



TRANSACTIONS - MAY 14, 2018

IN-DEPTH: Colliers makes transformational strategic investment in Harrison Street

BY ANDREA ZANDER

Colliers International Group has acquired 75 percent of Harrison Street Real Estate Capital from its founders for \$450 million, with an additional \$100 million payable in 2022, based on the company achieving certain accelerated performance targets.

“This strategic partnership is borne out of our desire to remain fully committed to the principles on which we were founded, while ensuring our employees and partners have the opportunity to flourish,” said Christopher Merrill, Harrison Street’s co-founder and CEO. “Colliers provides long-term stability and increased alignment among our team and limited partners.

The transaction, which is fully financed and subject to customary closing conditions, is expected to close by the third quarter of 2018.

Merrill added, “Ensuring stability, employee retention and furthering LP alignment have always been key priorities of the firm. Going forward, Harrison Street will be able to leverage Colliers global scale, network, research and balance sheet to source investment opportunities across new geographies and to develop new, innovative products to provide additional opportunities for our limited partners; and continue to attract best-in-class talent. Importantly, Harrison Street will continue to operate autonomously and we will retain 100 percent control of our Investment, Management and Executive Committees.

The senior management team of Harrison Street will hold the balance of the equity. Colliers expects the annual run rate of management fee revenue to be between \$100 million and \$115 million.

Merrill will serve as CEO, lead the operations and remain the largest individual shareholder. Harrison Street's senior management team will continue to operate the firm's day-to-day business as it always has, providing long-term stability for all of the firm's stakeholders.

"At the end of the day, this transaction is about growth and stability," said Merrill. "We have been successful because we have always put our investors first and sought to create an organization where our team's interests are aligned with those of our investors. This partnership, which will allow for a larger share of employees to participate in the future success of the enterprise and invest alongside our LPs, will deepen this alignment."