

Agellan Commercial Real Estate Investment Trust Announces Agreement with ELAD Canada and Sandpiper Group

- *Asset management has been internalized at a price of up to C\$13 million, of which C\$3 million is contingent upon the REIT achieving certain performance thresholds*
- *Three new, highly qualified trustees to join Agellan's Board.*
- *Agellan continues to execute on its strategic plan, focus on core industrial real estate in the U.S.*

TORONTO--(BUSINESS WIRE)--November 14, 2017--Agellan Commercial Real Estate Investment Trust (the "REIT" or "Agellan") (TSX: ACR.UN) announced today that it has entered into a strategic settlement agreement (the "Agreement") with ELAD Canada Inc. ("ELAD") and Sandpiper Group ("Sandpiper").

The Agreement is unanimously supported by the Board of Trustees of the REIT (the "Board") with Rafael Lazer, current Trustee and CEO of ELAD having declared his interest and abstained. As part of the Agreement, Sandpiper has withdrawn its previously announced unitholder meeting requisition and each of ELAD and Sandpiper have agreed with the REIT to vote in favour of the newly reconstituted Board at the annual meeting of unitholders to be held in 2018.

"We are pleased to have reached an agreement with ELAD and Sandpiper that we believe represents a positive outcome for all unitholders and avoids a costly proxy contest," said Frank Camenzuli, Chief Executive Officer of Agellan. "We look forward to continuing to execute on our strategic plan and growing Agellan into a dominant pure-play industrial REIT for years to come," added Mr. Camenzuli.

"We are excited that ELAD, together with Sandpiper, will get to play a more meaningful role in the future of Agellan and that the REIT's management team led by our CEO, Frank Camenzuli, remains an important partner of the REIT" said Mr. Lazer.

"We are appreciative that Agellan's Board worked constructively with Sandpiper and ELAD and are confident that the reconstituted Board is well positioned to support management in achieving the REIT's full potential," said Renzo Barazzuol, President & COO, Sandpiper.

Highlights of the Agreement include:

- Asset management of Agellan has been internalized and the purchase agreement terms have been amended to provide for a purchase price of up to C\$13 million. The purchase price consists of an upfront C\$10 million payment that was satisfied entirely with exchangeable Class B LP units of a subsidiary of the REIT and up to C\$3 million of contingent cash payments based on the REIT achieving certain performance thresholds for calendar years 2018 and 2019. In addition, the REIT's historical asset manager will now also be entitled to the 2017 incentive fee payment that had been previously waived as part of the original asset purchase agreement. Closing of the internalization occurred concurrently with the execution of the Agreement.
- The Board remains at seven members with the immediate addition of three, highly qualified individuals: Renzo Barazzuol, Dov Meyer and Aida Tammer. Richard Dansereau, Anthony Messina and Kelly Smith have voluntarily stepped down from the Board to make way for the new trustees; and
- Glen Ladouceur, the current Chair of the Audit Committee, has become the new Chairman of the Board of the REIT.

New Board Composition

The new Board consists of the following trustees:

- Existing Board members:
 - Mr. Glen Ladouceur, who has been appointed Chairman of the Board
 - Mr. Frank Camenzuli
 - Ms. Dayna Gibbs
 - Mr. Rafael Lazer
 - New Board members:
 - Mr. Renzo Barazzuol
 - Mr. Dov Meyer
 - Ms. Aida Tammer
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Mr. Meyer represents an agreed upon independent nominee by both ELAD and the REIT. Mr. Meyer is a well-respected real estate veteran who has considerable experience in the U.S. investment market both as a principal and as a lender. Mr. Meyer is the founder of Terra Firma Capital Corporation and was formerly the co-founder and Chief Investment Officer of IPC U.S. REIT, a TSX-listed, U.S. focused office REIT which was sold in 2007.

Mr. Barazzuol brings significant experience in real estate, finance, transactions and operations. He is currently Sandpiper's President and Chief Operating Officer and was formerly the Chief Financial Officer for the Aquilini Investment Group (2008-2016, initially as chief financial officer of the real estate development group). In addition, he held senior roles with Amica Mature Lifestyles Inc. from 1999 to 2008.

Ms. Tammer has 25 years of corporate governance, capital markets and real estate investment experience, having advised on numerous REIT IPO and M&A transactions, debt and equity offerings and property trades totaling over \$30 billion. She was formerly a trustee at Healthlease Properties REIT and a director at Tricon Capital Group and held senior positions with CIBC World Markets from 1998 to 2009.

"Agellan would like to thank Messrs. Dansereau and Messina and Ms. Smith for their dedicated service and meaningful contributions to the REIT. I would like to particularly thank Mr. Dansereau for his five years of leadership and guidance since the REIT's IPO," said Glen Ladouceur, new Chairman of the Board. "We are excited to continue to have the opportunity to work with Mr. Camenzuli and his team as part of an internally managed REIT going forward", added Mr. Ladouceur.

The Board is extremely pleased that it was able to avoid a costly and distracting proxy fight by reaching a resolution for the benefit of all unitholders. The REIT looks forward to updating unitholders in the near future on the continued execution of its strategic plan.

Forward-Looking Information:

This news release contains forward-looking information within the meaning of applicable securities legislation. Forward-looking information can be identified by words or expressions including, but not limited to, "plans", "expects", "scheduled", "estimates", "intends", "anticipates", "predicts", "projects", "believes", or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "should", "might", "occur", "be achieved" or "continue" or similar expressions. Forward-looking information is necessarily based on a number of estimates and assumptions that are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies, many of which are beyond the REIT's control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. As such, management can give no assurance that actual results will be consistent with the forward-looking information. While such assumptions are considered reasonable by management of the REIT based on the information currently available, any of these assumptions could prove to be inaccurate and, as a result, the forward-looking information based on those assumptions could be incorrect. These risks and uncertainties include, but are not limited to: the REIT's successful execution of its strategic plan, future growth potential; results of operations; future prospects for additional investment opportunities in Canada and the U.S., including access to debt and equity capital at acceptable costs, the ability to obtain necessary approvals and to minimize any unexpected costs or liabilities, environmental or otherwise, relating to any acquisitions or dispositions; demographic and industry trends remaining unchanged, including occupancy levels, lease renewals, the exercise of any early termination rights, rental increases and retailer competition; future levels of the REIT's indebtedness remaining at acceptable levels, including its credit rating; tax laws as currently in effect remaining unchanged, including applicable specified investment flow-through rules; and current economic conditions remaining unchanged, including interest rates and applicable foreign exchange rates. Readers, therefore, should not place undue reliance on any such forward-looking statements, as forward-looking information involves significant risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. All forward-looking information in this news release speaks only as of the date of this news release. The REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by applicable securities laws. All forward-looking statements in this news release are qualified by these cautionary statements. Additional information about these assumptions and risks and uncertainties is contained in the REIT's filings with securities regulators, including its current annual information form and MD&A.

About Agellan Commercial Real Estate Investment Trust

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario. The REIT has been created for the purpose of acquiring and owning industrial, office and retail properties in select target markets in the United States and Canada.

The REIT's 44 properties contain approximately 7.0 million square feet of gross leasable area, with the REIT's ownership interest at approximately 6.7 million square feet. The properties are located in major urban markets in the United States and Canada.

Additional information about the REIT is available at www.agellancommercialreit.com or www.sedar.com.

About ELAD Canada

ELAD Canada was established in 1997 and is part of the North American real estate conglomerate, ELAD Group, that acquires and develops residential and commercial properties. ELAD Canada's primary focus is the redevelopment of sites for mid- and high-rise condominiums within master planned communities. For more information about ELAD Canada, visit www.eladcanada.ca.

About Sandpiper

Sandpiper is a Vancouver-based private equity firm focused on investing in real estate through direct property investments and securities. For more information about Sandpiper, visit www.sandpipergroup.ca.

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