

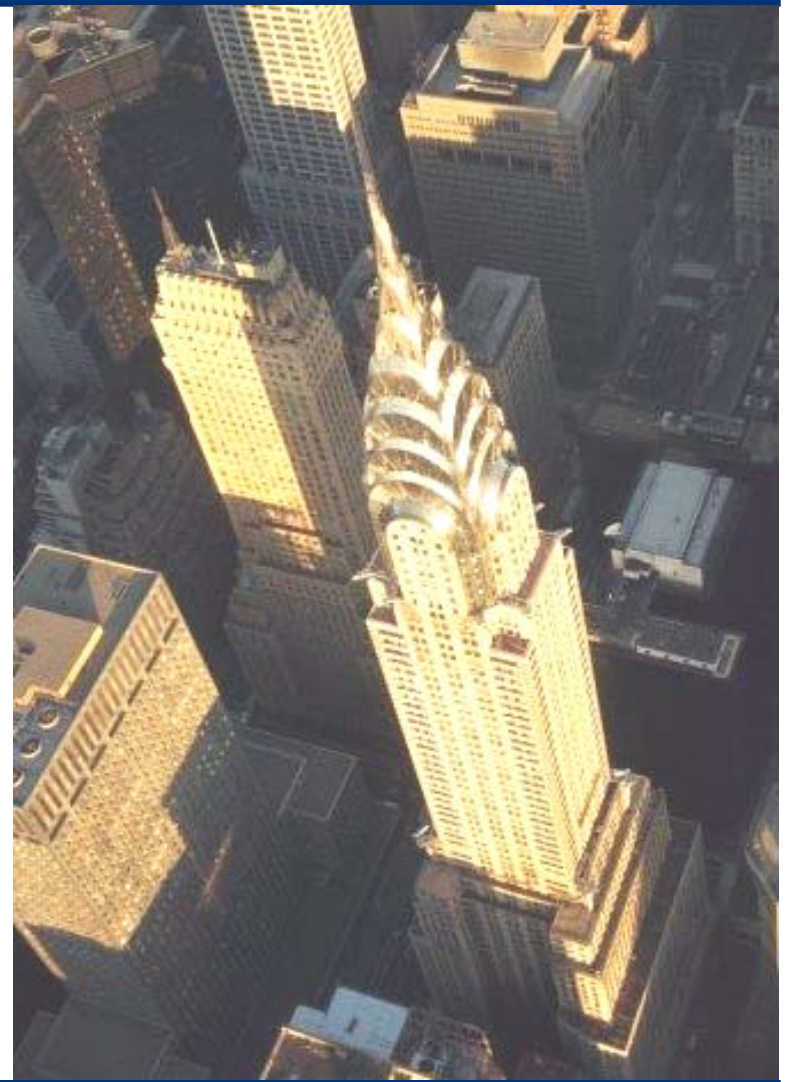
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# CB Richard Ellis Group, Inc.

**Third Quarter 2006**

**Earnings Conference Call**

**October 26, 2006**



## Forward Looking Statements

This presentation contains statements that are forward looking within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our growth momentum in 2006, future operations, the impact of acquisitions and future financial performance. These statements should be considered as estimates only and actual results may ultimately differ from these estimates. Except to the extent required by applicable securities laws, we undertake no obligation to update or publicly revise any of the forward-looking statements that you may hear today. Please refer to our current annual report on Form 10-K (in particular, Risk Factors) and our current quarterly report on Form 10-Q, which are filed with the SEC and available at the SEC's website (<http://www.sec.gov>), for a full discussion of the risks and other factors that may impact any estimates that you may hear today. We may make certain statements during the course of this presentation which include references to "non-GAAP financial measures," as defined by SEC regulations. As required by these regulations, we have provided reconciliations of these measures to what we believe are the most directly comparable GAAP measures, which are attached hereto within the appendix.

# Conference Call Participants

- Brett White, President & Chief Executive Officer
- Kenneth J. Kay, Sr. Executive Vice President & Chief Financial Officer
- Christopher Ludeman, President, U.S. Brokerage
- Shelley Young, Director, Investor Relations

## Q3 2006 Summary

- Strong performance across virtually all business lines and geographies
- Acceleration of leasing activity in major markets
- Significant growth in outsourcing businesses directed to institutional and corporate clients
- Meaningful contributions from acquisitions



## Q3 2006 Performance Highlights

### Revenue

- \$903.9 million
- \$159.7 million, or 21% higher than the prior year quarter
- Approximately two thirds of the revenue increase was organic
- 16<sup>th</sup> straight quarter of double-digit year-over-year organic revenue growth

### Net Income

- GAAP: \$92.3 million
- \$35.4 million, or 62% higher than the same quarter last year
- Adjusted: \$94.5 million
- \$37.0 million, or 64% higher than the same quarter last year

### EPS<sup>1</sup>

- GAAP: \$0.39
- Increased 56% as compared to \$0.25 for the prior year quarter
- Adjusted: \$0.40
- Increased 60% as compared to \$0.25 for the prior year quarter

### Operating Income

- \$138.9 million
- \$43.0 million, or 45% higher than the prior year quarter

### EBITDA

- \$163.5 million
- \$52.3 million, or 47% higher than the prior year quarter

1. All EPS information is based upon diluted shares.

## Q3 2006 Financial Results

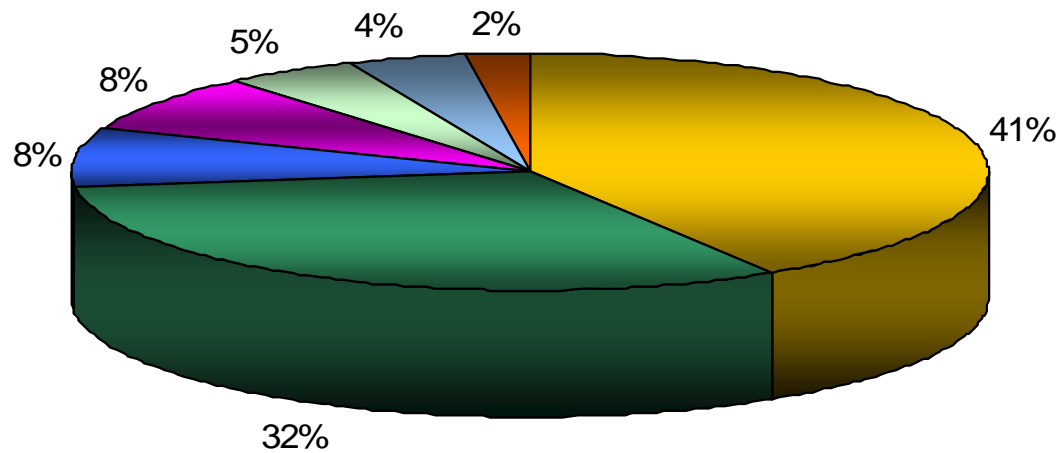
(\$ in millions)	2006	2005	% Change
Revenue	<b>903.9</b>	744.2	21
Cost of Services	<b>457.0</b>	380.9	20
Operating, Administrative & Other	<b>293.1</b>	255.7	15
Equity Income from Unconsolidated Subsidiaries	<b>9.1</b>	4.0	128
Minority Interest (Income) Expense	<b>(0.6)</b>	0.4	N/A
EBITDA	<b>163.5</b>	111.2	47
<u>One Time Charges:</u>			
Integration Costs	<b>2.1</b>	1.4	50
Normalized EBITDA	<b>165.6</b>	112.6	47








# YTD 2006 Financial Results

(\$ in millions)	2006	2005	% Change
Revenue	2,420.2	1,954.6	24
Cost of Services	1,210.0	987.7	23
Operating, Administrative & Other	841.9	720.7	17
Equity Income from Unconsolidated Subsidiaries	26.0	23.4	11
Minority Interest Expense	1.2	1.7	-29
EBITDA	393.1	267.9	47
<u>One Time Charges:</u>			
Integration Costs	5.5	6.2	-11
Normalized EBITDA	398.6	274.1	45

# 2006 Revenue Breakdown

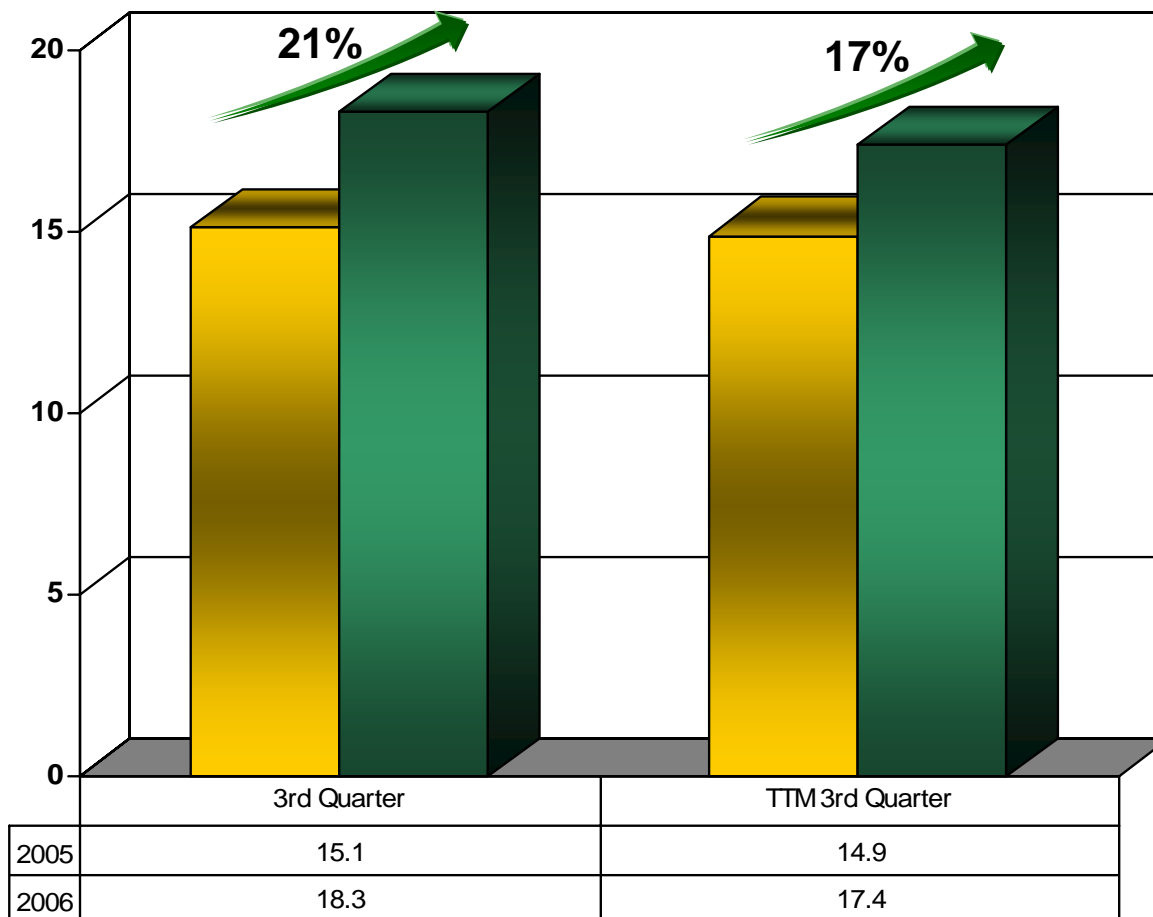
## 3<sup>rd</sup> Quarter, 2006



(\$ in millions)	Three months ended September 30,			Nine months ended September 30,		
	2006	2005	% Change	2006	2005	% Change
 Leasing	<b>370.7</b>	272.3	36	<b>961.0</b>	733.1	31
 Sales	<b>290.1</b>	286.2	1	<b>818.7</b>	729.7	12
 Appraisal and Valuation	<b>72.4</b>	54.4	33	<b>193.7</b>	142.8	36
 Property and Facilities Management	<b>69.2</b>	49.5	40	<b>194.0</b>	149.9	29
 Investment Management	<b>43.2</b>	34.1	27	<b>102.4</b>	71.1	44
 Commercial Mortgage Brokerage	<b>39.0</b>	36.0	8	<b>108.5</b>	97.0	12
 Other	<b>19.3</b>	11.7	65	<b>41.9</b>	31.0	35
<b>Total</b>	<b>903.9</b>	744.2	21	<b>2,420.2</b>	1,954.6	24

# Normalized EBITDA Margins

*Significant margin improvement*



■ 2005 ■ 2006

Note:  
EBITDA margins exclude integration expenses related to acquisitions.

# Consolidated Balance Sheets

(\$ in millions)	As of		Variance
	09/30/2006	12/31/2005	
<b>Assets</b>			
Cash and cash equivalents	138.3	449.3	(311.0)
Restricted cash	8.7	5.2	3.5
Receivables, net	504.4	483.2	21.2
Warehouse receivable <sup>1</sup>	92.9	256.0	(163.1)
Property and equipment, net	153.8	137.6	16.2
Goodwill and other intangible assets, net	1,075.9	989.7	86.2
Deferred compensation assets	184.5	144.6	39.9
Other assets, net	435.6	350.1	85.5
<b>Total assets</b>	<b>2,594.1</b>	<b>2,815.7</b>	<b>(221.6)</b>

1. Represents Freddie Mac loan receivables, which are offset by the related non-recourse warehouse line of credit facility.

## Consolidated Balance Sheets (cont.)

(\$ in millions)	As of		Variance
	09/30/2006	12/31/2005	
<b>Liabilities</b>			
Current liabilities, excluding debt	<b>750.3</b>	853.7	(103.4)
Warehouse line of credit <sup>1</sup>	<b>92.9</b>	256.0	(163.1)
Revolving credit facility	<b>139.8</b>	-	139.8
Senior secured term loan tranche B	-	265.2	(265.2)
11 <sup>1/4</sup> % senior subordinated notes	-	163.0	(163.0)
9 <sup>3/4</sup> % senior notes	<b>130.0</b>	130.0	-
Other debt	<b>28.0</b>	19.0	9.0
Deferred compensation liabilities	<b>200.2</b>	172.9	27.3
Other long-term liabilities	<b>198.4</b>	155.4	43.0
<b>Total liabilities</b>	<b>1,539.6</b>	2,015.2	(475.6)
Minority interest	<b>28.7</b>	6.8	21.9
Stockholders' equity	<b>1,025.8</b>	793.7	232.1
<b>Total liabilities and stockholders' equity</b>	<b>2,594.1</b>	2,815.7	(221.6)

1. Represents the non-recourse warehouse line of credit facility, which supports the Freddie Mac loan receivables.

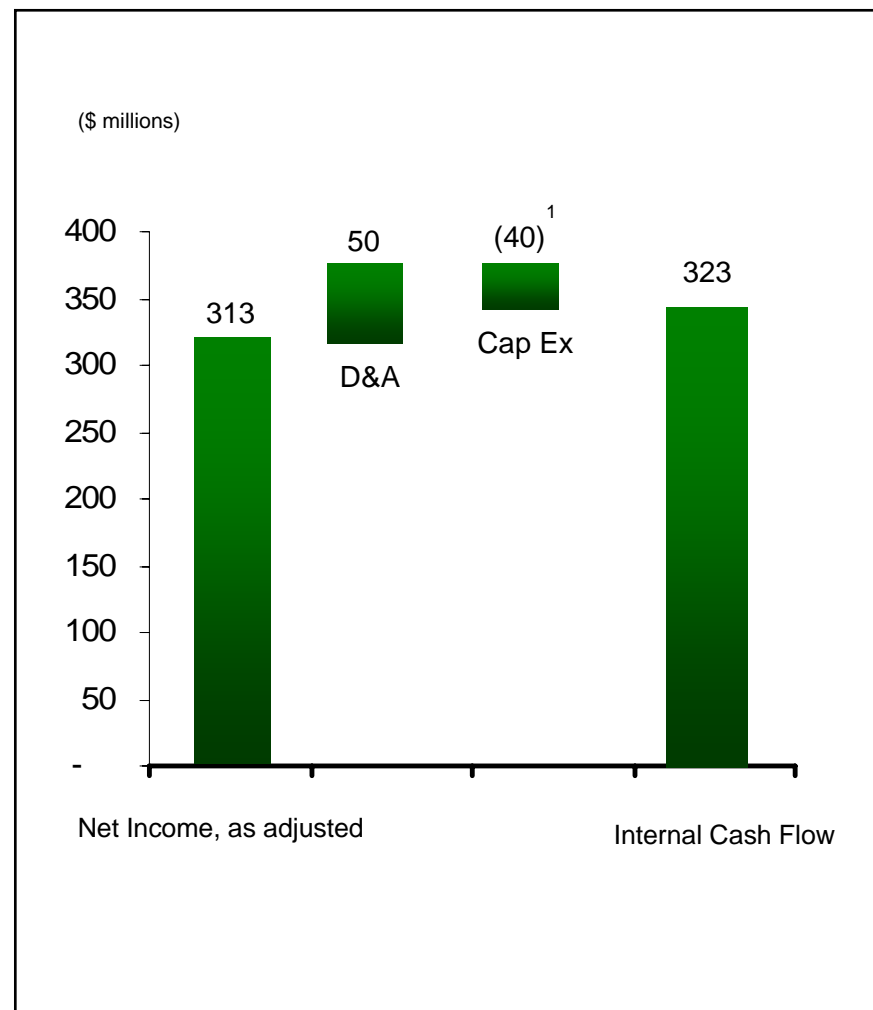
# Capitalization

(\$ in millions)	As of		Variance
	09/30/2006	12/31/2005	
Cash	<b>138.3</b>	449.3	(311.0)
Revolving credit facility	<b>139.8</b>	-	139.8
Senior secured term loan tranche B	-	265.2	(265.2)
11 <sup>1/4</sup> % senior subordinated notes	-	163.0	(163.0)
9 <sup>3/4</sup> % senior notes	<b>130.0</b>	130.0	-
Other debt <sup>1</sup>	<b>28.0</b>	19.0	9.0
Total debt	<b>297.8</b>	577.2	(279.4)
Stockholders' equity	<b>1,025.8</b>	793.7	232.1
Total capitalization	<b>1,323.6</b>	1,370.9	(47.3)
Total net debt	<b>159.5</b>	127.9	31.6

1. Excludes \$92.9 million and \$256.0 million of warehouse facility at September 30, 2006 and December 31, 2005, respectively.

## Q3 2006 Trailing Twelve Months Normalized Internal Cash Flow

- Strong cash flow generator
  - ➔ *\$114 million, or 55% improvement from same period last year*
- Low capital intensity
- Utilization of internal cash flow
  - ➔ *Debt reduction of approximately \$279 million during the nine months ended September 30, 2006<sup>2</sup>*
  - ➔ *Co-investment activities*
  - ➔ *In-fill acquisitions*

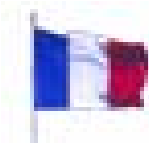


1. Represents capital expenditures, net of concessions.
2. Excludes warehouse facility.

# 2006 In-Fill Acquisitions



Austin Adams  
Holley Blake  
Oxford Property Consultants



CPMS  
Artequation



Immobiliere Developpement & Gestion  
Modus  
Sogesmaint



Rietmeijer



Predibisa



Noble Gibbons



Groupe Axival, Inc.



Advocate Consulting Group, Inc.  
Project Advantage, Inc.  
The Polacheck Company



IKOMA

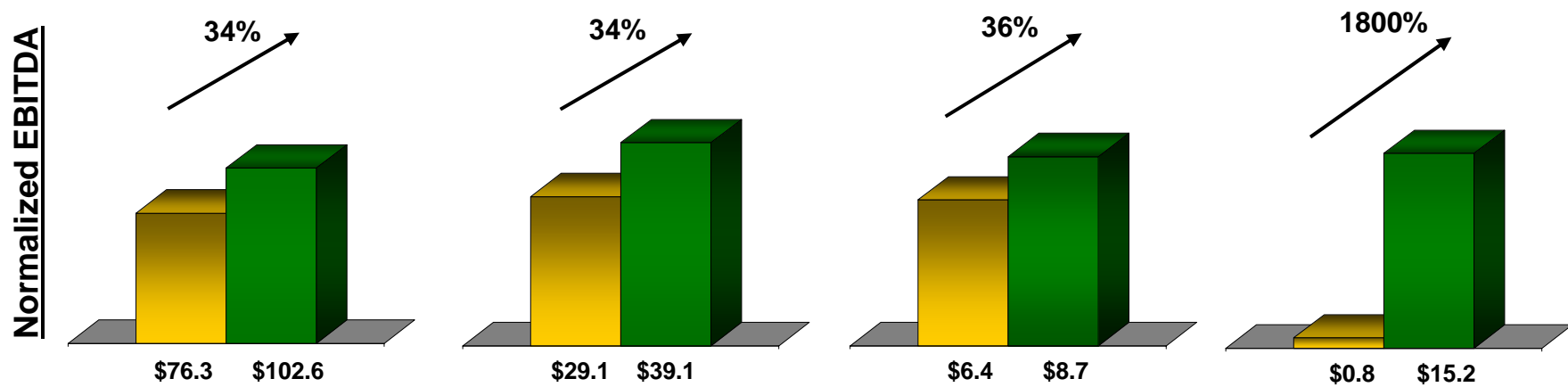
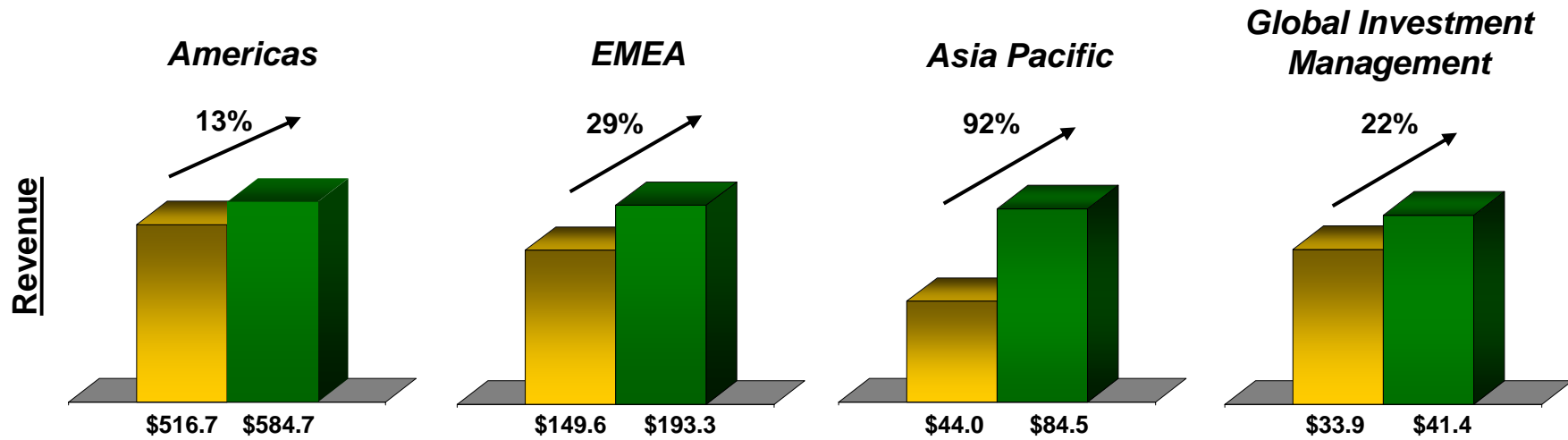


McCann Property & Planning  
Rafter and O'Hagan

- Purchase price for these acquisitions was approximately \$123 million
- Associated annual revenue estimated to be approximately \$195 million which includes consolidation of revenue resulting from the now majority owned IKOMA
- EBITDA margins expected to be consistent with CBRE margins upon full integration

# Q3 2006 Segment Performance

(\$ In millions)



# CBRE Recent Wins



## WPP Group

- Exclusive provider of real estate services in the Americas
- Transaction management and lease administration services for an 11 million sq ft portfolio



## Cintas

- Expanded relationship on a global basis
- Transaction management services for a 14 million sq ft portfolio



## Silverstein Properties

- Exclusive leasing agent for 7 World Trade Center
- Moody's Corporation has leased 600,000 sq ft at this first property to be rebuilt at Ground Zero in lower Manhattan



## Empire State Building

- Exclusive leasing agent for the world's most recognizable office building
- Repositioning and marketing the 2.7 million sq ft office and retail space

*\*The Empire State Building design is a trademark of Empire State Building Company, LLC*



## MetLife

- Sale of Peter Cooper Village and Stuyvesant Town in New York City
- The 11,232 unit residential complex is in contract to sell for \$5.4 billion, the largest assignment in U.S. real estate history



## Bixby Land Company

- Outsourced its entire third-party property management portfolio to CBRE
- 2.5 million sq ft industrial and retail portfolio



## Kyard Properties (UK) Limited

- Disposition of its leasehold interests in Arundel Great Court and the Howard Hotel in London valued at \$568 million

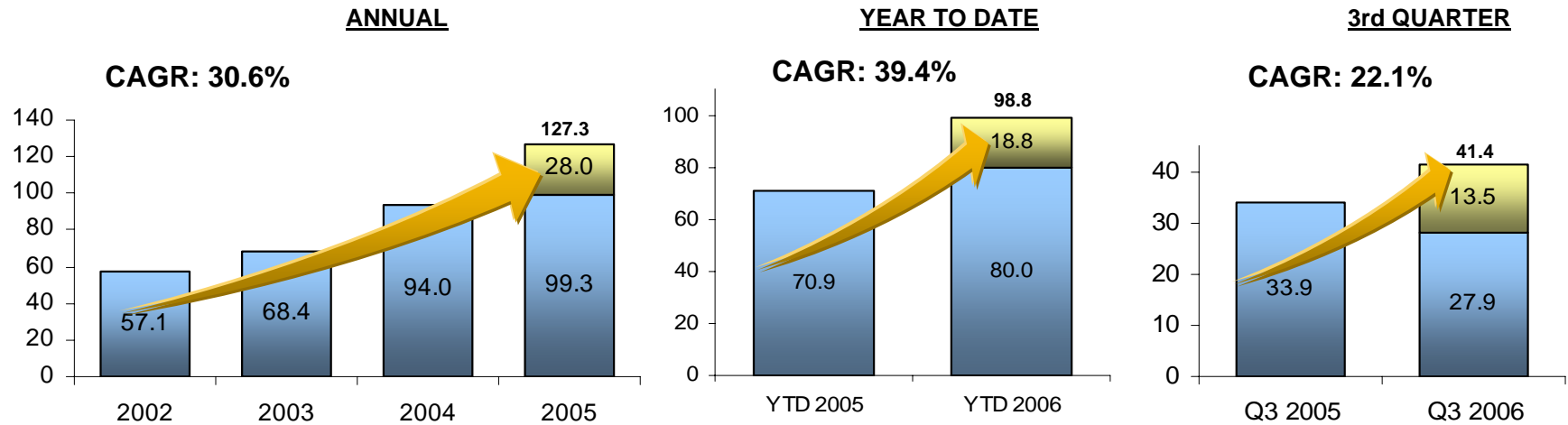


## R&F Center

- Exclusive leasing agent for R&F Center, a 1.3 million sq ft office building in Guongzhou, China
- The 54 story building is the largest new development in the city's central business district

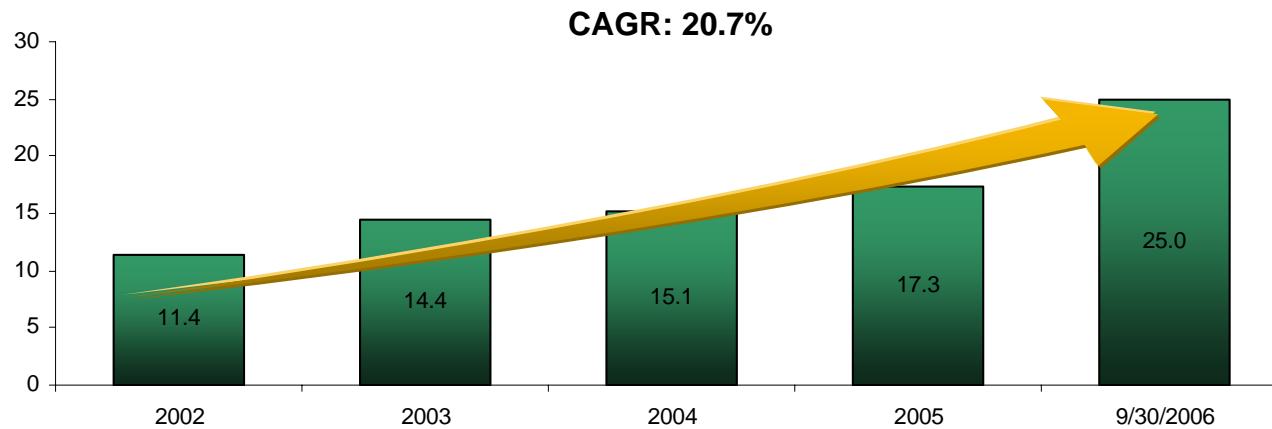
# Investment Management Growth

**Revenue** (\$ in Millions)  
■ Carried Interest  
■ Investment Management



## CBRE's Assets Under Management

(\$ in Billions)



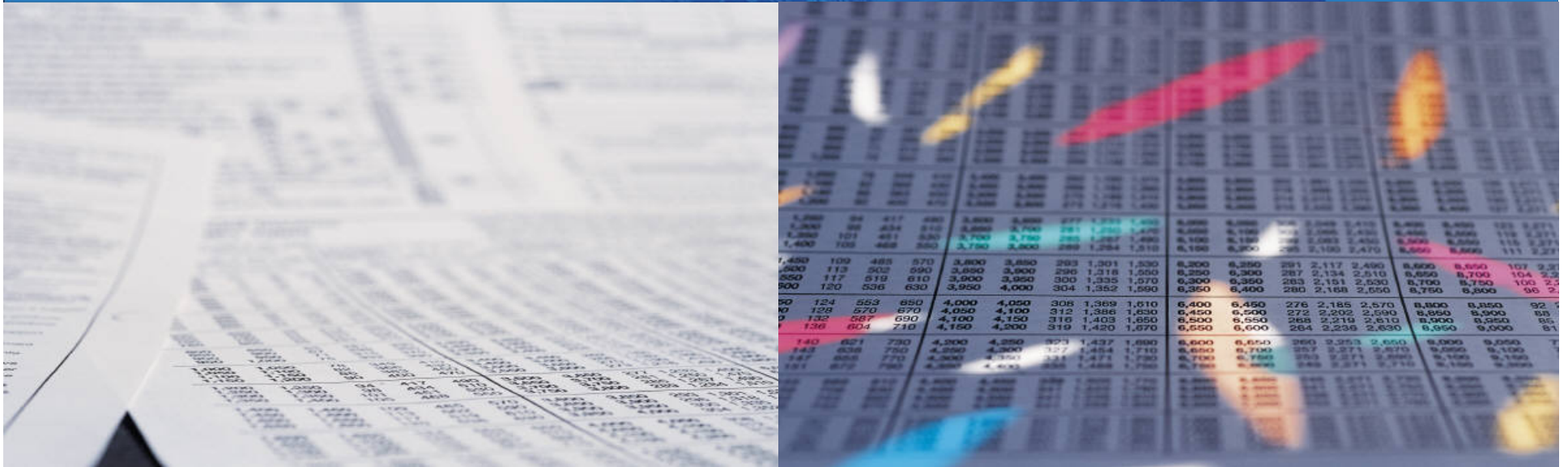
## Global Investment Management Carried Interest

- Carried interest pertains to certain real estate investment funds from which CBRE earns an additional share of the profits from the fund once its performance meets certain financial hurdles
- Dedicated fund team leaders and executives in our investment management company have been granted a right to participate in the carried interest, with participation rights vesting over time
- During the nine months ended September 30, 2006, the company recognized \$18.8 million of revenue from funds liquidating (carried interest revenue), and recorded a total of \$22.8 million of carried interest incentive compensation expense, only \$2.0 million of which pertained to the above mentioned \$18.8 million of revenue, with the remainder relating to future periods' revenue
- The impact on segment EBITDA of the additional incentive compensation expense related to carried interest revenue not yet recognized is reflected as follows:

(\$ in millions)	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2006	2005	2006	2005
Normalized EBITDA	15.2	0.8	25.6	9.3
Add Back:				
Accrued incentive compensation expense related to carried interest revenue not yet recognized	4.8	10.3	20.8	20.3
Pro-forma Normalized EBITDA	20.0	11.1	46.4	29.6

- The company expects to recognize carried interest revenue from funds liquidating in future quarters and we believe that such carried interest revenue will more than offset the \$4.8 million additional incentive compensation expense accrued in the third quarter of 2006. As of September 30, 2006, the company maintained a cumulative remaining accrual of such compensation expense of approximately \$24.0 million, which pertains to anticipated future carried interest revenue

# Updated 2006 Full Year Guidance



Excluding one-time items, the Company expects full year diluted earnings per share growth of approximately 45% as compared to 2005 performance

# Summary

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Rental rates are rising as vacancy rates decline

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Buoyancy of the leasing market more than offset the expected pullback in investment sales activity

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Continued favorable corporate and institutional outsourcing trend

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Significant growth in assets under Investment Management

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# Appendix



## Reconciliation of Net Income to Net Income, As Adjusted

(\$ in millions)	Three Months Ended September 30,	
	2006	2005
Net income	92.3	56.9
Amortization expense related to net revenue backlog acquired in acquisitions, net of tax	0.8	-
Integration costs related to acquisitions, net of tax	1.4	0.6
Loss on extinguishment of debt, net of tax	-	-
Net income, as adjusted	94.5	57.5
Diluted income per share, as adjusted	\$ 0.40	\$ 0.25
Weighted average shares outstanding for diluted income per share, as adjusted	233,943,772	230,331,813

## Reconciliation of Normalized EBITDA to EBITDA to Net Income

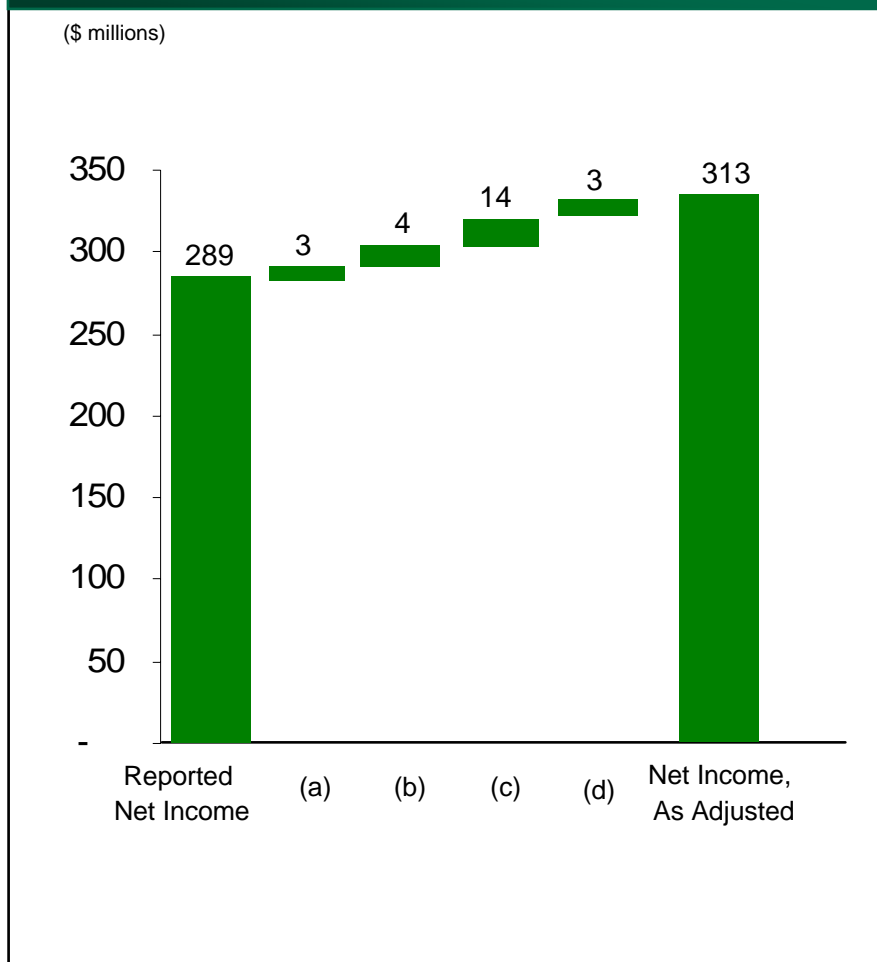
(\$ in millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Normalized EBITDA	165.6	112.6	398.6	274.1
Less:				
Integration costs related to acquisitions	2.1	1.4	5.5	6.2
EBITDA	163.5	111.2	393.1	267.9
Add:				
Interest income	1.0	2.3	7.6	7.9
Less:				
Depreciation and amortization	14.9	11.7	42.1	32.8
Interest expense	7.5	15.8	34.7	42.8
Loss on extinguishment of debt	-	0.6	22.3	7.4
Provision for income taxes	49.8	28.5	108.1	70.9
Net income	92.3	56.9	193.5	121.9

## Reconciliation of Normalized EBITDA to EBITDA to Net Income

(\$ in millions)	Trailing Twelve Months	
	Q3 2006	Q3 2005
Normalized EBITDA	585.8	411.1
Less:		
Integration costs related to acquisitions	6.4	8.8
EBITDA	579.4	402.3
Add:		
Interest income	9.0	10.7
Less:		
Depreciation and amortization	54.8	47.7
Interest expense	46.3	56.9
Loss on extinguishment of debt	22.3	7.4
Provision for income taxes	176.1	112.7
Net income	288.9	188.3

## Reconciliation of Net Income to Net Income, As Adjusted

### TTM 3rd Quarter 2006 Results



- (a) Amortization expense related to net revenue backlog acquired in acquisitions<sup>1</sup>
- (b) Integration costs related to acquisitions<sup>1</sup>
- (c) Costs of extinguishment of debt<sup>1</sup>
- (d) Tax expense related to the repatriation of foreign earnings under the American Jobs Creation Act of 2004

1. Net of tax.

## Reconciliation of Normalized EBITDA to EBITDA to Net Income (Loss)

(\$ in millions)	Americas		EMEA		Asia Pacific		Global Investment Management	
	Three Months Ended Sept. 30,		Three Months Ended Sept. 30,		Three Months Ended Sept. 30,		Three Months Ended Sept. 30,	
	2006	2005	2006	2005	2006	2005	2006	2005
Normalized EBITDA	102.6	76.3	39.1	29.1	8.7	6.4	15.2	0.8
Less:								
Integration costs associated with acquisitions	1.3	1.2	0.4	0.2	0.4	-	-	-
EBITDA	101.3	75.1	38.7	28.9	8.3	6.4	15.2	0.8
Add:								
Interest income	0.6	1.9	0.2	0.3	0.1	-	0.1	0.1
Less:								
Depreciation and amortization	9.1	8.1	3.3	2.5	2.0	0.6	0.5	0.5
Interest expense	5.4	11.4	0.8	2.4	0.8	0.7	0.5	1.3
Loss on extinguishment of debt	-	0.6	-	-	-	-	-	-
Provision for income taxes	32.5	19.4	8.8	7.2	2.4	1.8	6.1	0.1
Net income (loss)	54.9	37.5	26.0	17.1	3.2	3.3	8.2	(1.0)

# CBRE

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