

2 Commercial Property Giants to Combine in \$11.2 Billion Deal

By [DAVID GELLES](#)

American Realty Capital Properties and Cole Real Estate Investments, two of the largest commercial property owners in the country, are finally seeing eye to eye.

The two real estate investment trusts agreed to a \$11.2 billion deal on Wednesday in which American Realty will buy Cole with a mix of cash and stock, bringing an end to tensions between the companies that have simmered much of the last year.

The combined company will be one of the biggest commercial landlords in the country, leasing space to companies including Walgreens, Bed Bath & Beyond and FedEx.

The origins of the deal date to March, when American Realty made an unsolicited offer for Cole that would have derailed Cole's move to go public. Cole rejected the offer and went on to list on the New York Stock Exchange. Since the listing in June, Cole shares have climbed more than 17 percent.

Nonetheless, American Realty, the smaller of the two companies, still wanted to make a deal. It will pay 14 percent above Cole's closing stock price on Tuesday of \$12.82, and assume significant new debt in taking over the larger company.

"This merger represents a new beginning for former competitors, and we look forward to uniting two of the industry's most talented organizations," said Nicholas S. Schorsch, American Realty's chief executive. "Far more can be accomplished by these two great companies working together than either one could have hoped to achieve independently."

Under the terms of the deal, Cole stockholders can choose either 1.0929 shares of American Realty stock or \$13.82 cash for each Cole share.

Real estate investment trusts are in vogue right now as they pay almost no corporate taxes and return most earnings to investors through dividends, making them attractive stocks for investors to own.

As part of the deal, American Realty plans to increase its dividend to \$1.

Barclays and RCS Capital advised American Realty, and Proskauer Rose provided legal advice. Goldman Sachs advised Cole, and three law firms – Wachtell, Lipton, Rosen & Katz; Venable; and Morris, Manning and Martin – provided legal advice. Christopher H. Cole, the chief executive of Cole, and other executives received legal advice from Sullivan & Cromwell.