

THE MINI-TENDER UPDATE

For non-listed REITs and Limited Partnerships

February 3, 2015

Sponsored by The DI Wire and Pacific Partnership Group

REITs Covered in this Issue of The Mini-Tender Update

- Apple Hospitality REIT, Inc.
- SmartShop Self Storage, Inc.
- Behringer Harvard Opportunity REIT 1, Inc.
- Plus an Update on Recently Closed Tender Offers



WHAT IS A MINI-TENDER?

A mini-tender is an offer from a buyer to purchase five percent or less of the targeted asset. These types of tenders are exempt from many of the investor protections offered by larger fully registered tenders. The prices offered are often at

discounts to both the NAV of the asset and the price that may be obtained by a Seller in the Secondary Market. The SEC has commented on mini-tenders and offers advice at the link titled "Mini-Tender Offers: Tips for Investors." [Link](#)



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CURRENT MINI-TENDER OFFERS

Apple Hospitality REIT, Inc.

Description of REIT

This REIT is a result of the merger of Apple REIT 9 with Apple 7 and 8 that was completed on March 2014. The offering for Apple REIT 9 was closed in December of 2010. This REIT has \$3.8 billion dollars in assets invested in 188 properties in the hospitality sector. The current distribution rate is

\$.68 per share and the most recent share price provided by the Company is \$10.10. With the exception of death and disability, the redemption program is currently suspended. The most recent SEC filing for this REIT can be located at this [link](#).

Description of Tender Offer

The tender is being made by a purchaser named Coastal

Realty Business Trust, located in Moraga, CA. MacKenzie Capital Management, LP is named as the bidder because they control the Purchasers. The offer is for up to 1,000,000 shares at a price of \$7.25 per share. The offer, withdrawal rights, and proration period will expire at 11:59 p.m., PST, on January 23, 2015, unless the (Apple Continued) offer is

THE MINI-TENDER UPDATE

(*Apple Hospitality REIT Continued*) extended. The Purchaser and their affiliates currently own 0.5% of the outstanding shares of the REIT and the current tender, if successful, would add an additional 0.27% of the REIT to its holdings. The Tender Offer Statement can be viewed at this [link](#).

[Response from Apple Hospitality REIT](#)

The Board of Directors has recommended that the

shareholders reject the Tender Offer. Their reasons relate to the loss of long term value if tendered and the discount of the tender price in relation to the most recent third party valuation of the REIT. The offer of \$7.25 is 28.21% less than the most recent valuation of \$10.10 per share. The complete response to the Tender Offer by the Board of Directors of Apple Hospitality REIT can be viewed at this [link](#).

[Secondary Market Prices and Share Redemption Program Status](#)

The price in the Secondary Market for Apple Hospitality REIT has trended down since the Fall of 2014. From mid December 2014 to January 8 2015 sellers netted between \$7.60 and \$7.88 per share in the Secondary Market. With the exception of death and disability, the shared redemption program offered by the REIT is currently suspended.

SMARTSTOP SELF STORAGE, INC. (fna Strategic Storage Trust)

[Description of REIT](#)

The offering for this REIT closed on September 2013 and currently has \$740.6 million dollars in assets invested in 126 properties in the self storage sector. On September 5, 2014 the Company became self-managed and was rebranded as Smartstop Self Storage, Inc. The current distribution rate is annualized at \$.70 per share and the most recent share price provided by the Company is \$10.81. The dividend reinvestment price per share is \$10.27. Citigroup Global Markets has been hired to explore options for shareholder liquidity. The share redemption program

was terminated effective December 1, 2013. The most recent SEC filing for this REIT can be located at this [link](#).

[Description of Tender Offer](#)

The tender is being made by a purchaser named Coastal Realty Business Trust, located in Moraga, CA. MacKenzie Capital Management, LP is named as the bidder because they control the Purchasers. The offer is for up to 1,000,000 shares at a price of \$7.50 per share. The offer, withdrawal rights, and proration period will expire at 11:59 p.m., PST, on February 6, 2015, unless the offer is extended. The Purchaser and their affiliates

currently own 0.16% of the outstanding shares of the REIT and the current tender, if successful, would add an additional 1.74% of the REIT to its holdings. The Tender Offer Statement can be viewed at this [link](#).

[Response from SmartStop Self Storage, Inc.](#)

On January 2, 2015 the Board of Directors unanimously voted to recommend that the shareholders reject the Tender Offer. Their reasons relate to the loss of long term value if tendered and the discount of the tender price in relation to the Company's estimated net asset value per share of

(SmartShop Self Storage, Inc. Continued) \$10.81 as of June 30, 2014. The offer of \$7.50 is 30.61% less than the per share NAV. The complete response to the Tender Offer by the Board of Directors can be viewed at this [link](#).

Secondary Market Prices and Share Redemption Program Status

In the Fall of 2014 participants in the Secondary Market reported trades at be-

tween \$8.75 and \$9.00 per share. A Seller would have realized a net per share price at the low end of the range. The share redemption program is currently suspended.

BEHRINGER HARVARD OPPORTUNITY REIT 1, INC.

Description of REIT

The offering for this REIT was closed in December of 2007. There are \$328.6 million dollars in assets invested in 28 diversified commercial properties. The Company has experienced significant losses. Effective March 28, 2011, the Company suspended the share repurchase program and discontinued paying a regular distribution. The estimated valuation provided is \$3.58 per share as of October 31, 2014. The most recent SEC filing for this REIT can be located at this [link](#).

Description of Tender Offer

The tender is being made by

MacKenzie Capital Management, LP and its affiliates for up to 2.5 million shares at \$1.00 per share. This represents approximately 4.4% of the outstanding shares of the REIT. More details on this Tender Offer are pending a filing by MacKenzie Capital Management, LP.

Response from Behringer Harvard Opportunity REIT 1, Inc.

The Company has recommended that the shareholders reject the Tender Offer. Their reasons relate to the discount of the tender price in relation to estimated valuation of \$3.58, as of October 31, 2014. The offer of \$1.00 per share is 72.06%

less than the most recent valuation of \$3.58 per share. The complete response to the Tender Offer by the Company can be viewed at this [link](#).

Secondary Market Prices and Share Redemption Program Status

In the Fall of 2014 participants in the Secondary Market reported trades at between \$.90 and \$1.38 per share. A Seller would have realized a net per share price at the low end of the range. The share redemption program offered by the REIT is currently suspended.

RECENTLY COMPLETED MINI-TENDERS

DIVIDEND CAPITAL DIVERSIFIED PROPERTY FUND INC.

On November 20, 2014 MacKenzie Capital Management, LP and its affiliates filed a report stating that they have completed the tender of 221,274.423 shares at a price of \$3.50 per share. This will bring their total ownership in the REIT to approximately 0.22% of the total outstanding shares. [Link](#) to filing.

INLAND AMERICAN REAL ESTATE TRUST, INC.

On December 22, 2014 MacKenzie Capital Management, LP and its affiliates filed a report stating that they have completed the tender of 315,317 shares, or .04% of the outstanding shares, at a price of \$5.00 per share. [Link](#) to filing.

TIER REIT, INC.

On January 9, 2015 MacKenzie Capital Management, LP and its affiliates filed a report stating that they have completed the tender of 987,723.00 shares at a price of \$2.10 per share. This will bring their total ownership in the REIT to approximately 0.62% of the total outstanding shares. [Link](#) to filing.

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THE MINI-TENDER UPDATE

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