

# Vancouver-based commercial real estate broker sells for \$110 million

BY BRUCE CONSTANTINEAU VANCOUVER SUN

EAL ESTATE | Vancouver-based commercial real estate broker Colliers Macaulay Nicolls Inc., which started out as a residential real estate firm in 1898, will be sold to FirstService Corporation of Toronto in a \$110-million deal announced Thursday.

The two sides have agreed on a plan that will see FirstService buy 70 per cent of CMN shares for \$10.06 US each. The rest of the shares will be held by about 240 senior CMN managers, brokers and employees under the deal that's expected to close on Nov. 30.

Colliers Macaulay Nicolls is by far the largest member of the international Colliers real estate network, with 80 offices in 20 countries and annual revenues of \$280 million US.

It's a private company owned by its managers and employees.

Company chairman John McLernon, who spearheaded much of its growth over the past 20 years, said the organization needed capital to grow and had become too big to remain an employee-owned company.

He said the arrangement with First-Service will allow CMN to complete its vision of becoming an even bigger global player, doubling in size over the next five years with expanded services and a greater presence in more markets.

"You have to evolve," he said in an interview.

"If we were just a Vancouver company today, we might not even be alive."

FirstService is a public company involved in several real estate services, including property management and commercial security systems. It currently operates the security system for Rockefeller Center in New York and has about \$1.3 billion US in total annual revenues.

FirstService president Jay Hennick said the Colliers Macaulay Nicolls acquisition is a great fit for his company, which has been keen to enter the commercial real estate market.

"They are global players in the international market and in the top three in every market they serve," he told analysts in a conference call. "... [CMN] will continue to grow internally and through acquisitions."

Hennick said he's pleased company employees will remain major shareholders in the business, with a vested interest in its future success.

McLernon, who will leave as chairman but remain as a special consultant after the deal goes through, said the time was right for a growth company like Colliers Macaulay Nicolls to seek new capital.

"It has been a good market around the world and people are interested in acquisitions now," he said.

CMN will maintain its name and its Vancouver base but Hennick will become the new chairman, operating out of Toronto.

Investors with more than 62 per cent of CMN shares have already agreed to support the transaction. The biggest shareholder is Montreal-based merchant bank Benvest Capital Inc., with 21.4 per cent of the company's outstanding common shares.

Benvest is divesting itself of assets as it focuses on the eyecare industry in Canada.

McLernon said he has no regrets about losing the Vancouver ownership base for the 106-year-old organization.

"If you spend too much time regretting things in life, you waste a lot of positive energy," he said. "The wisdom of the [management] group really believes that this is a very positive move going forward."

FirstService shares gained \$2 Thursday to close at \$33 on the Toronto stock exchange.



STEVE BOSCH/VANCOUVER SUN Colliers chairman John McLernon (foreground) said the sale to FirstService will allow the company to complete its vision of becoming an even bigger global player. Managers (from left) Kirk Kuester, Douglas Morison and Ron Bagan joined McLernon to celebrate the deal.

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## Roots go back to 1898

Colliers Macaulay Nicolls Inc. is based in Vancouver and traces its roots back to 1898, when Macaulay Nicolls Maitland was founded.

It has:

- Brokered some of the biggest real estate deals in B.C. in recent years, including the sale of the Pan Pacific Hotel/World Trade Centre and Metrotown shopping centre.
- 4,100 employees.
- 80 offices in 20 countries throughout North America, Asia Pacific, Latin America and central Europe
- Revenues that have grown from \$7 million in 1984 to \$280 million US in the past year.