

The Deal

Aintabi's Blackwells Bids for Monmouth REIT

A public bid from the activist investor follows a private offer made earlier this month that proved to be a nonstarter.

The Deal

By Ronald Orol

21 December 2021

<https://pipeline.thedeal.com/article/27wtuikzml80jig5lgzcx/deal-news/activism/aintabis-blackwells-bids-for-monmouth-reit?cmpid=em:ca122120>

Jason Aintabi's activist investment vehicle Blackwells Capital LLC on Monday, Dec. 21, took its unsolicited \$1.8 billion cash effort to acquire industrial property-focused Monmouth Real Estate Investment Corp. (MNR) public, arguing that the bid provides shareholders with "immediately liquidity."

The insurgent investor, which settled a proxy fight with Colony Capital Inc. (CLNY) in March, argued that Monmouth has "significantly underperformed comparable industrial REITs."

The \$18 per-share bid represents a 21.6% premium to Monmouth's unaffected share price as of Dec. 1, when the fund privately submitted its first all-cash offer to the REIT's board chairman, Eugene Landy. The activist fund said it has received a "highly confident" letter from an institution that will provide financing for the deal and it also has received "limited partner commitments" to help with the transaction.

According to a person familiar with the situation, Blackwells received the highly confident letter from a bulge bracket bank. The fund has institutional and family office partners that could contribute to the deal.

Blackwells owns just less than 5% of Monmouth Real Estate, the person said, adding the REIT's enterprise value is about \$4 billion.

In a statement, Aintabi said that after the fund made its first offer on Dec. 1, it had a "constructive dialogue" with the REIT's CEO, Michael Landy, "who expressed enthusiasm and a desire to engage." However, soon after the fund said it received a "puzzling letter" from Landy's father, chairman Eugene Landy, indicating it would "not engage" with Blackwells.

According to the person, Blackwells' Dec. 1 offer was an introductory offer for engagement and was subsequently increased.

A Monmouth representative declined to comment.

Blackwells could launch a director contest to help drive its bid. The activist fund has done so previously on at least two occasions, and the deadline to nominate directors at Monmouth is Dec. 31 for a meeting expected in May. Monmouth's 13-person board is classified, but CEO Michael Landy; his father, Eugene; and his uncle Samuel Landy are on the slate up for election in 2021.

The insurgent fund has some experience with REITs that own industrial properties. In 2019, Colony Capital closed a deal to sell its Light Industrial logistics assets to Blackstone Real Estate Partners IX for \$5.7 billion following agitation from Blackwells.

Colony Capital CEO Tom Barrack Jr., a billionaire friend of President Donald Trump, expedited his departure from the real estate business under a mutual settlement agreement with Blackwells.