

# FINAL TRANSCRIPT

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**CBG - CB Richard Ellis Group, Inc Conference Call to Discuss Its  
Definitive Agreements to Acquire Majority of ING Group N.V.'s Global  
Real Estate Investment Management Businesses**

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## CORPORATE PARTICIPANTS

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*CB Richard Ellis Group, Inc. - SVP IR*

**Brett White**

*CB Richard Ellis Group, Inc. - CEO*

**Jim Groch**

*CB Richard Ellis Group, Inc. - Chief Investment Officer*

**Gil Borok**

*CB Richard Ellis Group, Inc. - CFO*

## CONFERENCE CALL PARTICIPANTS

**Sloan Bohlen**

*Goldman Sachs - Analyst*

**Brandon Dobell**

*William Blair & Company - Analyst*

**Will Marks**

*JMP Securities - Analyst*

**Anthony Paolone**

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## PRESENTATION

**Operator**

Ladies and gentlemen, thank you for standing by, and welcome to the CB Richard Ellis acquisition conference call. (Operator Instructions). As a reminder, the conference is being recorded.

I would now like to turn the conference over to our host, Nick Kormeluk. Please go ahead.

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**Nick Kormeluk** - *CB Richard Ellis Group, Inc. - SVP IR*

(Technical difficulty) acquisition conference call. We just issued a press release announcing an agreement to acquire substantially all of ING REIM's real estate investment management business in Europe and Asia, as well as its U.S.-based global real estate listed securities business. This release is available on the home page of our website at [www.CBRE.com](http://www.CBRE.com).

This conference call is being webcast live and is available on the investor relations section of our website. Also available is a presentation slide deck, which you can use to follow along with our prepared remarks. An archived audio of the webcast, transcript, and a PDF version of the slide presentation will be posted to the website later today.

Please turn to the slide labeled forward-looking statements. This presentation contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995, and involve risks and uncertainties including but not limited to the ability to consummate a transaction with substantially all of the ING REIM assets as contemplated to integrate the real estate investment management operations of ING REIM with CBRE investors, and to leverage the integrated platform to capture a larger share of the global real estate investment market, as well as other risks and uncertainties discussed in CB

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Richard Ellis's filings with the SEC. 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.

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 the most directly comparable GAAP measures which are attached hereto within the appendix.

Please turn to slide three. Our management team members participating with me today are Brett White, our Chief Executive Officer; Gil Borok, our Chief Financial Officer; and Jim Groch, our Chief Investment Officer. I will now hand the call over to Brett.

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**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Thank you, Nick, and hello, everyone. Thank you for joining us today on this call.

Almost 20 years ago, our then-CEO, Jim Didion, launched our firm on a course that we have followed every day since. Jim's long-term objective for the firm, which he articulated at a management meeting in Chicago in the fall of 1992, was, quote, to become the preeminent globally-capable, vertically-integrated commercial real estate services firm, end-quote. And I can tell you as a young manager in the audience at the time, it was an audacious goal Jim set for us and something that many of us thought probably would never be attained.

We defined preeminence as being number one globally in every service we provided, and we defined vertically integrated as developing our platform as a wholly-owned platform so that we could guarantee to our clients accountability around all the services that we delivered. Every strategic move this firm has made since 1992 has been to further our satisfaction of this objective.

Today, I am proud to tell you that Jim's objective set almost 20 years ago has been fulfilled. For years, we have been the clear preeminent firm in all of our global business lines but one, real estate investment management. Today, I am happy to report that upon the close of the transactions we are describing to you in a moment, we will be the preeminent global number one in every service we provide, truly an important day for CB Richard Ellis.

I'm going to run through quickly just a few facts around the acquisitions here that we are making, and then I'm going to turn the call over to our lead executive on these deals, Jim Groch, our Chief Investment Officer. But before Jim speaks, let me just give you a few points to keep in mind.

We are purchasing substantially all of ING REIM's real estate investment management business in Europe, in Asia, and we're also purchasing the U.S.-based global real estate listed securities business, which I mentioned is based here in the US. Purchase price is about \$940 million in cash before transaction and integration costs and before the purchase of some co-investment positions.

ING REIM (technical difficulty) business we are acquiring had preliminary EBITDA of \$104 million in 2010. As I mentioned in my opening, this transaction creates the world's largest commercial real estate management investment management company, and this is truly a once-in-a-generation, perhaps once-in-a-lifetime opportunity within the industry.

CB Richard Ellis has almost \$38 billion of assets under management as of the end of 2010. ING REIM has almost \$60 billion of assets under management as of the end of the year 2010. These transactions have been approved by the board and management teams of both companies, and we expect closing sometime in the second half of this year.

With that, I'd like to ask Jim Groch, our lead on these transactions and our Chief Investment Officer, to take you through additional portions of our deck. Jim?



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**Jim Groch** - *CB Richard Ellis Group, Inc. - Chief Investment Officer*

Thank you, Brett. We are excited to be here and think this is a truly unique opportunity.

As you know, ING's investment management business is the global leader today. We believe we are acquiring a business in the trough of an economic cycle, and we think there are two -- these are two very strong and successful platforms that are coming together, and I'll talk a bit more about that in the upcoming slides.

The two businesses are an excellent fit with minimal overlap. The product offerings are highly complementary and the client profiles are highly complementary.

Turn to the next slide. Looking at the combined financial results, you'll see 2010 combined revenue of approximately \$521 million produced roughly \$160 million in EBITDA and a 31% margin.

Going to the next slide, I mentioned that earlier the -- that we have two very successful businesses that are coming together. If you look at the top half of this slide, you'll see assets under management for a number of years, and what you see is huge growth in assets under management in 2003 through 2007, and then during the financial crisis of 2008 and 2009, surprisingly stable assets under management was down about 10% from peak 2007 to 2008, relatively flat in 2009, and then beginning to recover in 2010.

Similarly, if you look at the bottom half of the slide which outlines equity raised of an annual basis, new equity commitments to both businesses, again you see tremendous growth in the annual equity raised leading up into 2007, and while that declined quite a bit in 2008 and 2009, still both companies continued to raise new capital through the financial crisis, and then in 2010 together have raised over \$12 billion of new capital commitments.

The product offerings of the two companies are highly complementary. If you look, starting on the right half of the right-hand side of the next slide here, you see the Americas in green. No overlap. This is all CB REI business. Look at the next column to the left, you see Asia almost entirely ING. Then the next column, in the UK, we have a separate accounts business, which is predominantly a CB business. You have a core funds business that's entirely ING. Then go to Europe, it's almost entirely ING, so virtually no overlap except for the value-added and opportunity funds which are generally CB. And then, the last column to the left are global products, and here we have two exciting and strong global products that we think will do very well in the market, and both have critical mass and scale to offer significant opportunities for clients.

Moving to the next slide, here you see the client profiles are as complementary as the product mix on the previous slide. Essentially, ING's clients are predominately European-based institutions, whether it's corporate or public. For ING, you also have ING itself as a large customer of the insurance company. And when we acquire that business, we will have a 10-year exclusive contract with ING.

On the CB side, we have mostly U.S.-based multinationals that -- and both corporate and public pension funds. So there's opportunity here to expand clients across regions and to offer new opportunities for both.

With that, I'll turn it over to Gil.

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

Thanks, Jim. Please skip ahead to slide 13.

As those of you who have followed us for some time know, this slide is very similar to one we use in our investor presentations to show that we generally rank number one in the commercial real estate service lines that we offer. Accomplishing this position



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has been an integral part of our strategy for some time, as Brett mentioned. We are therefore very pleased to be able to update this slide today to show that we will now be number one worldwide in the real estate investment management business on a combined basis with ING REIM.

Please turn to slide 14. The approximately \$300 million of revenue and roughly \$105 million of EBITDA added from ING REIM would've increased our combined 2010 revenue to \$5.4 billion and EBITDA to \$790 million. What is even more notable is the fact that combined consolidated normalized EBITDA margins would've been higher by 120 basis points at 14.5%, given the high margins resident in the investment management business. Keep in mind that this would've been the case in a year where we are just starting to come off the bottom of the commercial real estate cycle.

Please turn to slide 15. From a combined revenue mix perspective, global investment management would increase from 3% of total revenue to 9% of total revenue for 2010, while all other service lines either go down nominally or remain the same on a percentage basis. If you consider mix on a combined normalized EBITDA basis, global investment management would've contributed approximately 20% of total company EBITDA in 2010.

Please turn to slide 16. I will not spend a lot of time on this slide, but wanted to illustrate, notwithstanding some overlap between CBRE investors and ING REIM, how the additional ING REIM locations expand the CBRE investors' reach and the ability of CBRE to enhance the operational and execution capabilities of ING REIM across geographies going forward.

Please turn to slide 18. Our plans to finance the \$1.2 billion all-in purchase of ING REIM include a combination of cash and debt. As of December 31, 2010, we had \$507 million of cash, undrawn revolver capacity of approximately \$650 million, and an unutilized accordion facility of \$800 million. In addition, our Board of Directors has approved a future aftermarket equity offering of common shares up to \$250 million.

Following the closing of ING REIM, we expect overall company leverage to be less than 2.25 times on a covenant basis, which is well within the Company's maximum allowable leverage ratio of 3.75 times under its existing credit facility. I will now turn the call back over to Brett.

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**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

And before we go to Q&A, I would like to mention one very important point. There are many, many aspects of this acquisition that excite us. But perhaps nothing excites us more than our opportunity to welcome to CB Richard Ellis over 700 of the smartest commercial real estate minds in the industry who are former ING REIM employees and are now joining the family of CB Richard Ellis employees. It's a very exciting day for them, a very exciting day for us, and we are very, very proud to welcome this fine group to the firm.

Operator, with that, I'd like to open for questions from our callers.

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## QUESTIONS AND ANSWERS

**Operator**

(Operator Instructions). Sloan Bohlen, Goldman Sachs.

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**Sloan Bohlen** - *Goldman Sachs - Analyst*

Brett, and I guess perhaps Gil, maybe if you could talk a little bit about the differences in the EBITDA margins between your investment management business and ING's?



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**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Sure, I'll let Gil handle that. Gil?

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

Sure. As you know, I guess what I would comment on is the mix of our investment management business versus theirs, and there is a slide on that.

What we have more of is promotes in the funds that we have that are opportunistic and value add, and we have incentive fee structures that are -- that we have more in our business than ING does in theirs. Their business has more core funds, as you can see from that slide, and so, of course, there is a margin differential between theirs and ours, and one might argue that there is more recurring in nature than ours is, although in a cycle or normal cycle, of course, you've seen what our business can produce, that is north of 40%.

So on a combined basis, which I think is the best way to look at it, you can see, and we provided to give you, some sense of what the business will do. You can see the 120 basis-point increase of the combined business, which is, I think, the best way to look at it.

**Sloan Bohlen** - *Goldman Sachs - Analyst*

Okay. But it's fair to say that that, call it, 35% EBITDA margin for their business, that was a -- that's a good run rate number. It wasn't just this past year?

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

Yes.

**Sloan Bohlen** - *Goldman Sachs - Analyst*

Okay. And then, just maybe a question on co-investment and any cash need that you guys would need to contribute there.

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Right, so there is in this transaction, we've exercised an option we had to purchase some of the co-investment in these various businesses.

We think the co-investment is a terrific investment at this point in the cycle. It's all been marked to market, and it's in places we like and properties we like. The purchase of the co-investment will be part of the purchase price and will be financed the way that Gil described the entire transaction being financed. It's not a huge amount of co-investment, but it's certainly something we're excited about.

**Sloan Bohlen** - *Goldman Sachs - Analyst*

Okay, and that doesn't change now that it's a bigger portion of your overall business in terms of cash that you'd need on hand for future co-investment and (multiple speakers) investment management?



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**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

I see. I'm sorry, I thought you meant about the co-investment we're buying now.

No, it doesn't. Our business, as you know, produces quite a bit of free cash, and our opportunity to invest that free cash into co-investment in this business is right at the top of our list of opportunities for our cash. The returns on that co-investment tend to be quite good, and we're going to be particularly good at this point in the cycle, so no, we don't see any strain on the company to make those co-investments.

We see a great opportunity there, and I should mention, I think you're very aware of this, but maybe some of the callers aren't. One of the structural trends that occurred in this business in the downturn was, we believe and we're seeing it, that the limited partners in a market, I don't think they believe anymore that having a large financial firm run a real estate investment management business where they co-invest 10% or 20%, I don't believe they believe anymore that that guarantees any incremental increase in return, and we believe that the co-investment requirements by limited partners is going to stay at the low end of where it's been the last few years, that 2% to 3% range. There will be a couple that are a bit higher than that, but you're not going to see, we don't believe, requirements by any of our LPs to co-invest large amounts of capital in the business.

**Sloan Bohlen** - *Goldman Sachs - Analyst*

Okay, that's helpful. And then, maybe, just Brett, one last one, on the preapproval for the equity raise, could you maybe walk through what the situation would be that you guys would utilize that?

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Sure. We at this point are working on our models for how we want to deploy cash on the balance sheet, how we want to utilize the revolver and the accordion, and whether or not we want to use equity.

That decision has not been made, but we did want to provide you, our analysts and our investors, with at least the information that we're considering using some equity, and that in the maximum it would be a fairly immaterial amount, \$250 million, that equity. We're not done with that decision-making yet, but when we are done, we will certainly be very transparent about that and let you know exactly where we ended up.

**Sloan Bohlen** - *Goldman Sachs - Analyst*

Okay. And timing you think on that type of decision?

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Don't want to get into that today.

**Operator**

Brandon Dobell, William Blair.

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**Brandon Dobell** - *William Blair & Company - Analyst*

A couple of different questions here. First, on the \$150 million you called out in terms of the financing, retention, and creation costs, I know part of that's going to be dependent on how much debt you take on for the deal, but any sense of how the other two buckets may play out in terms of integration retention, and I guess part of that is how confident are you in your ability to retain those managers, given their investment style is a little bit different than yours?

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Yes, let me start with the retention issue, and then we'll move over to Gil on the deal costs.

It's -- this transaction is one of those transactions that, at least in my business life, is going to be a highlight of things we've done here. It was one of the most complex transactions -- it is the most complex transaction we've ever worked on, and winning this business was no easy task.

One of the reasons that we won this business, we've been told, and you'll need to ask ING the question, but we've been told, is that the dedicated teams within these businesses chose us. So when they looked at the available buyers that they could end up with, they believed that based on our culture, based on our platform, based upon the way we compensate people, that CB Richard Ellis would be their preferred home. And we certainly heard that -- and we spent a lot of time with each of their management teams, and we heard over and over again from them that this was their choice, as well as their parent's choice.

So, we don't have any concerns at all regarding retention. We have contracts with the key executives within the business. Those are done. And retention is not going to be, in this transaction, something that we're very concerned about. We have other concerns, but that's not it. Let me have Gil then answer the rest of your question.

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

Brandon, I -- without getting into too many specifics, what I want to -- what I'll say is that a significant portion of that \$150 million is related to retention, and then you've got normal deal costs. For example, you can see on the slide and I mentioned the various offices. We have 10 offices that overlap, so there will be costs associated with combining, just as we've done in prior large acquisitions. Whether we end up in our offices or ING REIM's offices or a third location, there will be costs associated with those closures, the financing costs, and then, of course, the outside advisors.

**Brandon Dobell** - *William Blair & Company - Analyst*

Fair enough. And then, from the fund structure or capital side of the business, any significant, I guess, kind of risk that the existing customers will or have an opportunity to withdraw assets from ING REIM, or is there any particular chunk of the funds that are up for renewal or coming off of (multiple speakers). I'm just trying to get a feel for any risk on the AUM side, looking out the next couple of years.

**Jim Groch** - *CB Richard Ellis Group, Inc. - Chief Investment Officer*

Let me answer that question. First of all, in many of the funds, we will go through a consent process with the LPs to gain their consent for the change of control, and there are protections that we have negotiated in this transaction that are -- that handle that eventuality either way. So, we are -- we think we have well managed that issue, both philosophically and also economically.

I will tell you that it is our feeling, and I think it's the feeling of the dedicated teams that we are bringing on from ING, that the LPs will be very happy with this outcome. They are now going to be owned by a business that's only business is commercial

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real estate by a business that will never exit the business. This is what we do. And by a business that has a unique insight into the asset class from all the touch points we have in our Company.

So we're actually -- I'm looking forward to talking to some of the LPs. I think it will be very -- a very positive discussion. As I said, we've managed around any of those that decide they want to do something else, and -- I got a note here from my general counsel. That's a good point, Larry. We've negotiated a 10-year exclusive arrangement with ING on their investment of the business, so they are now our exclusive customer for 10 years, anything that they decide to do inside the investment management arena. And that was -- I don't think we've ever had a 10-year contract in that business, but we're sure happy with it, and they are a great, great client now of the firm. Good point.

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**Brandon Dobell** - *William Blair & Company - Analyst*

And then, final question, if you look at the equity raised in 2009 and 2010, or even 2008, 2009, 2010, was it disproportionately skewed -- I'm guessing it was mostly in Europe, just given the size of the overall portfolio, but was there a big pickup in their geography or was it pretty much in line with how the funds --

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**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

You're talking about the capital they raised?

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**Brandon Dobell** - *William Blair & Company - Analyst*

Yes.

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**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

I'm going to ask Jim. Jim Groch is the expert on that. Jim, would you mind addressing that question, please?

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**Jim Groch** - *CB Richard Ellis Group, Inc. - Chief Investment Officer*

It varies quite a bit year to year, as you might expect. So in some years, you'll have the global products, the fund of funds or the global securities, for example, raising quite a bit of capital. In other years, it may be the more traditional core funds, and the core funds are a mix of open-ended, semi-open-ended, and some closed. But it's generally pretty broadly distributed and generally oriented towards Europe as the largest of the businesses. Next in line would be the securities business.

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**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

And just, Jim, on that point, you might just also talk about that I think the very positive attribute of that, which is there's not much overlap in where we raise capital between the two businesses, and we've now really covered the globe in terms of capital raising.

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**Jim Groch** - *CB Richard Ellis Group, Inc. - Chief Investment Officer*

That's a great point, Brett. I mentioned when we went through the slides that the -- not only is the product mix highly complementary between the two firms, but the client mix is really extraordinarily complementary. There's very little overlap. ING's clients are mostly European-based; CB's clients are more predominately U.S.-based, and even the makeup of the clients

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and the mix are different. So, we're really very much looking forward to being able to offer clients from both firms a broader array of investment opportunities.

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**Brandon Dobell** - *William Blair & Company - Analyst*

Final question, I lied. Sorry about this. The first couple of people in this business in the last three or four quarters talk about fee pressure and different types of funds. What's been ING's experience, and any sense of or maybe the assumptions behind what you thought about looking out to 2011 and 2012 in terms of their ability to hold the line on fees or at least protect what that revenue stream looks like?

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**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Sure, and Jim, I'll let you handle that as well.

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**Jim Groch** - *CB Richard Ellis Group, Inc. - Chief Investment Officer*

Okay. From what we've seen in our business and in ING's business, there was quite a bit of discussion in the industry about fee pressure.

And we -- I think both firms certainly experienced some in different points in the cycle, particularly during the financial crisis and in different products, but I would say overall there is limited evidence of fee pressure, and I think part of that is the mix of the businesses. They weren't -- they are not based on the very high-end fees that some of the more high profile accounts in the industry have achieved.

And also, I think the nature of these funds, if you look at the leverage mix -- on one of our slides, we looked at the blended leverage of the two platforms. And while the leverage can vary quite a bit from one fund to another, the overall blend within ING is about 25% leveraged. That's brought down quite a bit by the securities business, which generally has no leverage, but even if you back that out, you're still under 40% leveraged in the funds outside of the securities business, and the CBRE investors' business is on average below 40% leveraged as well.

So, these funds have been -- both businesses have been reasonably stable. You saw that on one of the slides that we went through earlier that looked at the AUM through the cycle. And I think that's helped mitigate fee pressures, that you just haven't -- we just haven't had quite the extreme volatility that some others have experienced.

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**Operator**

Will Marks, JMP Securities.

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**Will Marks** - *JMP Securities - Analyst*

Questions on, I guess first of all, the U.S. platform that isn't part of the deal, can you talk about the size of that? Why it's not part of the deal if it's a competitor now?



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**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Sure. ING Clarion, which will, I believe, be branded Clarion Partners effective immediately, is a terrific business run by Steve Furnary, who I know well and have a lot of respect for. Steve [core], his -- and his whole team, these are fantastic folks who run a great business.

You may recall, or you may not know this, but Steve has sold that business a couple of times and has a real love for the platform he built. And made it very clear during this process that he was hopeful there would be an opportunity for him and some investors to get control of that business themselves. We thought that was a great idea.

They are a great client of ours. We do a lot of business with Clarion, and we're looking forward to do a lot of business with them in the future.

You'll need to ask Steve Furnary the question on competition. We don't see them as competition. We really do very different things here in the States. We see them as a great client. I saw a draft of the press release that Steve was going to put out, and I don't know if this is where he ended up, but in his press release, at least in the draft, he was talking about his great desire to maintain a terrific relationship with CBRE because we are responsible for a lot of his deal flow, and so that's how it is.

Well, we are very, very happy for them. I think it's a great outcome for them. It was a great outcome for ING and a good outcome for us.

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**Will Marks** - *JMP Securities - Analyst*

So, that was never to be part of the platform that you were going to buy?

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**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

It was considered. We looked at every business that ING had, and we certainly considered the Americas platform, but I think that -- it's very important in these acquisitions, Will, that you understand what people's motivations are and what they are trying to accomplish in their life and their business, and we came to the conclusion with help from Steve and his team that they really had a passion for running their own business, and I don't think it would've been a good outcome for anybody if we had usurped that opportunity from them.

So, they were given the opportunity by ING. We supported that opportunity. Would we have liked to own it? Would we take it if they gave it to us today? You bet. It's a great business, but I think it's a better outcome than the way it ended up, but it's a wonderful business and it's one that I think any investment management company would love to own.

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**Will Marks** - *JMP Securities - Analyst*

Thank you for that. Different subject. On the financing, and can you and maybe Gil discuss what we should expect in terms of if it's an all-cash/debt deal, just the cost of that additional debt.

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**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

I'm not prepared to get into the details of it today. I think you've got to model the options yourself. You know what our bank debt is at, our current bank debt, and so, logically, there might be a slight increment to that cost if we take on additional debt, but it obviously depends on how much and the nature of the negotiations. So I don't want to say more than that at this point.



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**Will Marks** - JPM Securities - Analyst

Final question. If -- and this kind of borders on guidance, and so I know you're not giving it on that \$104 million, where it's going in 2011, but maybe you could help get us to a number by talking about the run rate of last year in terms of asset markdowns? Are they done with that or is there more to come? Did business pick up in the fourth quarter or did the run rate of fees pick up in the fourth quarter?

**Brett White** - CB Richard Ellis Group, Inc. - CEO

Let me give you a piece of that, then I'm going to ask Jim to again jump in because he is definitely the expert here on these questions.

We will just want to remind everyone that while we've signed a definitive agreement, these businesses aren't going to close for months. I think the earliest they will close, or the majority of them will close, is early summer, and it could be later than that.

So, the impact on 2011, I think, will be de minimus. It isn't going to be wildly accretive and it certainly isn't going to be dilutive, and I do want to make a point there, Will, it is -- as I think you know, it is very unusual in the acquisition of asset management businesses to not have that acquisition be dilutive in the early years, and this won't be, which we're very, very proud of that. In the future years, 2012 and on, we believe this will be a good accretive deal.

In terms of write-downs and so forth, I want Jim to address that question. Jim?

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

You know, I think you can see -- the best thing I could point you to is the slide that we had, I think it was slide nine, where the top half of the chart were assets under management.

And if you look at that slide, you can see what's happened in the last cycle, and there was extraordinary growth in both businesses, ours and ING's business, all the way up, of course, to the peak in 2007, and then it was really fairly stable. It dropped by about 10% combined in 2008 and 2009. You see that the AUM started to pick up in 2010.

You know, we think we're buying the business in the trough year of the cycle, but we could be off in either direction by a year. A good bit of the fees are based on the assets under management, and we think buying the business at this point in the cycle gives us a high degree of confidence as we look out a few years that the growth will be there and the businesses will perform nicely.

**Brett White** - CB Richard Ellis Group, Inc. - CEO

Jim, do you want to -- and don't answer if you don't. But are you -- in terms of the question about the risks of future material write-downs, do you want to address that or leave it alone?

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

I would just address it maybe just from an industry perspective, and not from a view of this particular deal, but I would say that I think most of the commentary in the industry is that values have started to pick up, certainly, particularly, in the larger global cities and the higher quality product in both companies emphasize higher quality product in the funds that they invest. So, I wouldn't expect a lot of write-downs, at least of any materiality relative to the size of the assets under management.

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**Will Marks** - JPM Securities - Analyst

A couple of other quick things, actually. Your recent AUM growth, how much of it was appreciation in the real estate securities values? I assume that's part of it.

**Brett White** - CB Richard Ellis Group, Inc. - CEO

You're talking about the AUM growth for CBRE? For ING? For -- be specific, Will.

**Will Marks** - JPM Securities - Analyst

Sorry, for ING.

**Brett White** - CB Richard Ellis Group, Inc. - CEO

For ING. So, how much of the recent AUM growth came from securities. Jim, do you want to hit that?

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

I can't give you an exact percentage, but securities have obviously recovered in 2009 and 2010, but the other core product offerings have started to recover as well. I can't, Will, give you an exact percentage offhand.

**Will Marks** - JPM Securities - Analyst

That's all right, and just a final question. A clarification. I think I've got this right, but in terms of the total cost of the deal, the 940 does not include the 150, which is going to be expensed over time in the various areas you mentioned, plus there is an additional \$55 million that you are spending on -- to buy the equity interests.

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

That's correct. There is an additional \$55 million of co-invests. That is securities investments that are at the market within the securities business. We're likely to purchase additional co-invests in Europe and Asia, and if we had to guess at the number, we might say that's somewhere in the range of \$50 million to \$100 million, but that kind of gives you some perspective. And that's more optional, and -- so that's not nailed down.

**Will Marks** - JPM Securities - Analyst

Okay, thank you.

**Operator**

Anthony Paolone, JPMorgan.

**Anthony Paolone** - JPMorgan Chase & Co. - Analyst

Thank you. I may have missed this, but the \$150 million of costs, when will those get expensed?



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**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

It's Gil. It will be over time, so it will be in 2011 and 2012, and I would say a bigger portion in 2011. Some of the retention will spread over into 2012.

**Anthony Paolone** - *JPMorgan Chase & Co. - Analyst*

Okay, so these are things that you will view as deal-related and not really part of ex one-time items, if you will, type earnings?

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

We will call them out for you as we have in the past.

**Anthony Paolone** - *JPMorgan Chase & Co. - Analyst*

Okay, then you gave us the EBITDA and the pro forma in 2010? Can you take that down to just what the impact on EPS would've been? Like on our numbers, it seems like with your tax rates, it would be something to the tune of \$0.15, given how you outlined the financing.

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

I'm going to leave that to you to model. I'll make a few comments. It depends, obviously -- the reason I'm not going to comment on it is because that would have to have me be certain of what the financing picture looks like, right? Obviously, you know what the earnings from operations are.

I will also tell you that given the weighting of the ING REIM business, it is possible that that will have a slightly positive impact on the tax rate, overall corporate tax rate, because more of their income is overseas. But again, it's a -- while it's a significant acquisition to the investment management business, in the scheme of the total business it takes a lot of spreads to move the dial on any of these metrics. So, I'm just not comfortable quoting or giving you an assumption down to EPS.

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Tony, we're not trying to obfuscate the issue here. As we define these numbers better, we're going to talk about it. At this early stage, though, I think it's prudent for us to tell you what we've told you, let you run your models, and then we can, as we get into this in future quarters, be much more specific about the impact of the acquisition.

**Anthony Paolone** - *JPMorgan Chase & Co. - Analyst*

Okay, is there anything between EBITDA and the net income, obviously outside of taxes, say, that we should be aware of, so that we can just model -- we can make the rest of the assumptions on our own?

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

Well, I think -- maybe you know it and didn't say it, but obviously interest expense.



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**Anthony Paolone** - JPMorgan Chase & Co. - Analyst

Right. Depending on how you guys decide to finance it, though.

**Gil Borok** - CB Richard Ellis Group, Inc. - CFO

Correct. Right.

**Anthony Paolone** - JPMorgan Chase & Co. - Analyst

Shifting gears. In terms of their sponsored funds and opportunistic funds, can you give us a sense as to where those stand relative to moving into, say, their promotes, and how that compares to the funds in CBG right now? Because like -- are they -- have they been marked down a lot? Is it going to be tough for the ING funds to move into a promote? Can you put any color around the prospects there?

**Brett White** - CB Richard Ellis Group, Inc. - CEO

Mr. Groch.

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

It's a little difficult to comment on. I'll give you a couple of points. There are virtually no promotes in the income stream that we are buying in 2010. There are some incentive fees that tend to be more on the kind of basis-point fee incentive, depending on performance relative to certain metrics. So we're starting with a very nice, clean, high-quality recurring income stream that we're purchasing.

In general, our investors' business has more of its business that has a more opportunistic value-add component with larger relative opportunities for promotes. That being said, ING has certainly in past years had significant promotes off of their existing funds, and I'm sure those opportunities will come again in the future. But I'd say there is none, virtually none, in the 2010 income stream, and I think generally within the industry, we probably won't see a lot of that type of income in the next couple of years.

**Anthony Paolone** - JPMorgan Chase & Co. - Analyst

Can you tell us how big ING is as a customer?

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

(Multiple speakers)

**Brett White** - CB Richard Ellis Group, Inc. - CEO

Go ahead, Jim.

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

Right now, it's about -- the ING insurance company is the primary customer, which is European-based, and it represents about 12% of the total business being acquired, if we measure it on an equity basis.



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**Anthony Paolone** - JPMorgan Chase & Co. - Analyst

Right. And the deal with them is any incremental money they put into real estate, you guys get? Or this just locks up the money that's in there now?

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

This is really a European-based deal because the client is a European-based client, but the answer is yes to both. So, it -- we have a 10-year exclusive agreement on all of their existing real estate assets under management, and we also have an exclusive on new allocations to real estate during that period of time.

**Anthony Paolone** - JPMorgan Chase & Co. - Analyst

And then, just last question, on the potential of equity issuance, I just want to make sure I understand the way you worded this. The idea of doing an at-the-market offering, does that mean one of these dribble-out programs where you just issue into the volume on a given day or did you just mean a public offering more generally?

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

Brett, do you want me -- or Gil, take that?

**Brett White** - CB Richard Ellis Group, Inc. - CEO

Go ahead, Jim.

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

So we've done two equity offerings in the past couple of years under the ATM format, and as you probably know, they go a variety of ways as to how they end up being executed.

In some cases, they are just dribbled out in a small amount over a long period of time, and this amount relative to our market cap is -- would have no impact on the stock. It would be a very small volume.

Sometimes, just speaking generally within that type of financing mechanism, there are times where clients will or investors will see that that offering is out there, and sometimes there will be reverse inquiries that within a few weeks, you will see something clear. But I'm just speaking to sort of how that's occurred historically, and I think either way is kind of open.

**Anthony Paolone** - JPMorgan Chase & Co. - Analyst

But given the size, it sounds like your intention is to do something outside of announcing just an actual offering.

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

Yes, (multiple speakers) it's a very efficient way to raise capital at the end of the day. You don't -- the fees are less, and there's no real market discount, and so, I'd say there's nothing more to it than that.

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**Operator**

David Ridley-Lane, Bank of America.

**David Ridley-Lane** - BofA Merrill Lynch - Analyst

What percentage of ING REIM's 2010 revenue came from asset management fees?

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

Let's see, I will -- if you give me a minute, and I'll double-check before I give you a response, but I'll say it's over 85%. So it is a very high-quality income stream.

**David Ridley-Lane** - BofA Merrill Lynch - Analyst

And could you maybe give us for -- to get comparability here, 2009 revenue and EBITDA for ING REIM?

**Jim Groch** - CB Richard Ellis Group, Inc. - Chief Investment Officer

We haven't disclosed that, so, Gil, I'll turn that back to you.

**Gil Borok** - CB Richard Ellis Group, Inc. - CFO

Yes, I don't think we can do that. It's been disclosed in various historical financial statements, but we're not at liberty to disclose that ourselves.

**David Ridley-Lane** - BofA Merrill Lynch - Analyst

Okay. And do you have any -- Gil, maybe this is a question for you. Do you have any comments around assumed cost synergies in the acquisition?

**Gil Borok** - CB Richard Ellis Group, Inc. - CFO

We made a comment in the deck that it will be moderately positive. I think -- what I'll comment on is that there are two sources to synergies in this deal. One is certainly cost synergy, again it's moderately positive from that aspect, and then there will be, quote unquote, more broadly defining synergies. There will be, we believe, EBITDA contribution from, quote unquote, exhaust revenue or revenue from the cross-selling to the services business.

**David Ridley-Lane** - BofA Merrill Lynch - Analyst

Okay, got it. All right. That's great. Thank you very much.

**Operator**

(Operator Instructions). John Miller, Ariel Investments.



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I apologize, it looks like we no longer have the question.

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Great. Thank you, operator, and thank you, everyone, for dialing in and to sit on this public call. I would like to say to my own executive team, you all need to get some sleep and thank you for a Herculean effort here. This is really a wonderful outcome for the firm, our investors, and I hope the analysts agree. Thanks for your time.

**Operator**

Thank you, ladies and gentlemen, that does conclude our conference for today. Thank you for your participation. You may now disconnect.

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