

Corporate Finance and Securities Law

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Milestone's Upsized Offering Shows Power of Canadian Bought Deals

The Canadian capital markets allow public companies, including those with businesses based in the U.S., to efficiently raise capital through “bought deal” offerings. For several decades, this mechanism has been routinely used by many issuers to fund growth, as well as by significant shareholders to obtain liquidity.

The simplicity of the Canadian bought deal process, the minimization of execution risk (the underwriters assume marketing risk on announcement) and the short time frame to closing (usually one to three weeks from announcement) provide significant flexibility in executing a growth or monetization strategy.

A good example is yesterday's offering by Milestone Apartments REIT, which was upsized by 65% to C\$165 million (C\$181 million if the over-allotment option is exercised in full). Using a shelf prospectus, Milestone's bought deal is expected to be completed in approximately one week. Click [here](#) for the news release.

Milestone, which owns 72 multifamily residential properties located in the U.S., completed its initial public offering on the Toronto Stock Exchange in 2013 as the first ever non-U.S. entity in the world to qualify as a U.S. REIT.

Milestone has completed five bought deals since going public. These offerings have facilitated its growth by acquisition strategy (Milestone has acquired over C\$1.0 billion in assets during that period), while also providing liquidity to its legacy shareholder to gradually monetize its interest as planned. Milestone's equity market capitalization has grown from approximately C\$500 million at the time of its IPO to approximately C\$1.2 billion today.

Goodmans represented Milestone on its IPO and all of its offerings to date. For further information on effective use of the Canadian capital markets, please contact us.