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REIT M&A and Strategy in 2022

REIT M&A proceeded at a fast clip in 2021, as did changes in the REIT environment and in many REITs' business models. We expect the trend to continue in 2022, spurred in many cases by Covid's continuing ripple effects, interest rates, private equity and non-traded REITs' dry capital, tech disruption, and activists.

As REIT boards and management teams recalibrate, and as they prepare for potential M&A, activism and possible further disruption, it will be important to think strategically and holistically about many fundamental issues. We list below 10 current matters of interest to REIT boards:

1. Strategic Options. Are the public markets properly valuing the company and its assets? Are there attractive and realistic strategic options that should be explored? Do any strategic options better enable the company to pursue opportunities aggressively?
2. Activism and Unsolicited Approaches. Is the company fully prepared for an activist approach? What are its vulnerabilities? What is the company's governance and defensive profile, and should any changes be made? Does the company have a plan for handling unsolicited strategic approaches, encompassing both bear hugs and casual passes? See our recent materials on [activism](#).
3. Business Model. Given recent seismic shifts, should the company consider adjusting its business model? Does the board have a good handle on technological and other changes that are reasonably likely to affect the company's business in the next few years?
4. ESG. Recognizing the growing importance of ESG, is the company taking ESG seriously enough and is it at the cutting edge? See our materials on [ESG](#).
5. Shareholder Engagement. Is the company engaging actively, and is it aligned, with its key shareholders, both actives and "passives," and other constituencies?
6. Exec. Comp. Do performance goals, retention packages and termination provisions need adjustment in order to create the right incentives and ensure that management is focused and energized? Our [Compensation Committee Guide](#) addresses the relevant considerations for compensation committees.
7. Succession Planning. Is a thoughtful plan in place? Succession planning is one of the most important roles of the board.
8. Board Best Practices. Are any steps needed to ensure that the board and committees are functioning well, that board meetings are collegial and productive, and that an appropriate "tone at the top" is being projected? Our firm's recent [Some Thoughts for Boards of Directors in 2022](#) and [Spotlight on Boards](#) may be of interest in this regard.

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9. Risk Management. Have the lessons from Covid been internalized and what other risks deserve discussion and focus? See our recent materials on [risk management](#).
10. Leadership. Do the board and management team have the skill sets and expertise to tackle all of the above, and if not, what changes or reinforcements may be prudent?

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