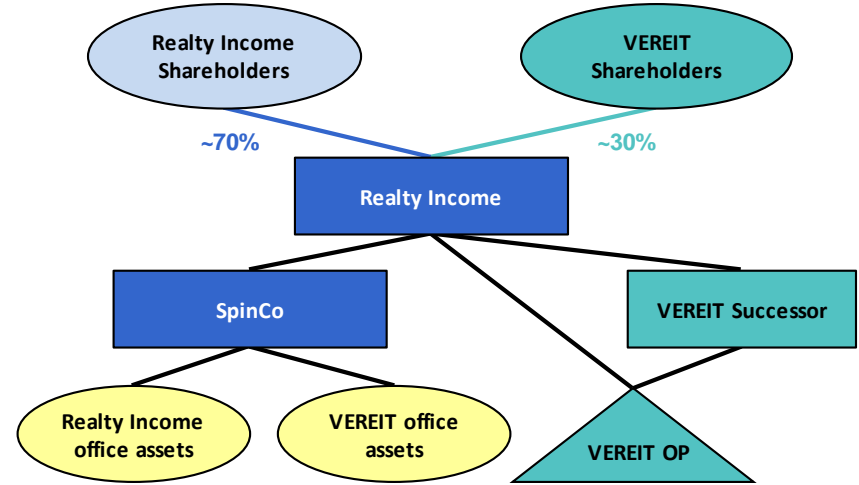


Case Study: Realty Income's Acquisition of VEREIT and Subsequent Spinoff of New REIT

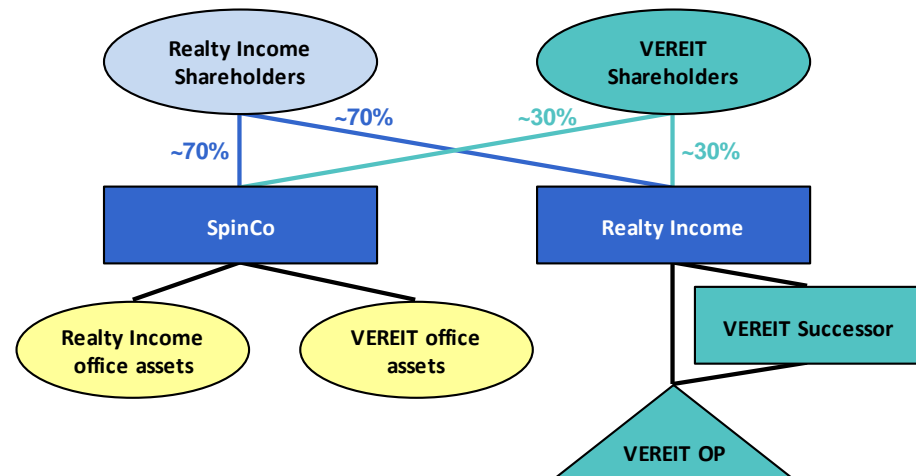
Transaction Overview

- On April 29, 2021, Realty Income Corporation (Realty Income) announced a definitive agreement to acquire VEREIT, Inc. (VEREIT) in an all-stock transaction, creating a combined company with an enterprise value of approximately \$50bn (the Merger). Immediately following the closing, the companies expect to effectuate a taxable spinoff (the Spinoff) of substantially all office assets of both companies into a new, self-managed, publicly-traded REIT (SpinCo).
- Pursuant to the merger agreement, a Realty Income subsidiary will merge with and into VEREIT's operating partnership (VEREIT OP) and VEREIT will merge with and into another Realty Income subsidiary (VEREIT Successor). VEREIT shareholders will receive 0.705 Realty Income shares for each VEREIT common share.
- Following the Merger, Realty Income and VEREIT will each contribute substantially all of its office real properties to SpinCo, a newly formed wholly-owned subsidiary of Realty Income, and Realty Income will distribute all the SpinCo stock to Realty Income's shareholders (including the historic VEREIT shareholders).
- Following the Merger and the Spinoff, Realty Income will continue as the surviving public entity. Realty Income and former VEREIT shareholders are expected to own approximately 70% and 30%, respectively, of each of Realty Income and SpinCo immediately after the Spinoff.
- Realty Income will continue to be led by President and Chief Executive Officer Sumit Roy and its existing senior management team. Michael D. McKee will remain Realty Income's Non-Executive Chairman. Upon closing, two VEREIT directors will be appointed to the Realty Income board. SpinCo's management team will be announced at a later date.
- The Merger and the Spinoff are each expected to close Q4 2021, subject to customary closing conditions.

Post-Merger Transaction Structure



Post-Spinoff Transaction Structure



For more information, please contact Linda Swartz, the Chair of Cadwalader's Tax Group, at linda.swartz@cw.com or 212 504 6062.