

CBRE GROUP, INC.
Form DEF 14A
April 01, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

CBRE Group, Inc.

(Name of Registrant as Specified in Its Charter)

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Payment of Filing Fee (Check the appropriate box):

No fee required.

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2. Aggregate number of securities to which transaction applies:

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3. Filing Party:

4. Date Filed:

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400 South Hope Street, 25th Floor

Los Angeles, California 90071

(213) 613-3333

April 1, 2014

Dear Fellow Stockholder:

On behalf of the Board of Directors and management of CBRE Group, Inc., I cordially invite you to attend our annual meeting of stockholders on Friday, May 16, 2014, at 400 South Hope Street, 11th Floor, Los Angeles, California at 8:30 a.m. (Pacific Time). The notice of meeting and proxy statement that follow describe the business that we will consider at the meeting.

We hope that you will be able to attend the meeting. However, regardless of whether you are present in person, your vote is very important. We are pleased to again offer multiple options for voting your shares. You may vote by telephone, via the Internet, by mail or in person as described beginning on page 1 of the proxy statement.

Thank you for your continued support of CBRE Group, Inc.

Sincerely yours,

Robert E. Sulentic

President and Chief Executive Officer

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Notice of 2014 Annual Meeting
of Stockholders

May 16, 2014

8:30 a.m. (Pacific Time)

400 South Hope Street, 11th Floor, Los Angeles, California

AGENDA:

1. Election of our 10 Board-nominated directors named in the Proxy Statement;
 2. Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2014;
 3. Advisory vote to approve named executive officer compensation for 2013; and
 4. Transaction of any other business properly introduced at the Annual Meeting.
- Only stockholders of record as of March 24, 2014 will be entitled to attend and vote at the Annual Meeting and any adjournments or postponements thereof.

We hope that you can attend the Annual Meeting in person. Regardless of whether you will attend in person, please complete and return your proxy so that your shares can be voted at the Annual Meeting in accordance with your instructions. Any stockholder attending the Annual Meeting may vote in person even if such stockholder returned a proxy. You will need to bring a picture ID and proof of ownership of CBRE Group, Inc. stock as of the record date to enter the Annual Meeting.

We are pleased to furnish proxy materials to our stockholders on the Internet. We believe that this allows us to provide you with the information that you need while lowering the costs of delivery and reducing the environmental impact of the Annual Meeting.

April 1, 2014

By Order of the Board of Directors

Laurence H. Midler

Executive Vice President, General Counsel and Secretary

This proxy statement and accompanying proxy card are first being made available on or about April 1, 2014.

We may refer to ourselves in this proxy statement alternatively as CBRE, the Company, we, us or our and we refer to our Board of Directors as the Board. A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, including financial statements, is being sent simultaneously with this proxy statement to each stockholder who requested paper copies of these materials and will also be available at www.proxyvote.com.

Table of Contents**Proxy Summary Information**

To assist you in reviewing the proposals to be voted upon at our 2014 Annual Meeting, we have summarized important information contained in this Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2013. This summary does not contain all of the information that you should consider, and you should carefully read the entire Proxy Statement and Annual Report on Form 10-K before voting.

Voting

Shareholders of record as of March 24, 2014 may cast their votes in any of the following ways:

Internet	Phone	Mail	In Person
Visit <i>www.proxyvote.com</i> . You will need the 12 digit number included in your proxy card, voter instruction form or notice.	Call 1-800-690-6903 or the number on your voter instruction form. You will need the 12 digit number included in your proxy card, voter instruction form or notice.	Send your completed and signed proxy card or voter instruction form to the address on your proxy card or voter instruction form.	If you plan to attend the meeting, you will need to bring a picture ID and proof of ownership of CBRE Group, Inc. stock as of the record date.

Voting Matters and Board Recommendation

Proposal	Board Vote Recommendation
Election of Directors (page 7)	ü <i>FOR each Director Nominee</i>
Ratification of Independent Registered Public Accounting Firm for 2014 (page 22)	ü <i>FOR</i>
Advisory Vote to Approve Named Executive Officer Compensation for 2013 (page 25)	ü <i>FOR</i>
Fiscal Year 2013 Business Highlights⁽¹⁾	

We are the world's largest commercial real estate services and investment firm, based on 2013 global revenue of \$7.2 billion, with leading full-service operations in major metropolitan areas throughout the world. We offer a full range of services to occupiers, owners, lenders and investors in office, retail, industrial, multi-family and other types of commercial real estate.

Our service offering is supported by approximately 350 offices and 44,000 employees worldwide (excluding independent affiliates).

Our services include:

commercial real estate services operating under the CBRE brand name;

real estate investment management operating under the CBRE Global Investors brand name; and

development services operating under the Trammell Crow Company brand name.

- (1) For more complete information regarding our fiscal 2013 performance, please review our Annual Report on Form 10-K for the fiscal year ended December 31, 2013. You can obtain a free copy of our Annual Report on Form 10-K at the SEC's website (www.sec.gov) or by submitting a written request by (a) mail to CBRE Group, Inc., Attention: Investor Relations, 200 Park Avenue, New York, New York 10166, (b) telephone at (212) 984-6515, or (c) e-mail at investorrelations@cbre.com.

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PROXY SUMMARY INFORMATION

In fiscal year 2013, we delivered strong results:

We reached new milestones, as our revenue exceeded \$7 billion and our adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) surpassed \$1 billion, each for the first time. Specifically, our revenue for 2013 rose to \$7.2 billion, an increase of 10% from \$6.5 billion in 2012, and our adjusted EBITDA for 2013 was \$1.0 billion, up 11% from 2012.⁽²⁾

Our adjusted net income for 2013 was \$474.3 million, up 19% from 2012.⁽²⁾

Our adjusted earnings per share (adjusted EPS) for 2013 was \$1.43, up 17% from 2012.

We generated revenue from a well-balanced, highly diversified base of clients. In 2013, our client roster included approximately 85 of the *Fortune 100* companies, and our revenue was attributable to clients in a broad range of industries.

In 2013, we acquired Norland Managed Services Ltd, a leading provider of commercial building technical engineering services in the United Kingdom and Ireland, and completed ten in-fill acquisitions.

The following charts highlight our growth in adjusted EBITDA, adjusted net income and adjusted EPS for 2013 relative to 2012:

(2) We also refer to adjusted EBITDA, adjusted net income and adjusted EPS from time to time in our public reporting as EBITDA, as adjusted, net income attributable to CBRE Group, Inc., as adjusted and diluted income per share attributable to CBRE Group, Inc. shareholders, as adjusted, respectively. As described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, our Board and management use non-GAAP measures to evaluate our performance and manage our operations. However, non-GAAP measures should be viewed in addition to, and not as an alternative for, financial results prepared in accordance with GAAP.

For supplemental financial data and a corresponding reconciliation of (a) net income computed in accordance with GAAP to adjusted EBITDA and (b) net income computed in accordance with GAAP to net income attributable to CBRE Group, Inc., as adjusted (or adjusted net income) and to diluted income per share attributable to CBRE Group, Inc. shareholders, as adjusted (or adjusted EPS), in each case for the fiscal years ended December 31, 2013 and 2012, see Annex A to this Proxy Statement.

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Independent director nominees	9 out of 10
Independent Chair of the Board	Richard C. Blum

Director Elections

Frequency of Board elections	Annual
Voting standard for uncontested elections	Majority Policy

Evaluating and Improving Board Performance

Board evaluations	Annual
Committee evaluations	Annual

Aligning Director and Executive Interests with Shareholder Interests

Director stock ownership requirements	Yes
Executive officer stock ownership requirements	Yes
Policy restricting trading, and prohibiting hedging and short-selling of CBRE stock	Yes
Compensation clawback policy for executive officers	Yes

Summary of Board Nominees

The following table provides summary information about each of the director nominees who are being voted on by shareholders at the Annual Meeting.

Name	Director		Principal Occupation	Other Public	
	Age	Since		Committees	Boards
Richard C. Blum*	78	2001	Chairman and member of the management committee of Blum Capital Partners, L.P.	AQC, EC, GC	0
Brandon B. Boze*	33	2012	Partner of ValueAct Capital	AC, CC	0
Curtis F. Feeny*	56	2006	Managing Director of Voyager Capital	AC, GC	0
Bradford M. Freeman*	72	2001	Partner of Freeman Spogli & Co. Incorporated	AQC, CC, GC	1
Michael Kantor*	74	2004	Partner of Mayer Brown LLP	AQC, GC	0
Frederic V. Malek*	77	2001	Chairman of Thayer Lodging Group	AC, CC	1
Robert E. Sulentic	57	2012	President and Chief Executive Officer of CBRE	AQC, EC	1
Laura D. Tyson*	66	2010	Professor, Walter A. Haas School of Business, University of California, Berkeley	AQC	3
Gary L. Wilson*	74	2001	General Partner of Manhattan Pacific Partners	AC, GC	0
Ray Wirta*	70	2001	Chief Executive Officer of The Koll Company	AQC, EC	0

**Independent Director*

Key:

AQCAcquisition Committee

ACAudit Committee

CCCompensation Committee

ECExecutive Committee

GCCorporate Governance and Nominating Committee

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PROXY SUMMARY INFORMATION

Executive Compensation Highlights

Our Philosophy Our compensation programs are designed to attract and retain accomplished and high-potential executives and to motivate those executives to consistently achieve short- and long-term goals that will create sustainable improvements in shareholder value. To do this, we focus a significant percentage of our executive officers compensation on both annual and long-term incentive awards intended to reflect growth in our business and in our share price in the short and long term, with a relatively modest portion of compensation paid in fixed base salary. In addition, in 2013, our executives received one-third of their target annual long-term equity incentive award value in the form of a new Adjusted EPS Equity Award, which is an equity-based award that may be earned if we achieve certain adjusted EPS goals over a multi-year period. The remaining two-thirds of their target award value was granted in the form of our traditional Time Vesting Equity Award. The Adjusted EPS Equity Award and the Time Vesting Equity Award are described in greater detail under the heading Compensation Discussion and Analysis Components of Our Program Elements of our compensation program beginning on page 33. We expect that this new Adjusted EPS Equity Award will even more closely align our executives

long-term incentive compensation with our financial performance and shareholder interests over a multi-year period.

In 2013, we continued to place a significant percentage of our named executive officers total target direct compensation at risk, with incentive programs tied to financial and strategic performance measures and our stock price performance. In 2013, our named executive officers (taken collectively) had on average approximately (1) 83% of their total target direct compensation paid as variable (as opposed to fixed) compensation, (2) 44% of their total target direct compensation tied to financial and strategic metrics (our annual cash bonus awards and Adjusted EPS Equity Awards) and (3) 59% of their total target compensation tied to our stock price performance (our Adjusted EPS Equity Awards and Time Vesting Equity Awards). This program design is intended to motivate our executive officers to achieve positive short- and long-term results for our stockholders.

The total target direct compensation mix for 2013 for (i) our Chief Executive Officer (CEO) and (ii) our CEO together with our other named executive officers is illustrated in the following charts:

Say on Pay We received strong support for our executive compensation from our stockholders at our 2013 annual meeting of stockholders, at which 97.0% of the votes cast on the say-on-pay proposal were in favor of the 2012 compensation that we paid to our named executive officers. This was an approximate 3.1% increase from the favorable vote that we received on this matter at our 2012 annual meeting of stockholders.

2013 Financial Performance We achieved strong overall financial and operational performance in 2013 over 2012. Historically, our Board has set aggressive targets to achieve strategic growth and increase shareholder value, and our

2013 operating plan assumed continued solid growth over 2012, consistent with stockholder expectations of growth in profits for

2013. In 2013, we achieved our internal growth target on a global basis but underperformed relative to our target for our Americas business. Due to our strong overall financial and operational performance in 2013, and after giving effect to outperformance in respect of their respective strategic measures, the total direct cash compensation earned in respect of 2013 for our CEO and other named executive officers whose compensation was tied solely to our global results (other than our then Chief Financial Officer, Gil Borok) was above the target amount established for them, and the total direct cash compensation earned in respect of 2013 for our CEO Americas (whose performance was tied to our Americas results as well as our global results) was below the target amount established for him.

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Table of Contents**PROXY SUMMARY INFORMATION**

2013 Compensation Set forth below is the 2013 compensation for our named executive officers and the principal capacity in which they served as of December 31, 2013. See the footnotes accompanying the Summary Compensation Table on page 46 for more information.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Non-Equity Compensation		Total (\$)
				Stock Awards (\$) ⁽¹⁾	Incentive Plan (\$)	
Robert E. Sulentic President and Chief Executive Officer	2013	775,000		3,479,963	1,284,000	5,541,213
Gil Borok Executive Vice President and Chief Financial Officer*	2013	547,500		959,974	475,300	1,985,024
Michael J. Lafitte Chief Operating Officer	2013	585,000		2,219,992	1,007,000	3,814,242
James R. Groch Executive Vice President and Chief Investment Officer**	2013	585,000	200,000	2,219,992	1,045,000	4,052,242
Calvin W. Frese, Jr. Chief Executive Officer Americas	2013	600,000		2,159,965	868,100	3,630,315

* Mr. Borok served as our Chief Financial Officer throughout 2013 and relinquished that position effective March 4, 2014, at which time he became our Deputy Chief Financial Officer and Chief Accounting Officer.

** Mr. Groch served as our Global Chief Investment Officer and Executive Vice President, Strategy and Corporate Finance throughout 2013. Effective March 4, 2014, he became our Chief Financial Officer and Global Director of Corporate Development.

(1)

Unless otherwise stated, the 2013 value of the Adjusted EPS Equity Awards shown in this table and elsewhere in this Proxy Statement represents grant date fair value based on the target amount of restricted stock units granted thereunder. As noted under the heading Compensation Discussion and Analysis Components of Our Program Elements of our compensation program beginning on page 33, the Adjusted EPS Equity Award was granted as a target number of restricted stock units, subject to a maximum number of shares equal to 200% of the target amount.

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PROPOSAL 1 ELECTION OF DIRECTORS

Our Board has nominated 10 directors for election at this Annual Meeting to hold office until the next annual meeting and the election of their successors. All of the nominees currently are directors and were selected to serve on the Board based on:

outstanding achievement in their professional careers;

broad experience;

personal and professional integrity;

their ability to make independent, analytical inquiries;

financial literacy;

mature judgment;
high performance standards;

familiarity with our business and industry; and

an ability to work collegially.

We also believe that all of our director nominees have a reputation for honesty and adherence to high ethical standards. Each agreed to be named in this Proxy Statement and to serve if elected.

Director Nomination Criteria: Qualifications, Skills and Experience

The Board seeks independent directors who represent a mix of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions. In nominating candidates, the Board considers a diversified membership in the broadest sense, including persons diverse in experience, gender and ethnicity. The Board does not discriminate on the basis of race, color, national origin, gender, religion, disability, or sexual preference.

The Corporate Governance and Nominating Committee of our Board of Directors, or the Governance Committee, is, among other things, responsible for identifying and evaluating potential candidates and recommending candidates to

the Board for nomination, as well as performing assessments of the skills and experience needed to properly oversee our interests.

The Governance Committee regularly reviews the composition of the Board and whether the addition of directors with particular experiences, skills, or characteristics would make the Board more effective. When a need arises to fill a vacancy, or it is determined that a director possessing particular experiences, skills, or characteristics would make the Board more effective, the Governance Committee conducts targeted efforts to identify and recruit individuals who have the qualifications identified through this process. As a part of the search process, the Governance Committee may consult with other directors and members of our senior management and also may hire a search firm to assist in identifying and evaluating potential candidates.

The Governance Committee looks for its current and potential directors collectively to have a mix of skills, experience and qualifications, some of which are described above and below. The Governance Committee also considers whether a potential candidate would likely satisfy the independence requirements described below.

Directors Skills and Qualifications

Our Governance Committee has developed a range of criteria for considering Board candidates. In addition to the criteria listed above regarding our 2014 nominees, the Board is interested in adding candidates over time who are acting operating executives (particularly current chief executives of other large public companies) or who have a strong technology background and in both cases a passion for building a transformative business on a global basis. Other factors include having directors with international experience, including knowledge of emerging markets or management of business operations and resources that are dispersed across a global platform, as well as various and relevant career experiences and technical skills, and having a Board that is diverse as a whole. In

addition, at least a majority of the Board must be independent as determined by the Board, consistent with its *Corporate Governance Guidelines* and New York Stock Exchange (NYSE) listing standards. And, at least one member of the Board should have the qualifications and skills necessary to be considered an Audit Committee Financial Expert under Section 407 of the Sarbanes-Oxley Act, as defined by the rules of the Securities and Exchange Commission (SEC).

All potential candidates are interviewed by our CEO, our Board Chair and Governance Committee Chair and, to the extent practicable, the other members of the Governance Committee, and may be interviewed by other directors and members of

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PROPOSAL 1 ELECTION OF DIRECTORS

senior management as desired and as schedules permit. In addition, the General Counsel conducts a review of a director questionnaire submitted by the candidate, and a background and reference check is conducted as appropriate. The Governance Committee then meets to consider and approve the final candidates, and either makes its recommendation to the Board to fill a vacancy or to add an additional member, or recommends a slate of candidates to the Board for nomination for election to the Board. The selection process for candidates is intended to be flexible, and the Governance Committee, in the exercise of its

discretion, may deviate from the selection process when particular circumstances so warrant.

Stockholders may also recommend candidates to our Board. See *Corporate Governance* *Stockholder Recommended Director Candidates* on page 12 for more information. In addition, stockholders affiliated with Blum Capital Partners are entitled at this time to nominate one director as set forth under *Related-Party Transactions* *Related-Party and Other Transactions Involving Our Officers and Directors* *Blum Capital* on page 57.

2014 Director Nominees

Recommendation:

The Board of Directors recommends that shareholders vote FOR all of the nominees.

Richard C. Blum

Age: 78

Director Since: July 2001

Independent Chair of the Board

CBRE Committees: Executive (Chair)
Acquisition
Governance

Mr. Blum has been the Independent Chair of our Board since September 2001. He is the Chairman and a member of the Management Committee of Blum Capital Partners, L.P., a long-term strategic equity investment management firm that acts as general partner for various investment partnerships and provides investment advisory services, which he founded in 1975.

Qualifications, Attributes, Skills and Experience:

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PROPOSAL 1 ELECTION OF DIRECTORS

Curtis F. Feeny

Age: 56

Director Since: December 2006

CBRE Committees: Audit (Chair)
Governance

Mr. Feeny has been a Managing Director of Voyager Capital, a venture capital firm, since January 2000. From 1992 through 1999, Mr. Feeny served as Executive Vice President of Stanford Management Co., which manages the Stanford University endowment, during which time the endowment's assets under management grew from \$1.5 billion to \$9.0 billion.

Qualifications, Attributes, Skills and Experience:

Mr. Feeny brings broad knowledge of the commercial real estate industry and our business from his service as an employee and later director of Trammell Crow Company as well as from his many years of service as Chair of our Audit Committee. He also has broad experience counseling companies through growth and experience in corporate finance matters. He previously served on the board of directors of Trammell Crow Company, which we acquired in 2006. Mr. Feeny holds a B.S. from Texas A&M University and an M.B.A. from Harvard Business School.

Bradford M. Freeman

Age: 72

Director Since: July 2001

CBRE Committees: Governance (Chair)
Acquisition
Compensation

Mr. Freeman is a founding partner of Freeman Spogli & Co. Incorporated, a private investment company founded in 1983.

Qualifications, Attributes, Skills and Experience:

Mr. Freeman brings experience in the capital markets and securities business to the Board, in addition to his opera