

Broll ends affiliate partnership with CBRE, pursues transformation goals

Following the recent conclusion of its affiliate partnership with US-based CBRE Group, the Broll Property Group is now looking towards achieving its transformation goals and becoming a black majority-owned business.

“As South African society changed, we realised we have a responsibility to ourselves, our shareholders and the public to conclude a BEE deal as soon as possible,” explains Jonathan Broll, chairman of the board at Broll. “After a protracted period of negotiations to be acquired by CBRE, it became apparent that an agreement satisfying this condition would not be reached. I believe that events have therefore unfolded to the advantage of all parties.”

Acquisition vs BEE



Malcolm Horne, Broll's group CEO

Broll entered into an affiliate agreement with CBRE in 2014 to service the American organisation's clients in regions where it had no presence, namely South Africa, Nigeria, Ghana and the Indian Ocean Islands. In terms of the contract, CBRE had the right of first refusal to acquire Broll and expressed an interest in doing so.

“During this time, we committed ourselves in earnest to transformation and began seeking a suitable BEE partner capable of carrying the business forward with the aim of finalising a transaction by the end of 2018,” relays Malcolm Horne, Broll's group CEO. “We have engaged with a suitable party and are now free to conclude a transaction which should see Broll as a proudly South African majority black-owned business with increased geographic reach and a substantial increase in size.”

According to Broll, both sets of negotiations ran concurrently but, by November 2018, it decided to prioritise the BEE transaction and formally requested CBRE to relinquish its right of first refusal by 30 November.

“CBRE informed us at close of business on 5th December that it had decided not to relinquish these rights but rather to end the affiliation,” says Horne. “While we were excited at the prospect of joining CBRE, we could not do so in good conscience at the cost of our BEE obligation as our South African business remains the heartbeat and major profit contributor to the group. We believe in transforming our economy and have taken the correct decision to prioritise this aspect of our business above all else.” With the agreement terminated, Broll is free to conclude its BEE deal and expects to announce details of the transaction in early 2019.