



Columbia Property Trust to acquire Normandy Real Estate Management

November 19, 2019 - New York City

New York, NY Columbia Property Trust, Inc. has signed a definitive agreement to acquire Normandy Real Estate Management, LLC, a leading developer, operator and investment manager of office and mixed-use assets in New York, Boston, and Washington, D.C. Columbia will acquire Normandy's operating platform and its general partner interests in three active management funds in a cash and stock transaction with a total value of \$100 million exclusive of transaction and closing costs. The transaction is expected to close by year-end 2019 pending the completion of customary closing conditions.

"Expanding our platform – both our capabilities and presence in our key markets – is highly supportive of Columbia's long-term growth objectives. Combining the Columbia and Normandy teams enhances our mutual talent, resources and relationships, and strengthens our position as a leader in our target markets," said Nelson Mills, president and chief executive officer of Columbia.

"Beyond Normandy's proven sourcing, development and management capabilities, we've had the opportunity to experience their positive culture first hand through our joint projects in Manhattan," said Mills. "By joining forces, we will be able to provide fully integrated construction, development, leasing and property management services, as well as a complementary fund management platform to augment our core portfolio operations. All of this should greatly benefit our shareholders and our respective tenants, employees, and partners."

Over the past two decades, Normandy has built a highly respected record of acquiring, developing, redeveloping, repositioning, and managing real estate assets as exceptional investments with attractive yields. Normandy has acquired or developed over 30 million s/f of office space across New York, New Jersey, Boston, and Washington, D.C., including dozens of major headquarters facilities for leading companies. The firm has also completed many value-adding repositioning projects, and current projects in Manhattan include the Terminal Warehouse, an iconic 1.2 million s/f, brick-and-beam property in the West Chelsea Historic District, and 888 Broadway, a 237,000 s/f, architecturally significant redevelopment in the Flatiron District. In addition, Columbia and Normandy have previously announced joint venture partnerships on 799 Broadway, a 182,000 s/f, ground-up development project near Union Sq. Park, and the redevelopment of 250 Church St. in TriBeCa.

These development and repositioning projects have been funded by a series of discretionary real estate funds and joint ventures managed by Normandy and backed by a number of respected institutional investors. Normandy currently manages 14 million s/f of assets across the Northeastern

U.S. on behalf of its various fund investors and joint venture partners.

Founded in 2002, Normandy is led by partners Finn Wentworth, David Welsh, and Jeff Gronning. Wentworth is expected to join Columbia's board of directors. Welsh will serve as chairman of the investment committee for Normandy's Funds III and IV, in which Columbia will acquire general partner interests. Gronning is slated to become chief investment officer for Columbia, while fellow Normandy partners Gavin Evans and Paul Teti will also join Columbia's senior leadership team.

Wentworth said, on behalf of the Normandy founders, "The strategic combination of Columbia and Normandy will form a stronger company with an exceptional gateway market portfolio, a world-class team and a robust pipeline. We have tremendous respect for Columbia's strategy and leadership team, and, after launching two projects with them this past year, we've seen how well their culture and business model align with ours. We believe that combining our development expertise and deep relationships in New York, Boston and D.C. with Columbia's platform will create a formidable force in these markets. The combined company will be positioned to expand on our extensive records of success and deliver superior results for all stakeholders."

Key Strategic Benefits of the Transaction

- **Expanded Platform:** The acquisition further strengthens Columbia's sourcing, construction, and other key capabilities and adds a full development arm, while also creating a complementary fund management program to drive additional revenues.
- **Enhanced Execution:** By expanding Columbia's talent base, skill sets, relationships, resources, and key market presence, the acquisition of Normandy strengthens Columbia as a vertically integrated company with greater capacity to drive cash flow growth in its ongoing efforts to deliver sector-leading returns.
- **Greater Capital Access:** Normandy's deep bench of fund and joint venture relationships will enhance Columbia's existing access to capital sources. In turn, Normandy's existing partners and investors will benefit from Columbia's high-quality balance sheet that has the capacity to support additional growth.
- **Augmented Growth Strategy:** By acquiring a proven development platform and an expanded investment pipeline of value-add projects, Columbia will have incremental opportunities to build upon its long-term track record while enhancing the growth profile of its core portfolio.
- **Accretive Transaction:** Columbia expects the fee streams from Normandy's management businesses to be accretive to 2020 Normalized Funds from Operations and expects to realize longer-term benefits through operational synergies and greater scale.

Columbia will acquire the Normandy operating platform and real property interests for aggregate consideration of approximately \$100 million, exclusive of transaction and closing costs. This consideration will consist of \$13.5 million in cash and approximately \$86.5 million in convertible preferred units, issued at a strike price of \$26.50 per share.

In addition to Normandy's property and investment management businesses and their related fee streams, Columbia will acquire the general partnership interests and certain limited partnership interests totaling approximately 2 percent in each of Normandy Real Estate Fund III, LP; Normandy

Real Estate Fund IV, LP; and Normandy Opportunity Zone Fund, LP. Not included in the transaction are Normandy Real Estate Fund, LP and Normandy Real Estate Fund II, LP, as well as several mixed-use suburban development projects.

The transaction, which has been approved by Columbia's board of directors and Normandy's ownership partners, is expected to close before the end of the year, subject to various partner and lender consents, and other customary closing conditions. The transaction is not contingent upon receipt of financing.

Morgan Stanley is acting as exclusive financial advisor for Columbia; Kelley Drye & Warren and King & Spalding are acting as legal advisors to Columbia. Moelis & Company is acting as exclusive financial advisor and Goodwin Procter as legal advisor to Normandy.

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