

Sweetheart \$15,000,000 Payout to Manager by Agellan Trustees Validates the Need for Urgent Change

- *Sandpiper Group calls for unitholder vote on \$15,000,000 payout to manager and replacement of five trustees by no later than November 7, 2017*
- *Sandpiper Group announces the support of well over 30% of outstanding units of Agellan, or over 84% of the number of votes cast at the last annual meeting, and humbly welcomes overwhelming incoming support*
- *Board of Trustees with negligible ownership has opportunistically announced an overpriced and highly dilutive internalization prior to year-end and the possible sale of a prime asset*
- *The questionable motivation for and timing of the internalization agenda is the latest in a pattern of decisions that ignore the voice of unitholders, destroy value and emphasize the need for an urgent change in leadership*
- *Sandpiper Group and its principals have a proven track record of creating substantial shareholder value and look forward to bringing a disciplined unitholder-first approach to Agellan*
- *Sandpiper Group calls on Agellan to respect inevitable change and work with unitholders to stop unfair \$15,000,000 payout and transition board in dignified and respectful manner*

VANCOUVER, September 19, 2017 –Sandpiper Group (“**Sandpiper**”), owners of over 10% of the outstanding units of Agellan Commercial Real Estate Investment Trust (“**Agellan**” or the “**REIT**”) (TSX:ACR.UN), announces it will be ensuring all unitholders have the ability to choose the direction of Agellan by requisitioning a special meeting of unitholders (the “**Requisition**”). The special meeting is being called to replace five incumbent trustees with Sandpiper’s independent nominees and to hold a vote on the shocking \$15,000,000 payout to the REIT’s manager. Sandpiper wants to give all unitholders a chance to voice their opinion on the future of their investment. Sandpiper has called for the unitholder meeting to occur by no later than November 7, 2017.

Sandpiper believes it is unfortunate that it has been forced to take this costly and distracting step after Agellan’s management rebuffed attempts at a constructive dialogue. The incumbent board of trustees’ (the “**Board**”) unwillingness to engage with a significant unitholder to come to an agreeable resolution, coupled with the expedited announcement of the \$15,000,000 payout of the management contract, is a clear demonstration, in our view, of the entrenchment and enrichment motives of the current Board.

Internalization Suggests Board Allegiance is With the Manager Not Unitholders

Sandpiper believes that the current Board has put the interests of the external manager, Agellan Capital Partners Inc. (“**ACPI**”), ahead of unitholders by hastily announcing a shocking deal to internalize the current management agreement. The deal is being funded by taking \$15,000,000 out of unitholders’ pockets and diluting unitholders by being settled primarily in the form of units (approximately 3% of the REIT) at a substantial discount to NAV, as readily stated by the CEO. The CEO of the manager has told Sandpiper Group that he believes NAV is \$14. *If you believe NAV is \$14+ wouldn’t it be nice to receive 3% of the company at nearly a 20% discount?*

Unitholders should be aware consensus analyst AFFO per unit estimates for 2017 suggest that the external manager is unlikely to meet the low-bar performance hurdle and is at risk of termination. If terminated, the payout is approximately \$10 million less than the \$15,000,000 valuation they have been awarded by the current Board. Under the provisions of the external asset management agreement

there is an option at the discretion of the Board to terminate the asset manager at a cost of approximately \$5 million (\$10 million less than the \$15 million announced internalization payout) if the AFFO per unit of Agellan fails to exceed \$0.99 in 2017.

While Sandpiper supports internalization in general as a good corporate governance practice, we take issue with the terms and timing. Sandpiper believes the current Board is rewarding ACPI for failure to deliver meaningful unit price performance or AFFO per unit growth while opportunistically issuing equity at a substantial discount to the NAV (\$14 +/- NAV as disclosed by the CEO) – a double whammy.

The REIT is on pace to pay out more than \$4 million of total fees to the external manager in 2017 (almost double the total amount of fees paid in 2013) while there has never been distribution growth for unitholders. With all entities and individuals related to the external manager owning less than 3% of the issued and outstanding units, we believe it is clear that their agenda to drive asset growth without regard for unitholders has almost exclusively benefitted their own misaligned interests.

Unitholders Already Support Sandpiper and Are Outraged By the Internalization Value

Sandpiper is a long-term investor that has invested nearly \$40 million into Agellan and believes the REIT has significant potential to evolve into a pure-play, US industrial leader and provide unitholders with sustained, superior performance.

Already a number of unitholders holding well over 30% of the outstanding units, including Agellan's largest unitholder, ELAD Canada Inc. owning 19%, have expressed support for Sandpiper's approach, their outrage of the internalization transaction and the need for a newly constituted Board. Rather than respect the voices of their unitholders, the current Board has made it clear the only way to explore a new path and increase accountability to unitholders is by requisitioning a meeting.

The Time for Change Is Now: New Trustees on the Same Side as Unitholders

Unitholders have a right to have their say on a decision that will take \$15,000,000 out of their pockets and hand 3% of the REIT over to ACPI months before ACPI could be terminated for underperformance. If their elected Trustee representatives are unwilling to listen to their concerns, unitholders have a right to select ones who will. The current Board requires substantial change to ensure the stewardship of your capital is in the right hands.

Pursuant to the Requisition, Sandpiper has put forward five new independent nominees to the Board with high-performance track records and proven ability to deliver results:

Renzo Barazzuol

- Will bring significant experience in real estate, finance, transactions and operations
- Sandpiper's President and Chief Operating Officer
- Formerly Chief Financial Officer for the Aquilini Investment Group (2008-2016, initially as CFO of real estate development group)
- Held senior roles with Amica Mature Lifestyles Inc. (1999-2008)

Colin Catherwood

- Adds over 18 years of expertise in real estate, capital markets and finance
- Vice President of Investments at Welltower Inc.
- Partner at Brookfield Financial (2007-2015)

Galia Feiler

- Seasoned professional with over 15 years of accounting, operational, investment, financial, and public company expertise
- Principal and Founder of Feiler Investments and Services
- Former CEO of Fishman Holdings North America (2005 - 2011)
- Held senior positions with BDO Dunwoody Canada (2001-2005) and KPMG, Israel

Ron Schwarz, CFA

- Will provide 25 years of capital markets, corporate governance, and industry experience
- Chair Audit Committee of CHC Student Housing and member of Compensation and Governance Committees
- Executive Director of UBS Global Asset Management Canada (2009-2011)
- Managing Director and Head of Canadian Cash Equities at CIBC Wholesale Bank (2006-2008)

Aida Tammer, CFA, ICD.D

- Adds 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
- Former trustee at Healthlease Properties REIT and director at Tricon Capital Group
- Held senior positions with CIBC World Markets (1998-2009)

ADVISORS

Sandpiper has retained Kingsdale Advisors as its strategic shareholder services advisor and strategic communications advisor. The Special Situations Group at Norton Rose Fulbright Canada LLP is acting as legal counsel.

SANDPIPER GROUP

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.

Information Concerning the Concerned Unitholder Nominees

As set out in the Requisition, Sandpiper has nominated Renzo Barazzuol, Collin Catherwood, Galia Feiler, Ron Schwarz and Aida Tammer (the **Concerned Unitholder Nominees**) to serve as new independent trustees to the Board until the next annual meeting of unitholders, or until their successors are elected or appointed in accordance with applicable law. The table below sets out, in respect of each Concerned Unitholder Nominee, his or her name, province or state and country of residence, his or her principal occupation, business or employment within the five preceding years, and the number of units (the **Units**) of Agellan beneficially owned, or controlled or directed, directly or indirectly, by such Concerned Unitholder Nominee.

Name, Province or State and Country of Residence	Present Principal Occupation, Business or Employment and Principal Occupation, Business or Employment During the Preceding Five Years	Number of Units Beneficially Owned or Controlled or Directed (Directly or Indirectly)
Renzo Barazzuol British Columbia, Canada	President and Chief Operating Officer of Sandpiper Asset Management Inc. from September 2016 to present; Chief Financial Officer for (and held other positions within) Aquilini Investment Group from July 2008 (starting as CFO of real estate development group) to September 2016	3,283,620 ⁽¹⁾
Colin Catherwood Ontario, Canada	VP Investments, Canada for Welltower Inc. from 2015 to present, Partner, Brookfield Financial from 2007 to 2015	Nil.
Galia Feiler Ontario, Canada	Founding Principal, Feiler Investments and Services from 2011 to present	Nil.
Ron Schwarz Ontario, Canada	Independent investor and corporate consultant from January 2012 to present; Executive Director of UBS Global Asset Management Canada from September 2009 to December 2011	15,000
Aida Tammer Ontario, Canada	Corporate director, real estate investor and consultant from 2010 to present	Nil.

(1) Of these, 2,504,700 Units are held by Sandpiper Real Estate Fund Limited Partnership, whose general partner is Sandpiper GP Inc., of which Mr. Barazzuol is an executive officer; 778,920 Units are held by Sandpiper Opportunity Fund 3 Limited Partnership, whose general partner is Sandpiper GP Inc., of which Mr. Barazzuol is an executive officer.

Other Boards of Reporting Issuers

As at the date hereof, Ron Schwarz is a director of CHC Student Housing (TSXV: CHC). No other Concerned Unitholder Nominee is currently a director or trustee of any other reporting issuer.

Other Information Concerning the Concerned Unitholder Nominees

Except as provided below, to the knowledge of Sandpiper, no Concerned Unitholder Nominee is, at the date hereof, or has been, within ten (10) years before the date hereof: (a) a director, chief executive officer or chief financial officer of any company that (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than thirty (30) consecutive days (each, an “order”), in each case that was issued while the Concerned Unitholder Nominee was acting in the capacity as director, chief executive officer or chief financial officer, or (ii) was subject to an order that was issued after the Concerned Unitholder Nominee ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; (b) a director or executive officer of any company that, while such Concerned Unitholder Nominee was acting in that capacity, or within one (1) year of such Concerned Unitholder Nominee ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) someone who became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such Concerned Unitholder Nominee.

The Ontario Securities Commission granted a management cease trade order (**MCTO**) to CHC Student Housing (**CHC**), of which Mr. Schwarz is a director, on May 5, 2017 due to the late filing of CHC’s audited annual financial statements and management’s discussion and analysis and related certificates for the fiscal year ended December 31, 2016 on

or before May 1, 2017. CHC was subsequently unable to file its interim financial statements and related management's discussion and analysis in respect of the three months ended March 31, 2017 on or before May 30, 2017. The MCTO expired on July 4, 2017.

To the knowledge of Sandpiper, as at the date hereof, no Concerned Unitholder Nominee has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation, or by a securities regulatory authority, or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a Concerned Unitholder Nominee.

To the knowledge of Sandpiper, none of the directors or officers of the Concerned Unitholder, or any associates or affiliates of the foregoing, or any of the Concerned Unitholder Nominees or their respective associates or affiliates, has: (a) any material interest, direct or indirect, in any transaction since the commencement of the Trust's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect the Trust or any of its subsidiaries; or (b) any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter proposed to be acted on at the Meeting, other than the re-constitution of the Board.

Additional Information

The information contained in this presentation does not and is not meant to constitute a solicitation of a proxy within the meaning of applicable securities laws. Although Sandpiper has requisitioned a meeting of unitholders (the **Meeting**), there is currently no record or meeting date and unitholders are not being asked at this time to execute a proxy in favour of the Concerned Unitholder Nominees or any other resolutions set forth in the Requisition. In connection with the Meeting, Sandpiper may file a dissident information circular (the **Information Circular**) in due course in compliance with applicable securities laws.

Notwithstanding the foregoing, Sandpiper is voluntarily providing the disclosure required under section 9.2(4) of National Instrument 51-102 – Continuous Disclosure Obligations in accordance with securities laws applicable to public broadcast solicitations.

This news release and any solicitation made by Sandpiper in advance of the Meeting is, or will be, as applicable, made by Sandpiper, and not by or on behalf of the management of Agellan. All costs incurred for any solicitation will be borne by Sandpiper, provided that, subject to applicable law, Sandpiper may seek reimbursement from Agellan of Sandpiper's out-of-pocket expenses, including proxy solicitation expenses and legal fees, incurred in connection with a successful reconstitution of the Board.

Sandpiper is not soliciting proxies in connection with the Meeting at this time, and Unitholders are not being asked at this time to execute proxies in favour of the Concerned Unitholder Nominees (in respect of the Meeting) or any other resolution set forth in the Requisition. Proxies may be solicited by Sandpiper pursuant to an Information Circular sent to Unitholders after which solicitations may be made by or on behalf of Sandpiper, by mail, telephone, fax, email or other electronic means as well as by newspaper or other media advertising, and in person by directors, officers and employees of Sandpiper, who will not be specifically remunerated therefor. Sandpiper may also solicit proxies in reliance upon the public broadcast exemption to the solicitation requirements under applicable Canadian corporate and securities laws, conveyed by way of public broadcast, including through press releases, speeches or publications, and by any other manner permitted under applicable Canadian laws. Sandpiper may engage the services of one or more agents and authorize other persons to assist in soliciting proxies on behalf of Sandpiper.

Sandpiper has retained Kingsdale Advisors (**Kingsdale**) to assist Sandpiper in soliciting unitholders should Sandpiper commence a formal solicitation of proxies. Kingsdale's responsibilities will principally include advising Sandpiper on governance best practices, where applicable, liaising with proxy advisory firms, developing and

implementing unitholder communication and engagement strategies, and advising with respect to meeting and proxy protocol. The anticipated cost of Sandpiper's solicitation is estimated to be \$25,000 plus disbursements.

Sandpiper is not requesting that Agellan unitholders submit a proxy at this time. Once Sandpiper has commenced a formal solicitation of proxies in connection with the Meeting, proxies may be revoked by instrument in writing by the Unitholder giving the proxy or by its duly authorized officer or attorney, or in any other manner permitted by law, the declaration of trust of Agellan. None of Sandpiper or, to its knowledge, any of its associates or affiliates, has any material interest, direct or indirect, (i) in any transaction since the beginning of Agellan's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect Agellan or any of its subsidiaries; or (ii) by way of beneficial ownership of securities or otherwise, in any matter proposed to be acted on at the Meeting, other than the election of trustees to the Board.

Agellan's principal office address is 156 Front Street West, Suite 303, Toronto, Ontario M5J 2L6. A copy of this news release may be obtained on Agellan's SEDAR profiles at www.sedar.com.

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