
Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 4, 2018

HIGHLANDS REIT, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State or Other Jurisdiction
of Incorporation)

000-55580
(Commission
File Number)

81-0862795
(IRS Employer
Identification No.)

332 S Michigan Avenue, Ninth Floor
Chicago, IL 60604

(Address of Principal Executive Offices)

(312) 583-7990

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01. Other Events.

Attached to this Current Report on Form 8-K is a copy of a website notice, dated April 4, 2018 (the “MacKenzie Notice”), from Highlands REIT, Inc., a Maryland corporation (the “Company”), to its stockholders (the “Stockholders”) regarding a recent, unsolicited “mini-tender offer” by MacKenzie Realty Capital, Inc. to purchase shares of the Company’s common stock, \$0.01 par value, for \$0.17 per share less a \$25 processing fee charged by MacKenzie Realty Capital, Inc. (the “MacKenzie Offer”). The full text of the MacKenzie Notice is attached as Exhibit 99.1 to this Current Report on Form 8-K and hereby is incorporated by reference into this Item 8.01.

In the MacKenzie Notice, the Board of Directors of the Company recommends that the Stockholders reject the MacKenzie Offer for the reasons described in the MacKenzie Notice. The Company advises Stockholders to read and consider the MacKenzie Notice before deciding whether to participate in the MacKenzie Offer.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

[99.1](#) Highlands REIT, Inc. website notice to Stockholders, dated April 4, 2018

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Highlands REIT, Inc.

Date: April 4, 2018

By: /s/ Robert J. Lange

Name: Robert J. Lange

Title: Executive Vice President, General Counsel and Secretary

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Section 2: EX-99.1 (EXHIBIT 99.1)

RECOMMENDATION TO REJECT THE UNSOLICITED TENDER OFFER TO SELL YOUR SHARES OF HIGHLANDS REIT, INC. TO MACKENZIE REALTY CAPITAL, INC.

April 4, 2018

If you are considering selling your shares of Highlands REIT, Inc. ("Highlands") to MacKenzie Realty Capital, Inc. (together with its assigns, if any, as their interests may arise, the "Offeror"), please read all the information below.

THE HIGHLANDS BOARD OF DIRECTORS (THE "BOARD") HAS REVIEWED THE TERMS OF THE OFFER. BASED ON THAT REVIEW, THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU REJECT THIS UNSOLICITED OFFER AND NOT TENDER YOUR SHARES OF STOCK.

Rationales the Board Considered in Recommending Rejection of the Unsolicited Tender Offer (the "Offer") from the Offeror

- The Board believes that the offer price is less than the current and potential long-term value of the shares.
- The Offeror will charge an administrative fee of \$25 per transaction to each stockholder who chooses to participate in the tender offer. The amount of the administrative fee may be material in relation to the value of shares a stockholder tenders and will in any event diminish the economic benefit of the tender offer for each tendering stockholder.
- The Offer is structured as a first-come, first-served offer without withdrawal rights and prorationing. This structure may be designed

into pressuring you into tendering quickly. Once you have tendered, you will be locked into your decision.

- The Offeror acknowledges that in establishing the purchase price of \$0.17 per share, it is establishing a price which is (i) lower than the most recent trading prices and (ii) designed to result in a profit for the Offeror.
- The Offeror has structured the offer without using an independent receiving agent. Accordingly, tendered shares will be routed to the Offeror or one of its affiliates prior to the Offeror's making payment, which may increase the risk of your tendering shares without receiving payment.
- The Offeror states that it has applied a discount to the estimated per share value with the intention of making a profit.
- The terms of the Offer purport to be governed by an arbitration clause. This may make it more difficult for you to seek legal remedies in the event of a dispute with the Offeror. Moreover, the Offer does not disclose the fact that certain aspects of the arbitration clause may be unenforceable as a matter of law.
- There is no guarantee that the Offeror will pay you for your shares as soon as the Offeror implies; the Offeror will not pay you until at least May 8, 2018.
- None of Highlands' directors, executive officers, subsidiaries or other affiliates intends to tender shares of stock to the Offeror.

Highlands encourages you to follow the Board's recommendation and not tender your shares to the Offeror. Please consult your financial advisor or Highlands' Investor Services Department at (844) 421-0533 with any questions.

Each stockholder must individually evaluate whether to tender his, her or its shares and may decide to tender based on, among other things, individual liquidity needs. The Board suggests stockholders carefully consider all the factors discussed in the Offer to Purchase before deciding to participate. The Board acknowledges that because the shares are not listed on an exchange and there is not otherwise an established public trading market for the shares, stockholders have few alternatives available to sell their shares. Highlands has also filed this postcard as an exhibit to a Form 8-K with the Securities and Exchange Commission (the "SEC"). The Form 8-K is available on the Highlands website and the SEC's website at www.sec.gov.

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