

CBRE GROUP, INC.
Form DEF 14A
April 04, 2017
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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)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:
2. Aggregate number of securities to which transaction applies:
3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
4. Proposed maximum aggregate value of transaction:
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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:
2. Form, Schedule or Registration Statement No.:
3. Filing Party:

4. Date Filed:

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400 South Hope Street, 25th Floor

Los Angeles, California 90071

(213) 613-3333

April 4, 2017

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 19, 2017, at 121 South Tejon Street, Suite 900, Colorado Springs, Colorado at 8:30 a.m. (Mountain 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 2017 Annual Meeting
of Stockholders

May 19, 2017

8:30 a.m. (Mountain Time)

121 South Tejon Street, Suite 900, Colorado Springs, Colorado

AGENDA:

1. Elect the 11 Board-nominated directors named in the Proxy Statement;
 2. Ratify the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2017;
 3. Conduct an advisory vote on named executive officer compensation for the fiscal year ended December 31, 2016;
 4. Conduct an advisory vote on the frequency of future advisory votes on named executive officer compensation;
 5. Approve the 2017 Equity Incentive Plan; and
 6. Transact any other business properly introduced at the Annual Meeting.
- Only stockholders of record as of March 20, 2017 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 that 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. If your common stock is held in the name of your broker, bank or other nominee and you want to vote in person, then you will need to obtain a legal proxy from the institution that holds your common stock indicating that you were the beneficial owner of our common stock on March 20, 2017.

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 4, 2017

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 4, 2017.

References in this Proxy Statement to CBRE, the company, we, us or our refer to CBRE Group, Inc. and include its consolidated subsidiaries, unless otherwise indicated or the context requires otherwise. References to the Board refer to our Board of Directors. A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, 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 2017 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, 2016. 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

Stockholders of record as of March 20, 2017 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 16-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 16-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. If your common stock is held in the name of your broker, bank or other nominee and you want to vote in person, then you will need to obtain a legal proxy from the institution that holds your common stock indicating that you were the beneficial owner of our common stock on March 20, 2017. |

Voting Matters and Board Recommendation

| Proposal | Board Vote Recommendation |
|---|------------------------------------|
| Elect Directors (page 6) | ü FOR each Director Nominee |
| Ratify the Appointment of Independent Registered Public Accounting Firm for 2017 (page 23) | ü FOR |
| Advisory Vote to Approve Named Executive Officer Compensation for 2016 (page 26) | ü FOR |
| Advisory Vote on the Frequency of Future Advisory Votes to Approve Named Executive Officer Compensation (page 27) | ü 1 YEAR |
| Approve the 2017 Equity Incentive Plan (page 61) | ü FOR |

Fiscal Year 2016 Business Highlights⁽¹⁾

We are the world's largest commercial real estate services and investment firm, based on 2016 global revenue of \$13.1 billion, with leading full-service operations in major metropolitan areas throughout the world. We provide services in the office, retail, industrial, multifamily and hotel sectors of commercial real estate.

Our service offering is supported by approximately 450 offices and more than 75,000 employees worldwide (excluding independent affiliates). We serve clients with people in more than 100 countries.

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 year 2016 performance, please review our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. 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 (i) mail to CBRE Group, Inc., Attention: Investor Relations, 200 Park Avenue, New York, New York 10166, (ii) telephone at (212) 984-6515 or (iii) e-mail at investorrelations@cbre.com.

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PROXY SUMMARY INFORMATION

In fiscal year 2016, we delivered strong results:

Our revenue totaled \$13.1 billion, up 20% from 2015.

Our fee revenue totaled \$8.7 billion, up 13% from 2015.⁽²⁾⁽³⁾

On a GAAP basis, net income for 2016 increased 5% to \$572.0 million and earnings per diluted share rose 4% to \$1.69 per share.

Our adjusted net income was \$778.5 million, up 13% from 2015.⁽³⁾

Our adjusted earnings per share (adjusted EPS) was \$2.30, up 12% from 2015.⁽³⁾

Our adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) was \$1.6 billion, up 10% from 2015.⁽³⁾

Our business mix continued to shift toward more recurring revenue with contractual fee revenue (which includes revenues from our Occupier-Outsourcing, Property Management, Investment Management and Valuation business lines) comprising approximately 42% of total fee revenue, up from 37% in 2015.⁽³⁾

We generated revenue from a well-balanced, highly-diversified base of clients. In 2016, our client roster included over 90 of the *Fortune 100* companies.

In 2016, we were ranked by *Forbes* as the 15th best employer in America, and in early 2017 for the fifth consecutive year, we were named a *Fortune* Most Admired Company in the real estate sector. This recognition reflects the strength of our brand and the high value we place on our people.

The following charts highlight our growth in adjusted EBITDA, adjusted net income and adjusted EPS for 2016 relative to 2015:

- (2) Fee revenue is gross revenue less client reimbursed costs largely associated with our employees that are dedicated to client facilities and subcontracted vendor work performed for clients.
- (3) These are non-GAAP financial measures. For supplemental financial data and a corresponding reconciliation of (i) revenue computed in accordance with GAAP to fee revenue and contractual fee revenue, (ii) net income computed in accordance with GAAP to adjusted EBITDA and (iii) net income computed in accordance with GAAP to adjusted net income and to adjusted EPS, in each case for the fiscal years ended December 31, 2016 and 2015, see Annex A to this Proxy Statement. 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, 2016, our Board and management use non-GAAP financial measures to evaluate our performance and manage our operations. However, non-GAAP financial measures should be viewed in addition to, and not as an alternative for, financial results prepared in accordance with GAAP. The term GAAP, as used in this Proxy Statement, means generally accepted accounting principles in the United States.

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| | |
|--------------------------------|--------------|
| Independent director nominees | 10 out of 11 |
| Independent Chair of the Board | Ray Wirta |

Director Elections

| | |
|---|-------------------------|
| Frequency of Board elections | Annual |
| Voting standard for uncontested elections | Majority Requirement |
| Director term limits | 12 Years ⁽⁴⁾ |
| Limit on number of Board-nominated executive officers | Maximum 1 |
| Proxy access for director nominations | Yes |

Evaluating and Improving Board Performance

| | |
|-----------------------|--------|
| Board evaluations | Annual |
| Committee evaluations | Annual |

Aligning Director and Executive Interests with Stockholder 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 is being voted on by stockholders at the Annual Meeting.

| Name | Director | | Principal Occupation | Other Public | |
|-----------------------|----------|-------|--|--------------|----------------|
| | Age | Since | | Committees | Company Boards |
| Brandon B. Boze* | 36 | 2012 | Partner of Value Act Capital | CC, GC | 0 |
| Beth F. Cobert* | 58 | N/A | Former Senior Partner at McKinsey & Company | N/A | 0 |
| Curtis F. Feeny* | 59 | 2006 | Managing Director of Voyager Capital | AC, GC, EC | 1 |
| Bradford M. Freeman* | 75 | 2001 | Partner of Freeman Spogli & Co. Incorporated | CC, GC | 0 |
| Christopher T. Jenny* | 61 | 2016 | Senior Advisor to Parthenon-EY | AC, GC | 0 |
| Gerardo I. Lopez* | 57 | 2015 | President and Chief Executive Officer of Extended Stay America, Inc. | CC, GC | 2 |
| Frederic V. Malek* | 80 | 2001 | Chairman of Thayer Lodging Group | CC | 1 |

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| | | | | | |
|--------------------|----|------|---|--------|---|
| Paula R. Reynolds* | 60 | 2016 | President and Chief Executive Officer of PreferWest, LLC | AC, CC | 3 |
| Robert E. Sulentic | 60 | 2012 | President and Chief Executive Officer of CBRE | EC | 1 |
| Laura D. Tyson* | 69 | 2010 | Distinguished Professor of the Graduate School, Walter A. Haas School of Business, University of California, Berkeley | AC | 2 |
| Ray Wirta* | 73 | 2001 | Chief Executive Officer of The Koll Company | EC | 0 |

*Independent Director

Board Chair

Key:

ACAudit and Finance Committee

CCCompensation Committee

ECExecutive Committee

GCCorporate Governance and Nominating Committee

(4) The application of this term-limit restriction does not go into effect until December 17, 2020 for any of the company's directors who were serving on the Board as of December 17, 2015. See Corporate Governance Term Limits on page 14.

Table of Contents**PROXY SUMMARY INFORMATION****Executive Compensation Highlights**

Our Philosophy We design our compensation programs to attract and retain accomplished and high-performing executives and to motivate those executives to consistently achieve short- and long-term goals that will create sustainable growth 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 2016, 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.

Say on Pay We received strong support for our executive compensation from our stockholders at our 2016 annual meeting of stockholders, at which over 97% of the votes cast on the say on pay proposal were in favor of the 2015 compensation that we paid to our named executive officers.

2016 Financial Performance We achieved strong overall financial and operational performance in 2016. Historically, our

Board has set aggressive targets to achieve strategic growth and increase shareholder value, and our 2016 operating plan assumed continued solid growth over 2015. In 2016, we slightly missed our internal growth target primarily due to generally softer market-wide property sales volumes, virtually no carried-interest income from our Global Investment Management business, and tepid global economic growth, as compared with our expectations when the growth targets were established. As we describe in greater detail under the heading Compensation Discussion and Analysis beginning on page 28, our overall performance directly affected a portion of the compensation of all of our named executive officers, and the performance of our Americas segment, Development Services segment, Global Investment Management segment and Global Workplace Solutions business directly affected a portion of the compensation for three of our named executive officers: Calvin W. Frese, Jr. (our Global Group President, Geographies, and formerly our CEO Americas), T. Ritson Ferguson (the CEO of CBRE Global Investors) and William F. Concannon (our CEO Global Workplace Solutions).

2016 Compensation Set forth below is the 2016 compensation for our named executive officers and the principal capacity in which they served as of December 31, 2016. See the footnotes accompanying the Summary Compensation Table on page 48 for more information.

| Name and Principal Position | Year | Salary | Bonus | Stock Awards | Non-Equity | All Other | Total |
|-----------------------------|------|--------|-------|--------------|------------------------|-----------|-------|
| | | (\$) | (\$) | (\$) | Incentive Compensation | | (\$) |

| | | | | Compensation | | (\$) | |
|---|------|---------|------------------------|--------------------------|-----------|-------|-----------|
| | | | | (\$) | | | |
| Robert E. Sulentic | 2016 | 990,000 | 500,000 | 2,062,494 | 1,403,800 | 4,500 | 4,960,794 |
| President and Chief Executive Officer | | | | | | | |
| James R. Groch | 2016 | 770,000 | 300,000 | 1,499,982 | 1,081,700 | 4,500 | 3,656,182 |
| Chief Financial Officer and Global | | | | | | | |
| Director of Corporate Development | | | | | | | |
| T. Ritson Ferguson | 2016 | 800,000 | 756,713 ⁽¹⁾ | 3,799,883 ⁽²⁾ | 446,500 | 4,500 | 5,807,596 |
| Chief Executive Officer CBRE Global Investors | | | | | | | |
| Michael J. Lafitte | 2016 | 700,000 | 350,000 | 1,159,972 | 992,600 | 4,500 | 3,207,072 |
| Global Group President, Lines of Business and Client Care | | | | | | | |
| Calvin W. Frese, Jr. | 2016 | 680,000 | 300,000 | 1,124,994 | 957,700 | 4,500 | 3,067,194 |
| Global Group President, Geographies | | | | | | | |
| William F. Concannon ⁽³⁾ | 2016 | 675,000 | 300,000 | 1,024,989 | 848,900 | 4,500 | 2,853,389 |
| Chief Executive Officer Global Workplace Solutions | | | | | | | |

(1) Includes payment upon vesting of bonus amounts earned by Mr. Ferguson in prior years that were required to be deferred. For more information, please see the footnotes accompanying the Summary Compensation Table on page 48.

(2) Includes a one-time equity incentive award with a target grant date value of \$3,000,000 in connection with the Amended and Restated Employment Agreement we entered into with Mr. Ferguson, effective January 1, 2016. For more information regarding Mr. Ferguson's compensation arrangements under his Amended and Restated Employment Agreement, see Executive Compensation Employment Agreements on page 49.

(3) We have voluntarily elected to name Mr. Concannon in this Proxy Statement as an additional named executive officer.

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