

## Boutique Targets At-The-Market Offerings

**Brinson Patrick**, a boutique New York-based investment bank, wants to work with more real estate investment trusts on at-the-market offerings (ATMO). The firm believes this way of raising capital is an efficient supplement to traditional secondary equity offerings, said **Todd Wyche**, founder. About half of all publicly traded REITs have ATMO facilities in place that allow them to issue small increments of common stock without going through the hoops of a traditional secondary equity offering. “The adoption rate has been picking up and accelerated greatly over the past two years when it has been difficult to get traditional secondary equity offerings done,” he added.

In 1998, Brinson Patrick completed the first ATMO for an equity REIT on behalf of **Centerpoint Properties**. It has raised more than \$650 million for mainly REIT clients since then. Like with a secondary equity offering, a REIT needs to have a shelf registration with the **Securities and Exchange Commission** and a sales and underwriting agreement. One difference, however, is that there is no roadshow. Also, the smaller size of the offerings allow REITs to raise small amounts of capital as needed, which is good for a company that is putting capital to work slowly, Wyche said. The typical size of a REIT ATMO facility is about \$50 million to \$400 million.

The firm is out in the market, talking to clients and prospects. Since 1998, REITs have raised about \$8.7 billion this way, according to research from Brinson Patrick. One factor that may appeal to REITs is more stable pricing than a traditional secondary offering. “The stock price of a REIT can drop 10-15% before a deal is even priced as an underwriter gauges interested,” Wyche said. “That’s not good for existing shareholders.”

Brinson Patrick receives a commission for each sale.