

MacKenzie Launches Another Tender Offer for CNL Healthcare Shares

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MacKenzie Realty Capital, a publicly registered non-traded business development company, has launched an unsolicited tender offer to purchase up to one million shares CNL Healthcare Properties, a publicly registered non-traded real estate investment trust, for \$5.25 per share. The tender offer expires on September 30, 2019.

CNL Healthcare, which is currently evaluating strategic alternatives to provide shareholders with liquidity, sold 59 of its healthcare properties in May 2019 and paid shareholders a \$2.00 special distribution. Following the distribution, the REIT adjusted its net asset value per share to \$7.99, as of December 31, 2018.

Shares originally sold for \$10.00, and MacKenzie's offer price is 34 percent less than CNL Healthcare's current NAV



per share of \$7.99.

CNL Healthcare's board is urging shareholders to reject the offer, claiming it "represents an opportunistic attempt by MacKenzie to purchase shares at a deeply discounted price and make a profit..."

The REIT suspended its share redemption plan in July 2018 when it began considering strategic alternatives, and lowered its distribution rate for the second quarter of 2019, from \$0.1164 per share to \$0.0512 per share, after selling a portfolio of income-producing properties.

This is MacKenzie's second CNL Healthcare tender offer in less than a year. Last October, the company offered to buy nearly 8.8 million shares priced at \$7.75 per share, approximately 25 percent less than the REIT's 2017 NAV of \$10.32 per share.

MacKenzie and its affiliates currently own 104,160 shares, or 0.06 percent of the outstanding, and will own an additional 0.57 percent if all shares in the current offer are tendered.

CNL Healthcare Properties closed its offering in September 2015 after raising more than \$1.7 billion in investor equity. The company's portfolio is comprised of 83 properties, 11 of which are held for sale.

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