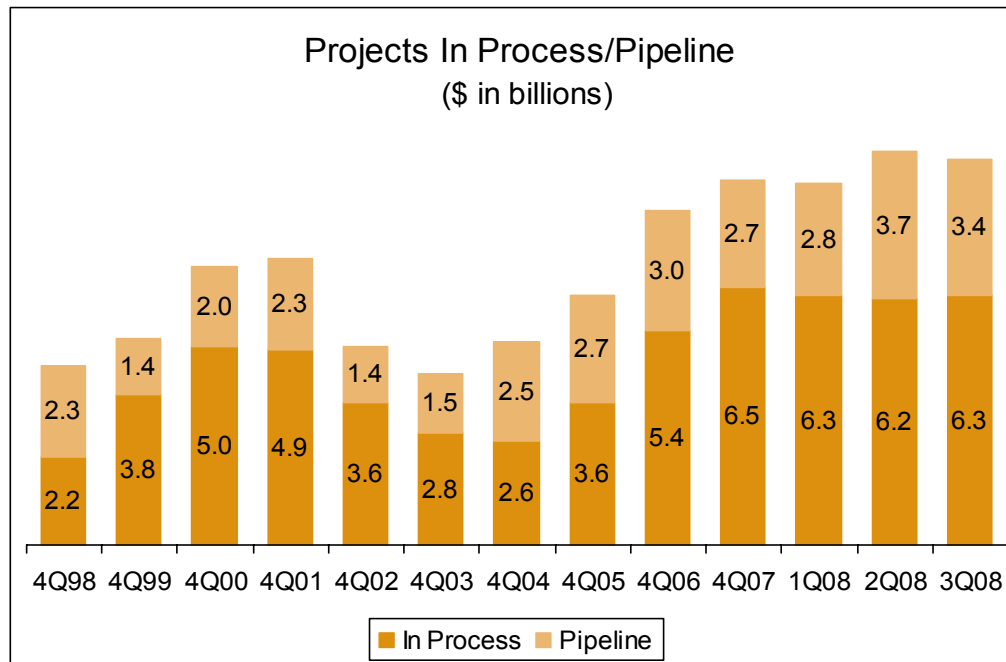
Transaction management, lease administration and consulting client expanded mandate in Asia Pacific.

# Development Services

(\$ in millions)	Three Months Ended	
	9/30/2008	9/30/2007
Revenue <sup>1</sup>	31.8	24.3
EBITDA <sup>2</sup>	15.5	2.7
Add Back:		
Purchase accounting adjustments for the Trammell Crow Company acquisition	3.0	8.4
Pro-forma EBITDA <sup>2</sup>	18.5	11.1
Pro-forma EBITDA Margin	58.2%	45.7%

1. Includes revenue from discontinued operations of \$1.3 million for the three months ended September 30, 2008.

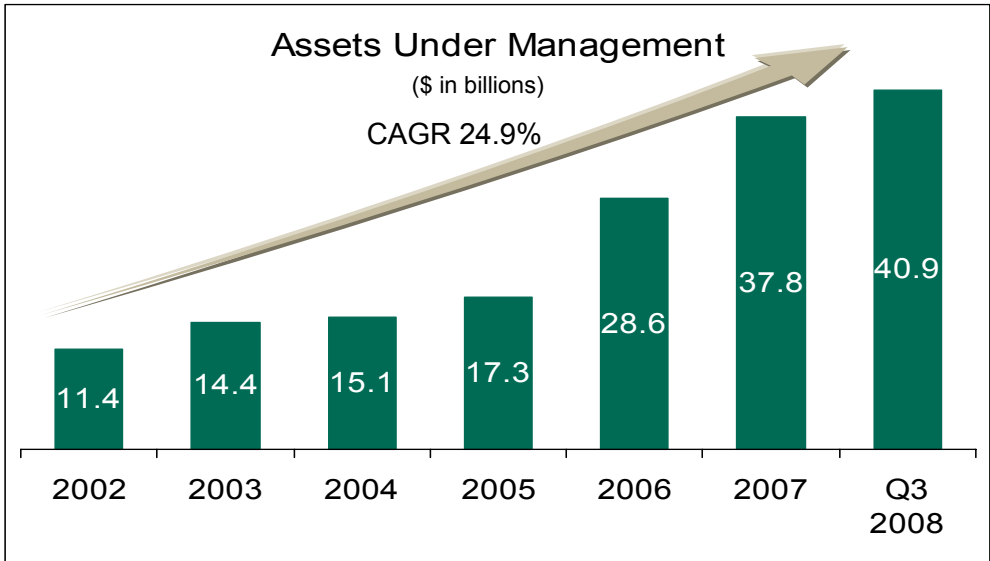
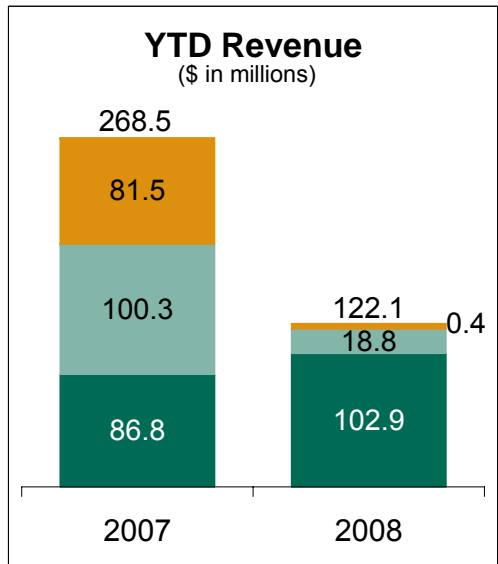
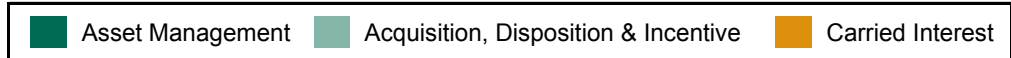
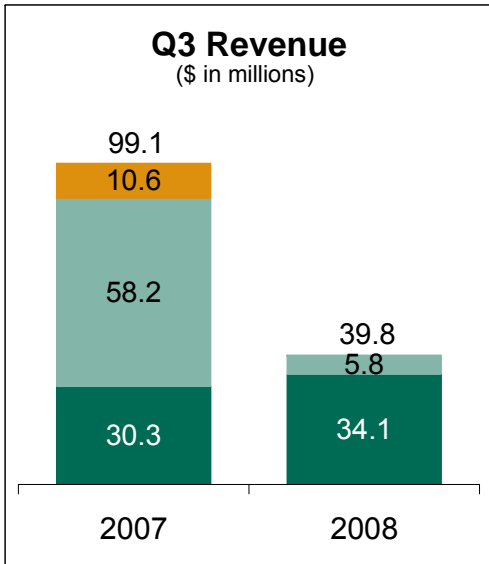
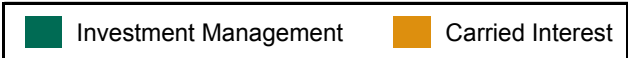
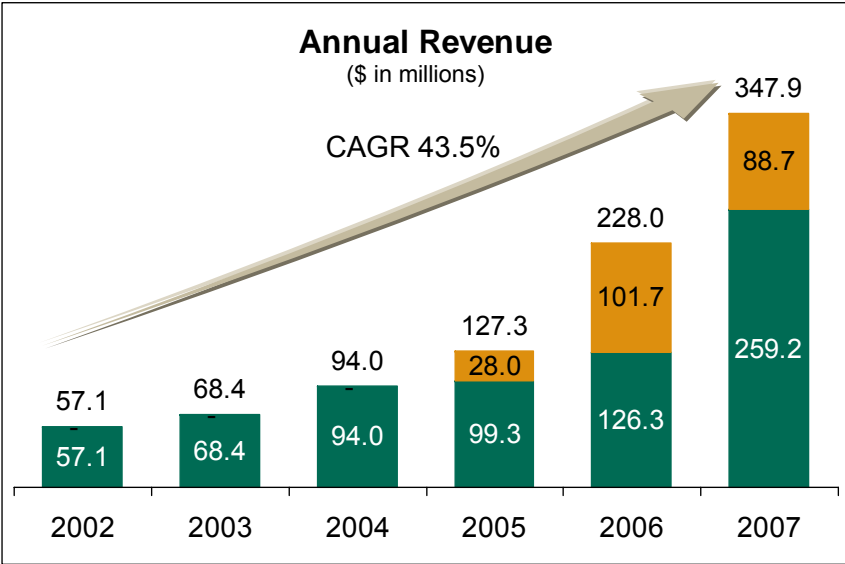
2. Includes EBITDA from discontinued operations of \$16.9 million for the three months ended September 30, 2008.



## Balance Sheet Participation

- \$151 million co-invested in development services at quarter end.
- \$5 million in recourse debt to CBRE.

# Global Investment Management



**CBRE's co-investments totaled \$104 million at the end of September 2008.**



# Global Investment Management

## Carried Interest

- Carried interest pertains to certain real estate investment funds from which CBRE earns an additional share of the profits from the fund, once its performance meets certain financial hurdles.
- Dedicated fund team leaders and executives in our investment management company have been granted a right to participate in the carried interest, with participation rights vesting over time.
- During the nine months ended September 30, 2008, the company recognized \$0.4 million of revenue (none of which occurred during the three months ended September 30, 2008) from funds liquidating, also known as carried interest revenue.
- For the nine months ended September 30, 2008, the company recorded a net reversal of carried interest incentive compensation expense of \$7.3 million.
- The impact on segment EBITDA of the reversed incentive compensation expense related to carried interest revenue not yet recognized is reflected, as follows:

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
EBITDA	19.3	23.2	2.5	103.2
Add Back:				
Write-down of investments	-	-	11.9	-
Normalized EBITDA	19.3	23.2	14.4	103.2
Add Back:				
(Reversed) accrued incentive compensation expense related to carried interest revenue to be recognized	(15.2)	17.5	(7.3)	34.5
Pro-forma Normalized EBITDA	4.1	40.7	7.1	137.7
Pro-forma Normalized EBITDA Margin	10%	41%	6%	51%

- As of September 30, 2008, the company maintained a cumulative remaining accrual of such compensation expense of approximately \$49 million, which pertains to anticipated future carried interest revenue.

# Cost Cutting Initiatives

- Total permanent run rate savings of \$190 million realized from cost reductions
  - Areas:
    - Staff reductions / Compensation ~\$100 million
    - Business promotion / Advertising } ~\$90 million
    - Travel & Entertainment }
    - Office operations costs }
- All cost savings actions implemented in 2008
- Full run rate to be realized in 2009
- 50%+ of savings to be realized in 2008
- Expect \$15 million in one time expenses in 2008 - \$3.4 million realized in Q3
- Capital expenditures also reduced to between \$45 - \$50 million for 2008 - down 40% versus original expected spend
- Additionally, incentive compensation reduced by approximately \$250 million due to weaker operating results

# Capitalization

(\$ in millions)	As of		Variance
	9/30/2008	6/30/2008	
Cash	400.8	250.5	150.3
Revolving credit facility	560.7	404.7	156.0
Senior secured term loan A	827.0	827.0	-
Senior secured term loan B	951.8	954.5	(2.8)
Senior secured term loan A-1	298.5	299.3	(0.8)
Notes payable on real estate <sup>1</sup>	4.5	2.0	2.5
Other debt <sup>2</sup>	14.5	14.7	(0.2)
<b>Total debt</b>	<b>2,657.0</b>	<b>2,502.2</b>	<b>154.8</b>
<b>Stockholders' equity</b>	<b>1,054.1</b>	<b>1,066.6</b>	<b>(12.5)</b>
<b>Total capitalization</b>	<b>3,711.1</b>	<b>3,568.8</b>	<b>142.3</b>
<b>Total net debt</b>	<b>2,256.2</b>	<b>2,251.7</b>	<b>4.5</b>

1. Represents notes payable on real estate in Development Services that are recourse to the company. Excludes non-recourse notes payable on real estate of \$607.4 million and \$459.4 million at September 30, 2008 and December 31, 2007, respectively.

2. Excludes \$226.1 million and \$255.8 million of non-recourse warehouse facility at September 30, 2008 and December 31, 2007, respectively, as well as \$5.9 million and \$42.6 million of non-recourse revolving credit facility in Development Services at September 30, 2008 and December 31, 2007, respectively.

# CBRE Debt Covenants & Maturity Schedule

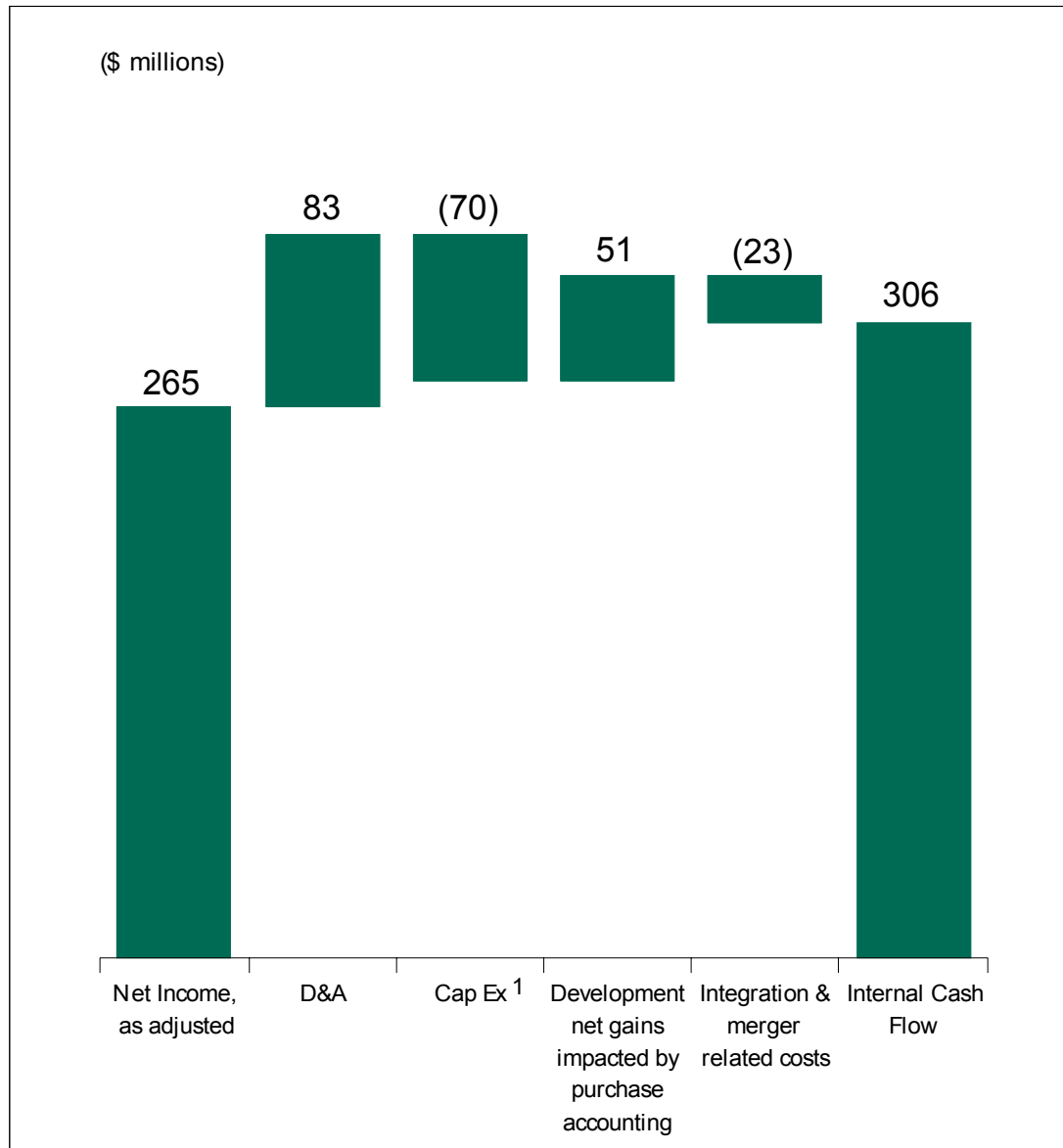
## Debt Covenants

Covenant	Hurdle	6/30/08	9/30/08
Leverage Ratio	$\leq 3.75x$	2.91	3.16
Interest Coverage Ratio	$\geq 2.25x$	6.20	5.63

## Debt Schedule

Year	Amount Due
2008	\$4 million
2009	\$209 million
2010	\$306 million

# Q3 2008 TTM Normalized Internal Cash Flow



- Strong cash flow generator
- Low capital intensity
- Utilization of internal cash flow
  1. Debt reduction
  2. Co-investment activities
  3. In-fill acquisitions

1. Represents capital expenditures, net of concessions

- Providing guidance remains unrealistic in this environment
- Outsourcing strength is expected to continue
- Strategy during downturn remains consistent:
  - Continue to aggressively reduce operating expenses as demonstrated this quarter
  - Capture market share aggressively through acquisition of new client mandates and key revenue producing employees from competitors
  - Prudently manage cash and balance sheet in case environment worsens
  - Remain prepared with contingency plans

# GAAP Reconciliation Tables

# Reconciliation of Net Income to Net Income, As Adjusted

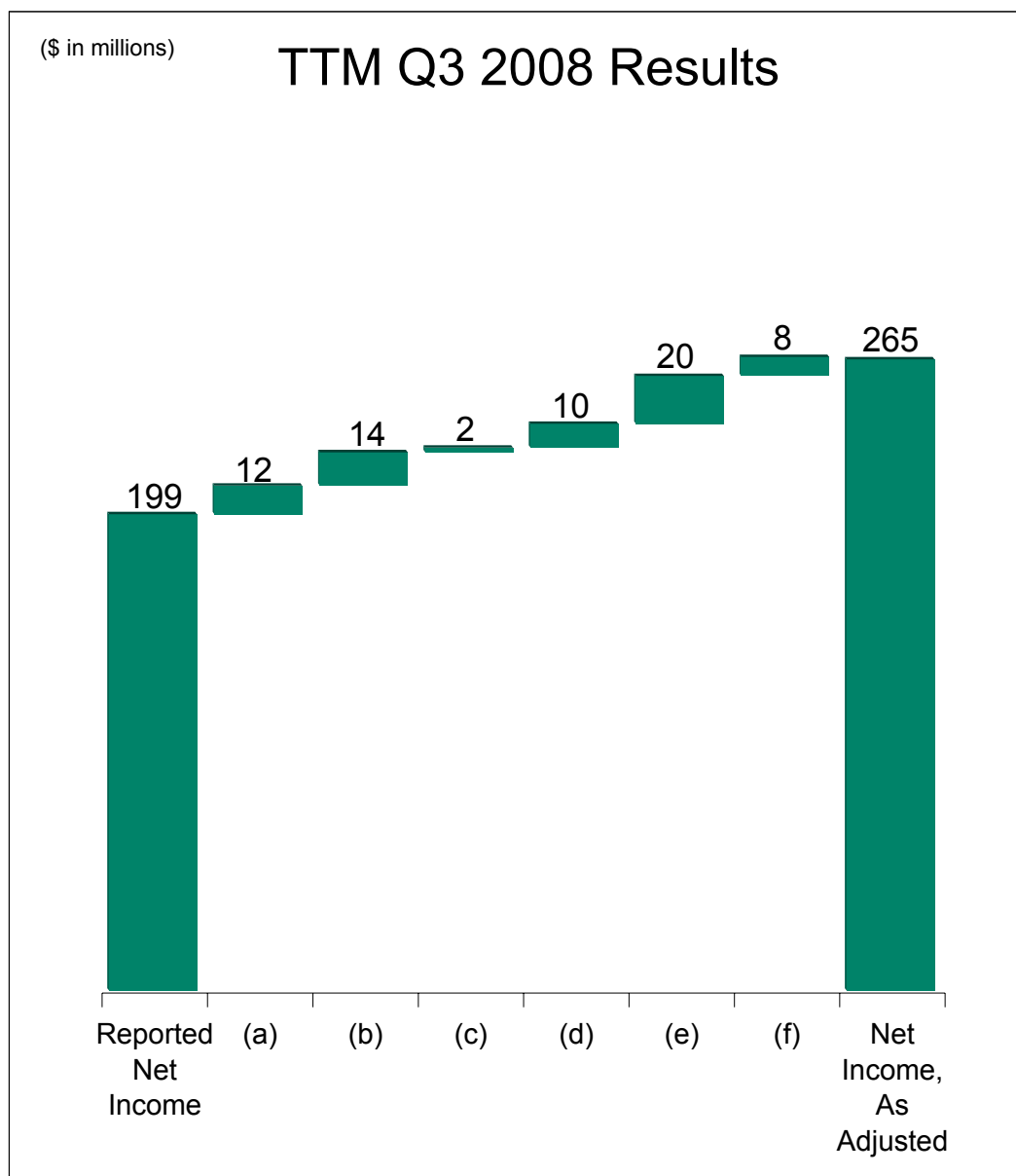
(\$ in millions)	Three Months Ended September 30,	
	2008	2007
Net income	\$ 40.4	\$ 114.9
Amortization expense related to net revenue backlog, incentive fees, and customer relationships acquired, net of tax	1.8	6.1
Integration costs related to acquisitions, net of tax	2.0	5.9
Severance, net of tax	2.0	-
Write-down of impaired investment, net of tax	1.5	-
Loss on trading securities acquired in the Trammell Crow Company acquisition, net of tax	-	0.1
Merger-related charges, net of tax	-	3.2
Adjustment to tax expense as a result of a decline in value of assets associated with the Company's Deferred Compensation Plan	8.4	-
Net income, as adjusted	\$ 56.1	\$ 130.2
Diluted income per share, as adjusted	\$ 0.27	\$ 0.55
Weighted average shares outstanding for diluted income per share	207,706,250	237,450,864

# Reconciliation of Normalized EBITDA to EBITDA to Net Income

(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Normalized EBITDA	\$ 158.8	\$ 254.6	\$ 378.0	\$ 684.2
Adjustments:				
Integration costs related to acquisitions	3.3	9.6	12.5	34.3
Severance	3.4	-	3.4	
Write down of impaired investments	4.1	-	26.6	-
Loss on trading securities acquired in the Trammell Crow Company acquisition	-	-	-	33.7
Merger-related charges	-	5.1	-	39.8
EBITDA <sup>1</sup>	148.0	239.9	335.5	576.4
Add:				
Interest income <sup>2</sup>	4.5	7.9	14.2	20.9
Less:				
Depreciation and amortization <sup>3</sup>	25.5	28.3	74.3	83.2
Interest expense <sup>4</sup>	42.9	40.4	127.5	124.5
Provision for income taxes <sup>5</sup>	43.7	64.2	70.5	121.5
Net Income	\$ 40.4	\$ 114.9	\$ 77.4	\$ 268.1
Revenue	\$ 1,301.0	\$ 1,492.8	\$ 3,846.8	\$ 4,197.1
Normalized EBITDA Margin	12.2%	17.1%	9.8%	16.3%

1. Includes EBITDA related to discontinued operations of \$16.9 million for the three and nine months ended September 30, 2008.
2. Includes interest income related to discontinued operations of \$0.1 million for the three and nine months ended September 30, 2008.
3. Includes depreciation and amortization related to discontinued operations of \$0.1 million for the three and nine months ended September 30, 2008.
4. Includes interest expense related to discontinued operations of \$0.6 million for the three and nine months ended September 30, 2008.
5. Includes provision for income taxes related to discontinued operations of \$6.0 million for the three and nine months ended September 30, 2008.

# Reconciliation of Net Income to Net Income, As Adjusted



- (a) Amortization expense related to net revenue backlog, incentive fees and customer relationships acquired<sup>1</sup>
- (b) Integration costs related to acquisitions<sup>1</sup>
- (c) Severance<sup>1</sup>
- (d) Merger-related charges<sup>1</sup>
- (e) Write-down of impaired investments<sup>1</sup>
- (f) Tax expense adjustment as a result of a decline in value of assets associated with the Company's Deferred Compensation Plan

1. Net of tax