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May 3, 2010

Headnote

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions* - Securities Act, s. 3.2(1) - Designation as a reporting issuer - An issuer wants to be designated as a reporting issuer - Issuer is a trust and formed to complete a plan of arrangement with a reporting issuer; the issuer's securities will be stapled to the reporting issuer's securities and will be listed and posted for trading as stapled units; but for the fact that the issuer's securities will not be posted for trading independently of the reporting issuer's securities or that the issuer did not exchange its securities directly with the reporting issuer, it would automatically become a reporting issuer

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 3.2(1)

In the Matter of
the Securities Legislation of
Ontario (the "Principal Jurisdiction")
and the Securities Legislation of British Columbia, Alberta, Saskatchewan,
Manitoba, Quebec, New Brunswick, Nova Scotia, Prince Edward Island,
Newfoundland and Labrador, the Yukon Territory, the Northwest Territories and
Nunavut
(the "Non-Principal Jurisdictions")

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Innvest Real Estate Investment Trust (the "Filer")
on its own behalf and on behalf of
Innvest Operations Trust ("IOT")

Decision

Background

The securities regulatory authority or regulator in the Principal Jurisdiction (the "Principal Regulator") has received an application from the Filer, on its own behalf and on behalf of IOT, the new trust that will result from the proposed

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reorganization of the Filer by way of a plan of arrangement under the *Canada Business Corporations Act* (the “Reorganization”), for a decision under the securities legislation of the Principal Jurisdiction (the “Principal Legislation”) of the Principal Regulator for the following relief (the “Passport Exemption Sought”) in connection with the Reorganization:

- (a) pursuant to section 74(1) of the *Securities Act* (Ontario) (the “Act”), that IOT be exempted from the dealer registration and prospectus requirements in sections 25(1) and 53(1) of the Act in respect of a trade of a security of IOT to a holder of a security of the Filer (a “REIT Securityholder”) in accordance with the terms and conditions of the Filer's distribution reinvestment plan (the “DRIP”) or a security previously issued by the Filer (the “IOT Registration and Prospectus Requirements”);
- (b) pursuant to section 74(1) of the Act, that the Filer be exempted from the dealer registration and prospectus requirements in sections 25(1) and 53(1) of the Act in respect of a trade of a security of the Filer to a holder (an “IOT Unitholder”) of a non-voting trust unit of IOT (an “IOT Unit”) pursuant to the DRIP (the “Filer Registration and Prospectus Requirements”);
- (c) pursuant to section 13.1 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”), that IOT be exempted from the obligations in Parts 4 and 5 of NI 51-102 (the “IOT Financial Disclosure Requirements”) and that the Filer be exempted from sections 4.1(1), 4.3(1) and 4.6 of NI 51-102 (the “Filer Financial Disclosure Requirements”);
- (d) pursuant to section 13.1 of NI 51-102, that IOT be exempted from the disclosure obligations in Parts 6 and 7 and sections 9.1(1), 9.1(2)(a) and 11.6 of NI 51-102 (the “Specified Continuous Disclosure Requirements”);
- (e) pursuant to section 8.6 of National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* (“NI 52-109”), that IOT be exempted from the requirements of NI 52-109 (the “Certification Requirements”);
- (f) pursuant to section 8.6 of NI 52-109, that the Filer be exempted from the requirements of sections 4.2 or 5.2 of NI 52-109, as the case may be, for each financial reporting period in respect of which the Filer files Combined Financial Statements (as hereinafter defined) in accordance with this Decision Document (the “Certificate Form Requirement”);

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- (g) pursuant to section 8.1 of National Instrument 52-110 – *Audit Committees* (“NI 52-110”), that IOT be exempted from the requirements of NI 52-110 (the “Audit Committee Requirements”);
- (h) pursuant to section 3.1 of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”), that IOT be exempted from the requirements of NI 58-101 (the “Corporate Governance Disclosure Requirements”);
- (i) pursuant to section 8.1 of National Instrument 44-101 – *Short Form Prospectus Distributions* (“NI 44-101”), that IOT be exempted from the basic qualification criteria in sections 2.2(d) and 2.2(e) of NI 44-101 (the “IOT Short Form Criteria”);
- (j) pursuant to section 8.1 of NI 44-101, that the Filer be exempted from the basic qualification criterion in section 2.2(e) of NI 44-101 and, for any period in respect of which the Filer does not have “current annual financial statements” (as defined in NI 44-101) because it has filed Combined Financial Statements in accordance with this Decision Document, from the basic qualification criterion in section 2.2(d)(i) of NI 44-101 (collectively, the “Filer Short Form Criteria”);
- (k) pursuant to section 11.1 of National Instrument 44-102 – *Shelf Distributions* (“NI 44-102”), that IOT be exempted from sections 2.2(3)(b)(i), 2.2(3)(b)(ii) and 2.2(3)(b)(iii) of NI 44-102 (the “IOT Shelf Prospectus Criteria”); and
- (l) pursuant to section 11.1 of NI 44-102, that the Filer be exempted from section 2.2(3)(b)(iii) of NI 44-102 and, for any period in respect of which the Filer does not have “current annual financial statements” (as defined in NI 44-101) because it has filed Combined Financial Statements in accordance with this Decision Document, from section 2.2(3)(b)(i) of NI 44-102 (collectively, the “Filer Shelf Prospectus Criteria”).

Each of the Principal Regulator and the securities regulatory authority or regulator in each of the Non-Principal Jurisdictions (collectively with the Principal Regulator, the “Coordinated Decision Makers”) has received an application from the Filer, on behalf of IOT, for a decision under the Principal Legislation and the securities legislation of each of the Non-Principal Jurisdictions (collectively with the Principal Legislation, the “Legislation”) of the Coordinated Decision Makers that IOT be designated, as of the effective time of the Reorganization, as a reporting issuer in the Principal Jurisdiction and each Non-Principal Jurisdiction (the “Coordinated Designation Sought”).

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Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a hybrid application):

- (a) the Ontario Securities Commission is the Principal Regulator for this application,
- (b) the Filer has provided notice that section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (“MI 11-102”) is intended to be relied upon in each of the Non-Principal Jurisdictions,
- (c) the decision is the decision of the Principal Regulator, and
- (d) the decision evidences the decision of each of the Coordinated Decision Makers.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer's head office is located in Mississauga, Ontario.
2. The Filer is a reporting issuer in each of the provinces and territories of Canada. The Filer is not in default of the securities legislation in any of those jurisdictions.
3. The Filer has not relied on and, does not presently intend to rely on, any statutory or discretionary exemptions from the requirements in NI 51-102, NI 52-109, NI 52-110 or NI 58-101, other than the exemptions granted herein.
4. The Filer's principal business is the ownership and operation, directly or through its subsidiaries, of approximately 145 Canadian hotel properties.
5. The authorized capital of the Filer consists of an unlimited number of trust units (“REIT Units”), of which 87,600,205 were outstanding as of February 22, 2010. The REIT Units and the Filer's 6.25% Series A convertible debentures, 6.00% Series B convertible debentures, 5.85% Series C convertible debentures and 6.75% Series D convertible debentures (collectively, the “Convertible Debentures”) are listed and posted for trading

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on the Toronto Stock Exchange (the “TSX”) under the symbols “INN.UN”, “INN.DB.A”, “INN.DB.B”, “INN.DB.C” and “INN.DB.D”, respectively.

6. The purpose of the Reorganization is to qualify the Filer as a “real estate investment trust” for Canadian income tax purposes in order that it will be exempt from the application of the new income tax on “SIFT trusts” (as defined in the *Income Tax Act* (Canada)). In order to so qualify, the Filer must divest itself in 2010 of most assets other than the direct or indirect ownership of rental real estate.
7. Pursuant to the Reorganization, it is proposed that the Filer will, among other things, establish IOT as an open-ended trust governed by a declaration of trust (the “IOT Declaration of Trust”) and the laws of the Province of Ontario and transfer its operating assets to IOT for consideration that includes IOT Units. The Filer or an affiliate thereof will also be issued voting securities of IOT. Following the completion of the Reorganization, the Filer or its affiliate will hold all of the issued and outstanding voting securities of IOT. The Filer will continue to hold (directly or through its subsidiaries) most or all of its real estate, which will be leased to IOT (directly or through its subsidiaries).
8. The sole assets of the Filer following the Reorganization (other than the voting securities of IOT) will be its direct and indirect ownership interests in rental real estate and assets incidental thereto. The only significant lessee of such rental real estate will be IOT. Any business decision taken by the Filer with respect to its assets will, due to the structure of the Filer and IOT following the Reorganization, have a corresponding impact on the business of IOT.
9. The Filer will make a distribution to the holders of REIT Units (the “REIT Unitholders”) of one IOT Unit per REIT Unit held by the REIT Unitholders. Consequently, each REIT Unitholder will hold an equal number of REIT Units and IOT Units. The trade of the IOT Units by the Filer to its unitholders will be exempt from the prospectus and dealer registration requirements pursuant to sections 2.11 and 3.11 of National Instrument 45-106 – *Prospectus and Registration Exemptions* (“NI 45-106”).
10. At the conclusion of the Reorganization, each REIT Unit will be stapled to an IOT Unit (together, a “Stapled Unit”) and the two securities will trade together as a Stapled Unit on the TSX (the “Stapled Structure”). The Stapled Units will be listed and posted for trading on the TSX in substitution for the REIT Units, which are currently listed and posted. The REIT Units and IOT Units underlying the Stapled Units will be separately listed, but not posted for trading, on the TSX.

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11. The REIT Units and the IOT Units will only become unstapled (a) in the event that REIT Unitholders vote in favour of the unstapling of REIT Units and IOT Units, such that the two securities will trade separately, or (b) at the sole discretion of the trustees of the Filer or IOT upon an event of bankruptcy or insolvency of either the Filer or IOT and/or their respective subsidiaries.
12. The initial trustees of IOT are expected to be three members of management of the Filer. It is expected that the senior management of IOT will be the same as or similar to the senior management of the Filer.
13. In light of the fact that (a) the proportionate economic interest of a holder of Stapled Units in each of the Filer and IOT will necessarily be identical and (b) such holder will have voting rights only in respect of the Filer while the Filer controls IOT, the financial information required by NI 51-102 about IOT on a stand-alone basis will be of limited or no relevance to such holder, and could be confusing to such holder, because its economic interests will be based on the financial condition of the Filer and IOT on a consolidated or combined basis. Provided that the Stapled Units are not unstapled, the financial information most relevant to holders of Stapled Units following the Reorganization will be that of the Filer and IOT on either a consolidated or combined basis.
14. The distribution of the IOT Units by the Filer is expected to be completed one day prior to the date on which the Filer's financial reporting is converted from Canadian generally accepted accounting principles ("Canadian GAAP") to International Financial Reporting Standards ("IFRS"). Based on the Filer's understanding of Canadian GAAP and IFRS as of the date hereof, the Filer has determined that following the distribution of the IOT Units by the Filer (a) the financial statements of IOT will be required to be consolidated into the financial statements of the Filer under IFRS, and (b) it is likely that IOT's financial statements will be required to be consolidated into the financial statements of the Filer under Canadian GAAP. If, following such distribution, IOT's financial statements cannot be consolidated into the financial statements of the Filer under Canadian GAAP for the year ending December 31, 2010 because one or more of the conditions in section 7 of Accounting Guideline 15 of the CICA Handbook (*Consolidation of variable interest entities*) exists on the date of distribution, the Filer has determined, based on its understanding of Canadian GAAP as of the date hereof, that it will be permitted to combine its financial statements with those of IOT in accordance with Canadian GAAP.
15. To maintain consistency in financial reporting, and to ensure the most relevant information is provided to holders of Stapled Units, the Filer will file one set of financial statements prepared on a combined basis ("Combined Financial

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Statements”) to reflect the financial condition of the Filer and IOT for any financial reporting period in respect of which the financial statements of the Filer and IOT cannot be consolidated, but are permitted to be combined, under the accounting principles applicable to the Filer pursuant to the Legislation (“Applicable Accounting Principles”). Any such Combined Financial Statements will be prepared in accordance with Applicable Accounting Principles.

16. The Filer's audit committee will engage the external auditor appointed by the REIT Unitholders (who will necessarily be the IOT Unitholders as well) to audit the consolidated financial statements of the Filer, including the financial information of IOT to the extent it is a component of the consolidated financial information of the Filer under Applicable Accounting Principles. If, for any financial reporting period, financial statements of the Filer and IOT cannot be consolidated, but are permitted to be combined, under Applicable Accounting Principles, the Filer's external auditor will also be engaged to audit the consolidated financial information of each of the Filer and IOT and the combination thereof in the Combined Financial Statements. The Filer's audit committee will in all cases oversee matters related to such audit. The IOT Declaration of Trust will provide that the external auditor of IOT shall be the external auditor of the Filer as appointed in accordance with the Filer's second amended and restated declaration of trust dated January 1, 2007, as amended and restated from time to time (the “REIT Declaration of Trust”).
17. If the Filer wishes to raise capital following the Reorganization, including pursuant to a public offering qualified by a shelf prospectus and related prospectus supplement, IOT will be required, pursuant to the terms of a support agreement to be entered into between IOT and the Filer (the “Support Agreement”), to issue the same number of IOT Units as the number of REIT Units issued in connection with the financing simultaneous with the issuance of such REIT Units. Any such IOT Units and REIT Units will trade as Stapled Units except in the limited circumstances described in paragraph 11, above. The net proceeds of any offering of REIT Units and IOT Units will be allocated between the Filer and IOT *pro rata* based on the relative values of the Filer and IOT at the time of the offering.
18. If the Filer wishes to issue securities convertible into Stapled Units following the Reorganization, each of the Filer and IOT will issue separate securities convertible into REIT Units and IOT Units, respectively, and such convertible securities will be stapled together and traded as a stapled security. The conversion price of each convertible security, and the allocation of the net proceeds of the offering, will be determined *pro rata* based on the relative values of the Filer and IOT at the time of the offering. The holder of such

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stapled convertible securities will not be permitted to convert one component without converting the other and, upon conversion of both components, will be entitled to an equal number of REIT Units and IOT Units, which will be stapled together and trade as Stapled Units.

19. Absent the requested relief from the Filer Short Form Criteria, the Filer Shelf Prospectus Criteria, the IOT Short Form Criteria and the IOT Shelf Prospectus Criteria, neither the Filer nor IOT would be entitled to access the short form or shelf prospectus regimes in NI 44-101 and NI 44-102 following the Reorganization because (a) only the Stapled Units, and not the REIT Units or the IOT Units, will be posted for trading on a “short form eligible exchange” (as defined in NI 44-101), (b) if IOT relies on the requested relief from the IOT Financial Disclosure Requirements and the Specified Continuous Disclosure Requirements, it will not have “current annual financial statements” (as defined in NI 44-101) and will not file an annual information form (“AIF”), and (c) if the Filer files Combined Financial Statements in lieu of consolidated financial statements, the Filer will not have “current annual financial statements” for the applicable period.
20. If the Filer and IOT rely on the requested relief from the Filer Short Form Criteria, the Filer Shelf Prospectus Criteria, the IOT Short Form Criteria and/or the IOT Shelf Prospectus Criteria to distribute stapled securities, they will file a single short form prospectus qualifying the distribution of securities of each issuer (a “Joint Prospectus”), which will incorporate by reference the following documents:
 - (a) the Filer's current AIF; provided that, to the extent IOT files a separate AIF, such AIF will also be incorporated by reference;
 - (b) the most recent audited annual consolidated financial statements of the Filer or audited annual Combined Financial Statements, as the case may be, together with the related annual management's discussion and analysis (“MD&A”); provided that: (i) if, at the date of the Joint Prospectus, the Filer has filed or is required to file interim consolidated financial statements or interim Combined Financial Statements subsequent to the filing of its most recent annual financial statements, such interim financial statements will also be incorporated by reference together with the related interim MD&A; (ii) to the extent IOT files stand-alone financial statements for any period in respect of which the Filer's financial statements are incorporated by reference, such stand-alone financial statements will also be incorporated by reference together with the related MD&A; and (iii) if the Filer and IOT file Combined Financial Statements on a voluntary basis for any period described above where each of the

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Filer and IOT files stand-alone financial statements, such voluntary Combined Financial Statements will be incorporated by reference together with the related MD&A;

- (c) any notices filed by IOT indicating that it is relying on the financial statements, MD&A, AIF, material change reports and/or statements of executive compensation filed by the Filer, including any summary financial information (as defined in section 13.4 of NI 51-102) attached thereto;
- (d) the content of any news release or other public communication made by the Filer and/or AIF containing historical financial information about one or both of them for a financial period more recent than the period for which financial statements are required under subparagraph (b), above, if such news release or public communication is disseminated prior to the filing of the Joint Prospectus;
- (e) any material change report of the Filer or IOT, other than a confidential material change report, filed by the Filer under Part 7 of NI 51-102 or by IOT in accordance with this Decision Document since the end of the financial year in respect of which the Filer's current AIF (or IOT's current AIF, if applicable) is filed;
- (f) any business acquisition report filed by the Filer or IOT under Part 8 of NI 51-102 for acquisitions completed since the beginning of the financial year in respect of which the Filer's current AIF (or IOT's current AIF, if applicable) is filed, unless:
 - (i) the business acquisition report is incorporated by reference in an AIF that is itself incorporated by reference in the Joint Prospectus; or
 - (ii) at least nine months of the acquired business or related businesses operations have been incorporated into annual financial statements that are incorporated by reference in the Joint Prospectus.
- (g) any information circular filed by the Filer under Part 9 of NI 51-102, or by IOT in accordance with this Decision Document, since the beginning of the financial year in respect of which the Filer's current AIF (or IOT's current AIF, if applicable) is filed, other than an information circular prepared in connection with an annual general meeting of either the Filer or IOT if it has filed and incorporated by reference an information circular for a subsequent annual general meeting;

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- (h) any other disclosure document which the Filer or IOT has filed pursuant to an undertaking to a provincial and territorial securities regulatory authority since the beginning of the financial year in respect of which the Filer's current AIF (or IOT's current AIF, if applicable) is filed; and
 - (i) any other disclosure document of the type listed in subparagraphs (a) through (g), above, that the Filer or IOT has filed pursuant to an exemption from any requirement under securities legislation since the beginning of the financial year in respect of which the Filer's current AIF (or IOT's current AIF, if applicable) is filed.
21. As a result of the Stapled Structure, the Filer intends, subject to unitholder approval, to amend the REIT Declaration of Trust to, *inter alia*, amend the form of REIT Unit certificates and to amend the provisions relating to the transfer of REIT Units, take-over bids for REIT Units and the right of redemption of REIT Units by REIT Unitholders to accommodate the Stapled Structure.
22. The Filer also intends to make consequential amendments to its executive incentive plan and the DRIP to address the Stapled Structure. Such plans will provide that where a trustee, officer or member of senior management of the Filer or IOT, a REIT Unitholder or an IOT Unitholder (each a "Participant") is entitled to receive a Stapled Unit in accordance with the applicable plan, such Participant will simultaneously be issued a REIT Unit by the Filer and an IOT Unit by IOT, which units will, upon issuance, be stapled together as a Stapled Unit.
23. The Filer also expects to amend the second amended and restated unitholder rights plan (the "Unitholder Rights Plan") dated April 2, 2009 between the Filer and Computershare Investor Services Inc. to provide that upon separation of the rights pursuant to such plan, REIT Unitholders (other than certain designated REIT Unitholders) will be entitled to acquire additional Stapled Units for a subscription price equal to 50% of the current trading price of the Stapled Units. Pursuant to the Support Agreement, upon separation of the rights under the Unitholder Rights Plan, the Filer will have the right to require IOT to issue IOT Units to REIT Unitholders exercising such rights in consideration for the payment by the Filer to IOT of an amount equal to the fair market value of such IOT Units at such time.
24. Similar to the amendments described above, the Filer intends to amend the trust indenture dated July 26, 2002 between the Filer and Computershare Trust Company of Canada, as supplemented by the first supplemental indenture dated April 2, 2004, the second supplemental indenture dated May 16, 2006,

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the third supplemental indenture dated August 3, 2007 and the fourth supplemental indenture dated December 30, 2009, pursuant to which the Filer issued the Convertible Debentures. Such amendment will provide that holders of Convertible Debentures will receive, upon the conversion of a Convertible Debenture, an equal number of REIT Units and IOT Units, which securities will, upon issuance, be stapled together as a Stapled Unit.

25. IOT will not be entitled to rely on the exemptions from the prospectus requirement set out in sections 2.2 or 2.42 of NI 45-106 or the exemptions from the dealer registration requirement in sections 3.2 or 3.42 of NI 45-106 in connection with the issuance of an IOT Unit (as part of a Stapled Unit) pursuant to the DRIP or the Unitholder Rights Plan, or upon the conversion of a Convertible Debenture. Similarly, the Filer will not be able to rely on the exemptions in sections 2.2 or 3.2 of NI 45-106 in connection with the issuance of a REIT Unit (as part of a Stapled Unit) to an IOT Unitholder pursuant to the DRIP.
26. Disclosure of the Reorganization and the issuance and distribution of IOT Units will be made in the management information circular of the Filer for the annual and special meeting of the REIT Unitholders (the "Meeting"), which is expected to be held on or about June 16, 2010.
27. The Filer will only proceed with the proposed Reorganization if it receives the affirmative vote of at least two-thirds of the votes of REIT Unitholders present in person or by proxy at the Meeting.

Decision

Each of the Principal Regulator and the Coordinated Decision Makers is satisfied that the decision meets the test set out in the Legislation for the relevant regulator or securities regulatory authority to make the decision.

Registration and Prospectus Requirements

The decision of the Principal Regulator under the Principal Legislation is that the Passport Exemption Sought in respect of the IOT Registration and Prospectus Requirements and the Filer Registration and Prospectus Requirements is granted, provided that the Reorganization receives the affirmative vote of at least two-thirds of the votes of REIT Unitholders present in person or by proxy at the Meeting and is completed on or before December 31, 2010, and subject to the further conditions specified below:

1. The IOT Registration and Prospectus Requirements shall not apply to IOT:

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- (a) for so long as each IOT Unit is stapled to a REIT Unit and trades as a Stapled Unit; and
- (b) provided that the first trade of any security of IOT acquired under any such trade shall be deemed to be a distribution unless:
 - (i) if the security of IOT was acquired in accordance with the terms and conditions of a security previously issued by the Filer under (x) any of the circumstances listed in Appendix D of National Instrument 45-102 – *Resale Restrictions* (“NI 45-102”) or (y) an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.5 of NI 45-102, the conditions in section 2.5 of NI 45-102 are satisfied;
 - (ii) if the security of IOT was acquired in accordance with the terms and conditions of the DRIP or a security previously issued by the Filer under (x) any of the circumstances listed in Appendix E of NI 45-102 or (y) an exemption from the prospectus requirement that specifies that the first trade is subject to section 2.6 of NI 45-102, the conditions in section 2.6 of NI 45-102 are satisfied;
 - (iii) the following conditions are satisfied:
 - (A) a receipt was obtained for a prospectus qualifying the distribution of the convertible security, exchangeable security or multiple convertible security issued by the Filer;
 - (B) the trade is not a control distribution; and
 - (C) IOT is a reporting issuer at the time of the trade; or
 - (iv) the following conditions are satisfied:
 - (A) a securities exchange take-over bid circular or a securities exchange issuer bid circular relating to a distribution of the convertible security, exchangeable security or multiple convertible security issued by the Filer was filed by the offeror on the System for Electronic Document Analysis and Retrieval (“SEDAR”);
 - (B) the trade is not a control distribution;

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(C) the offeror was a reporting issuer on the date the securities of the offeree issuer were first taken up under the take-over bid or issuer bid; and

(D) IOT is a reporting issuer at the time of the trade.

2. The Filer Registration and Prospectus Requirements shall not apply to the Filer:

(a) for so long as each REIT Unit is stapled to an IOT Unit and trades as a Stapled Unit; and

(b) provided that the first trade of any security of the Filer acquired under any such trade shall be deemed to be a distribution unless the conditions in section 2.6 of NI 45-102 are satisfied.

Reporting Issuer Designation

The decision of the Coordinated Decision Makers under the Legislation is that the Coordinated Designation Sought is granted, provided that the Reorganization receives the affirmative vote of at least two-thirds of the votes of REIT Unitholders present in person or by proxy at the Meeting and is completed on or before December 31, 2010.

David Knight
Commissioner
Ontario Securities Commission

Margot Howard
Commissioner
Ontario Securities Commission

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Continuous Disclosure, Audit Committee and Short Form Qualification Requirements

The decision (the “CD Decision”) of the Principal Regulator under the Principal Legislation is that the Passport Exemption Sought in respect of the IOT Financial Disclosure Requirements, the Filer Financial Disclosure Requirements, the Specified Continuous Disclosure Requirements, the Certification Requirements, the Certificate Form Requirement, the Audit Committee Requirements, the Corporate Governance Disclosure Requirements, the IOT Short Form Criteria, the IOT Shelf Prospectus Criteria, the Filer Short Form Criteria and the Filer Shelf Prospectus Criteria is granted, provided that the Reorganization receives the affirmative vote of at least two-thirds of the votes of REIT Unitholders present in person or by proxy at the Meeting and is completed on or before December 31, 2010, and subject to the further conditions specified below:

1. The IOT Financial Disclosure Requirements shall not apply to IOT and the Filer Financial Disclosure Requirements shall not apply to the Filer, for so long as:
 - (a) IOT continues to satisfy the conditions set out in paragraph 2 of the CD Decision;
 - (b) IOT files a notice under its SEDAR profile indicating that it is relying on the financial statements and related MD&A filed by the Filer and directing readers to refer to the Filer's SEDAR profile;
 - (c) to the extent the financial statements of IOT are required to be consolidated into the financial statements of the Filer under Applicable Accounting Principles for a particular financial reporting period, the Filer files such consolidated financial statements under its SEDAR profile in accordance with section 4.1(1) or 4.3(1), as applicable;
 - (d) to the extent the financial statements of the Filer and IOT cannot be consolidated under Applicable Accounting Principles for a particular financial reporting period, the Filer files under its SEDAR profile Combined Financial Statements prepared in accordance with Applicable Accounting Principles;
 - (e) any consolidated financial statements or Combined Financial Statements filed by the Filer include the components specified in sections 4.1(1)(a)-(c) of NI 51-102 (for annual financial reporting periods) or 4.3(2)(a)-(d) of NI 51-102 (for interim financial reporting periods);

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- (f) the consolidated financial statements or Combined Financial Statements, as the case may be, filed by the Filer provide in the notes thereto segmented financial information for each of IOT and the Filer if and to the extent required under Applicable Accounting Principles;
 - (g) for financial reporting periods in respect of which the Filer files Combined Financial Statements, the MD&A of the Filer is prepared with reference to such Combined Financial Statements;
 - (h) the annual consolidated financial statements or annual Combined Financial Statements, as the case may be, filed by the Filer are audited;
 - (i) the audit committee of the Filer is responsible for:
 - (i) overseeing the work of the external auditors engaged for the purposes of auditing:
 - (A) the consolidated financial statements of the Filer, including the financial information of IOT contained therein, for financial reporting periods in respect of which the financial statements of the Filer and IOT can be consolidated under Applicable Accounting Principles; and
 - (B) the consolidated financial statements of each of the Filer and IOT and the combination of such financial statements into the Combined Financial Statements for financial reporting periods in respect of which the financial statements of the Filer and IOT cannot be consolidated under Applicable Accounting Principles; and
 - (ii) resolving disputes between the external auditors and management of both the Filer and IOT regarding financial reporting;
 - (j) the Filer continues to satisfy the requirements set out in NI 52-110; and
 - (k) the Filer continues to satisfy the requirements of section 4.6 of NI 51-102, except that for each financial reporting period in respect of which Combined Financial Statements are prepared, the Filer shall only be required to send to REIT Securityholders copies of the Combined Financial Statements and related MD&A.
2. The Specified Continuous Disclosure Requirements shall not apply to IOT, for so long as:

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- (a) each IOT Unit is stapled to a REIT Unit and trades as a Stapled Unit;
- (b) IOT does not issue, and has no outstanding, securities other than the IOT Units, voting securities held by the Filer or an affiliate thereof, debt securities that are stapled to debt securities of the Filer and the securities listed in sections 13.4(2)(c)(iii) and (iv) of NI 51-102;
- (c) IOT does not issue any IOT Units that are not stapled to REIT Units, except for distributions of IOT Units which are immediately followed by a consolidation of outstanding IOT Units such that an equal number of IOT Units and REIT Units are outstanding immediately following such consolidation;
- (d) the Filer is a reporting issuer in a designated Canadian jurisdiction (as defined in section 13.4 of NI 51-102), complies with NI 51-102 or the conditions of any exemptions therefrom and is an electronic filer under NI 13-101 that has filed all documents it is required to file under NI 51-102 or under the conditions of any exemptions therefrom;
- (e) IOT files a notice under its SEDAR profile indicating that it is relying on the AIF, material change reports and statements of executive compensation filed by the Filer and directing readers to refer to the Filer's SEDAR profile;
- (f) if IOT is exempt from the IOT Financial Disclosure Requirements, on each date that the Filer files consolidated financial statements or Combined Financial Statements, IOT files under its SEDAR profile, together with the notice referred to in paragraph 1(b) of the CD Decision, summary financial information (as defined in section 13.4 of NI 51-102) for the periods covered by the consolidated financial statements or the Combined Financial Statements, as the case may be, filed on that date by the Filer, presented with a separate column for each of the following:
 - (i) IOT and its subsidiaries on a consolidated basis;
 - (ii) the Filer and its subsidiaries, other than IOT and its subsidiaries, on a consolidated basis;
 - (iii) if consolidated financial statements are filed for such period, consolidating adjustments; and
 - (iv) total consolidated or combined amounts, as applicable;

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- (g) if IOT is not exempt from the IOT Financial Disclosure Requirements, on each date that IOT files consolidated financial statements, IOT files under its SEDAR profile, together with the notice referred to in paragraph 2(e) of the CD Decision or together with Combined Financial Statements filed on a voluntary basis, summary financial information (as defined in section 13.4 of NI 51-102) for the periods covered by the consolidated financial statements filed on that date by IOT, presented with a separate column for each of the following:
 - (i) IOT and its subsidiaries on a consolidated basis;
 - (ii) the Filer and its subsidiaries, other than IOT and its subsidiaries, on a consolidated basis; and
 - (iii) total combined amounts, as applicable;
 - (h) an AIF or statement of executive compensation filed by the Filer contains all information that would be required in an AIF or statement of executive compensation, as applicable, filed by IOT for the same reporting period;
 - (i) the Filer complies with the requirements of the securities legislation of the Principal Jurisdiction and the TSX in respect of making disclosure of material information on a timely basis and immediately issues and files a news release that discloses any material changes in its affairs;
 - (j) IOT complies with the requirements of the securities legislation of the Principal Jurisdiction to issue a press release and file a report with the Principal Jurisdiction and the Non-Principal Jurisdictions upon the occurrence of a material change in respect of the affairs of IOT that is not also a material change in the affairs of the Filer; and
 - (k) IOT complies with the requirements of sections 9.1(1) and 9.1(2)(a) of NI 51-102 in respect of any meeting for which it gives notice to any registered holder of securities of IOT other than the Filer or an affiliate thereof.
3. The Certification Requirements shall not apply to IOT for so long as:
- (a) the Filer and IOT continue to satisfy the conditions set out in paragraphs 1 and 2 of the CD Decision; and
 - (b) the Filer continues to satisfy the requirements of NI 52-109 or complies with the conditions set out in paragraph 4 of the CD Decision.

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4. The Certificate Form Requirement shall not apply to the Filer for so long as:
 - (a) the Filer and IOT continue to satisfy the conditions set out in paragraph 1 of the CD Decision;
 - (b) the certificates filed by the Filer in accordance with section 4.1 of NI 52-109 in connection with the filing of Combined Financial Statements for each annual financial reporting period in respect of which the financial information of the Filer and IOT cannot be consolidated under Applicable Accounting Principles, are substantially in the form required by section 4.2 of NI 52-109, except that the certificates refer to and certify matters in respect of the filing of Combined Financial Statements and related MD&A; and
 - (c) the certificates filed by the Filer in accordance with section 5.1 of NI 52-109 in connection with the filing of Combined Financial Statements for each interim financial reporting period in respect of which the financial information of the Filer and IOT cannot be consolidated under Applicable Accounting Principles, are substantially in the form required by section 5.2 of NI 52-109, except that the certificates refer to and certify matters in respect of the filing of Combined Financial Statements and related MD&A.
5. The Audit Committee Requirements shall not apply to IOT for so long as:
 - (a) the Filer and IOT continue to satisfy the conditions set out in paragraphs 1 and 2 of the CD Decision;
 - (b) the representations of the Filer in paragraph 8, above, continue to be accurate in all material respects;
 - (c) the IOT Declaration of Trust provides that, so long as the IOT Units and the REIT Units continue to trade together as Stapled Units and all of the voting securities of IOT are held by the Filer or an affiliate thereof, the external auditor of IOT shall be the external auditor of the Filer as appointed in accordance with the REIT Declaration of Trust; and
 - (d) the Filer continues to satisfy the requirements set out in NI 52-110.
6. The Corporate Governance Disclosure Requirements shall not apply to IOT for so long as:

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- (a) the Filer and IOT continue to satisfy the conditions set out in paragraph 2 of the CD Decision;
 - (b) unless IOT is exempt from or otherwise not subject to the IOT Financial Disclosure Requirements, IOT provides the disclosure required by Form 58-101F1 in its annual MD&A; and
 - (c) the Filer continues to satisfy the requirements set out in NI 58-101.
- 7. The IOT Short Form Criteria and the IOT Shelf Prospectus Criteria shall not apply to IOT for so long as:
 - (a) each IOT Unit is stapled to a REIT Unit and trades as a Stapled Unit;
 - (b) each Stapled Unit is listed and posted for trading on a short form eligible exchange (as defined in NI 44-101);
 - (c) the Filer and IOT continue to satisfy the conditions set out in paragraph 1 of the CD Decision or IOT complies with the IOT Financial Disclosure Requirements;
 - (d) the Filer and IOT continue to satisfy the conditions set out in paragraph 2 of the CD Decision or IOT complies with the Specified Continuous Disclosure Requirements; and
 - (e) each Joint Prospectus filed by the Filer and IOT incorporates by reference any applicable documents listed in the representation of the Filer set forth at paragraph 20, above.
- 8. The Filer Short Form Criteria and the Filer Shelf Prospectus Criteria shall not apply to the Filer for so long as:
 - (a) each REIT Unit is stapled to an IOT Unit and trades as a Stapled Unit;
 - (b) each Stapled Unit is listed and posted for trading on a short form eligible exchange (as defined in NI 44-101);
 - (c) the Filer and IOT continue to satisfy the conditions set out in paragraph 1 of the CD Decision or the Filer complies with the Filer Financial Disclosure Requirements; and

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- (d) each Joint Prospectus filed by the Filer and IOT incorporates by reference any applicable documents listed in the representation of the Filer set forth at paragraph 20, above.

Jo-Anne Matear
Assistant Manager
Corporate Finance Branch
Ontario Securities Commission