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Columbia Property Trust acquires Normandy

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Boston, MA Columbia Property Trust, Inc. has closed on its acquisition of Normandy Real Estate Management, LLC, a developer, operator and investment manager of office and mixed-use assets in New York, Boston, and Washington, D.C. Columbia acquired the operating platform and real property interests of Normandy for aggregate cash and stock consideration of \$100 million, exclusive of transaction and closing costs. This consideration consisted of \$13.5 million in cash and \$86.5 million in convertible preferred units, issued at \$26.50 per share.

“This acquisition supports our strategy to drive financial performance for investors by strengthening our capabilities across key markets, while adding a full development arm and expanded pipeline,” said Nelson Mills, CEO of Columbia. “Our successful leasing and repositioning efforts have produced a well-leased portfolio of exceptional assets in New York, San Francisco, Washington, D.C. and Boston. The addition of this highly capable team’s talent, relationships, and market knowledge will fuel additional opportunities for us to build upon our long-term record of value creation for our shareholders.”

Anticipated Investment in Terminal Warehouse

Related to the acquisition of Normandy, Columbia has reached an agreement-in-principle to commit a \$53 million equity investment in the Terminal Warehouse joint venture. Upon completion of this investment, which is subject to continuing negotiations and is anticipated to close within the next 30 days, Columbia would become co-general partner alongside L&L Holding Company, LLC and Normandy Fund IV. The venture ? which also includes Allianz Real Estate; an institutional investor advised by J.P. Morgan Asset Management; two pension funds managed by LaSalle Investment Management; and a sovereign wealth fund managed by Stepstone ? intends to transform the 125-year old industrial warehouse, located on Eleventh Ave. in New York’s West Chelsea neighborhood, into a 1.2 million s/f, class A office and retail destination.

Transition of Normandy’s Management Businesses

With this transaction, Columbia has acquired Normandy’s property and investment management businesses and their related fee streams, as well as the general partnership interests and certain limited partnership interests totaling approximately 2% in each of Normandy Real Estate Fund III, LP; Normandy Real Estate Fund IV, LP; and Normandy Opportunity Zone Fund, LP.

Collectively, these funds represent approximately 7 million s/f of commercial real estate under management in the Northeastern U.S., including several prominent Manhattan projects. Among these are the Terminal Warehouse project and 888 Broadway in the Flatiron District, as well as the

previously announced joint venture partnerships Columbia formed with Normandy at 799 Broadway near Union Square Park and the redevelopment of 101 Franklin (formerly known as 250 Church Street) in TriBeCa.

As previously reported, Columbia expects the net fee streams from these property and investment management businesses to be modestly accretive to its net income and Normalized Funds from Operations for 2020.

Leadership Appointments

Effective with the closing of the Normandy transaction, Jeff Gronning, who founded Normandy with fellow partners Finn Wentworth and David Welsh, has been named executive vice president and chief investment officer of Columbia. Additionally, several other former partners of Normandy have been named to leadership positions with Columbia. Gavin Evans has been named executive vice president, acquisitions, and Paul Teti will serve as senior vice president, leasing and asset management. Other appointments of senior employees from Normandy include Steve Trapp, senior vice president, construction and development; and Steve Smith, senior vice president, property management.

Columbia also anticipates that its board of directors will elect Wentworth to the board as a non-executive director at the board's next meeting, in February.

Advisors

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

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540