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FARKAS RETURNS: Former Insignia CEO Back in Brokerage With Deal To Acquire NAI Global

C-III Capital Expanding Platform By Adding Brokerage Network to Commercial Mortgage Servicing Business

Andrew L. Farkas, who led Insignia Financial Group to become one of the largest commercial real estate services companies in the world before selling it to CB Richard Ellis in 2003, announced an agreement to acquire NAI Global through C-III Capital Partners LLC (C-III), the Texas-based real estate services firm principally owned by Farkas' Island Capital Group.

In announcing the deal, Farkas said he plans to follow the same game plan he used to build Insignia, but he expects to surpass his previous firm's level of success by combining a diversified real estate services platform with a much broader asset base.

"C-III plans to use its asset base, along with strategic acquisitions such as NAI, to create a fully diversified commercial real estate services company," Farkas said in a statement announcing the agreement. "This is the strategy that was successful for Insignia. C-III is led by the same team that built Insignia, and with C-III's significantly larger asset base, I believe C-III can substantially exceed Insignia's success."

C-III expects the transaction to close in the third quarter of 2011. It did not disclose financial terms.

NAI Global manages a network of 5,000 commercial real estate professionals and 350 offices in 55 countries. NAI-affiliated firms complete over \$45 billion in transactions in a typical year, and manage more than 300 million square feet of commercial space worldwide. Following the acquisition, C-III said NAI Global would continue to operate as a separate company under its current management.

A leading commercial real estate services company engaged in a broad range of activities, including primary and special loan servicing, C-III was formed in March of last year following the acquisition of Centerline Capital Group's institutional real estate debt fund management and commercial mortgage loan servicing businesses.

Under Farkas, the firm has grown to provide mortgage origination, investment sales and title insurance services, and expanded its principal investment, loan origination fund management and primary and special loan servicing businesses.

C-III Asset Management, a wholly owned subsidiary of C-III Capital Partners, is a highly rated servicer (primary and special) of commercial real estate loans. It serves as the primary servicer for approximately \$20 billion and has been named special servicer for approximately \$127 billion of commercial real estate loans.

Connecting Capital Sources and Deal Flow

In addition to providing NAI Global with a jolt of capital, the deal has the potential to provide the brokerage network with an important source of deal flow, according to observers.

Currently C-III hires a number of brokerage firms to list its REO properties for sale, but primarily uses its existing in-house service: C-III Realty Services LLC. The strategic acquisition of NAI enables C-III to

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provide broader leasing and sales services for the properties associated with its lending and mortgage service business, under a more diversified platform.

NAI executives said they expect to significantly grow its service offerings and provide new opportunities to its members as a result of the transaction.

"The combination with C-III will provide a depth of resources, talent and tools from which we can draw upon to accelerate our growth," said Jeffrey M. Finn, president and CEO of NAI Global. "Rarely do you find partners so perfectly strategically aligned as NAI Global and C-III. This is a natural fit and extremely exciting news for the industry."