



## Why Pure Industrial Real Estate Trust Is Soaring Over 20%

### Description

#### What?

Industrial real estate investment trust (REIT) **Pure Industrial Real Estate Trust** (TSX:AAR.UN), or “PIRET” for short, is soaring over 20% today following its announcement that it has agreed to be acquired by New York-based Blackstone Property Partners for \$3.8 billion including debt.

#### So what?

The transaction values PIRET at \$8.10 per unit, which represents a premium of about 21% from the closing price of PIRET’s units on January 8 and a premium of about 27% to its current net asset value of about \$6.40 per unit, and this is an all-cash transaction.

The transaction is expected to close in the second quarter of 2018, and is subject to the usual conditions, which includes an approval of at least 66.67% of the votes cast by unitholders at an upcoming special meeting, court approval, and regulatory approval.

It’s also worth noting that PIRET will continue to pay monthly distributions of \$0.026 per unit until the transaction is completed, which gives it a yield of about 3.85%.

#### Now what?

Blackstone is a global leader in real estate investing, with approximately US\$111 billion in investor capital under management and a real estate portfolio that includes hotel, office, retail, industrial, and residential properties across the United States, Europe, Asia, and Latin America, so this acquisition makes perfect sense for the company. Tyler Henritze, the Head of North America Acquisitions for Blackstone, stated the following in the press release:

“We are excited to be acquiring PIRET, one of the premier Canadian industrial REITs, as a continuation of our global strategy to acquire high-quality logistics assets in key urban markets. The management team has done an excellent job building the portfolio and we

look forward to working together going forward.”

Including reinvested distributions, PIRET’s stock has returned more than 100% since I first recommended it on [July 13, 2015](#), and more than 21% since I last recommended it on [November 20, 2017](#), so this has been a big winner for any Foolish investors who have bought in along the way.

If you currently hold PIRET, you could sell now and chalk it up as a win, or you could hold on and collect your final monthly distributions leading up to the close of the transaction. Personally, I would take the win and use the capital to buy another great REIT, especially since the stock is trading above the acquisition price, as it currently trades at \$8.11 per unit as of 10:49 A.M. EST, but also because I never like to risk the possibility of a deal falling through.

## CATEGORY

1. Dividend Stocks
2. Investing

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