

IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUEBEC,
NOVA SCOTIA, NEW BRUNSWICK, PRINCE EDWARD ISLAND AND
NEWFOUNDLAND

AND

IN THE MATTER OF THE MUTUAL RELIANCE REVIEW
SYSTEM FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
RETIREMENT RESIDENCES REAL ESTATE INVESTMENT TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland (the "Jurisdictions") has received an application from Retirement Residences Real Estate Investment Trust ("Retirement REIT") for a decision, pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the requirement contained in the Legislation to be registered to trade in a security and to file and obtain a receipt for a preliminary prospectus and a final prospectus (the "Registration and Prospectus Requirements") shall not apply to the distribution of units of Retirement REIT pursuant to a distribution reinvestment plan (the "DRIP");

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS Retirement REIT has represented to the Decision Makers that:

1. Retirement REIT is an unincorporated closed-end investment trust established under the laws of the Province of Ontario by a declaration of trust dated December 28, 2000.
2. Retirement REIT is not a "mutual fund" as defined in the Legislation because the holders of Units ("Unitholders") are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets of Retirement REIT as contemplated in the definition of "mutual fund" in the Legislation.
3. Retirement REIT became a reporting issuer under the Legislation on March 30, 2001.
4. The beneficial interests in Retirement REIT are divided into a single class of units (the "Units"). Retirement REIT is authorized to issue an unlimited number of Units. Units represent a Unitholder's proportionate undivided beneficial interest in Retirement REIT. Ten Units are presently issued and outstanding.

5. Retirement REIT has applied to have the Units listed and posted for trading on The Toronto Stock Exchange (the "TSE").
6. Retirement REIT's real property investments will initially be comprised of 77 retirement home properties (the "Properties") servicing more than 7,200 residents. The objectives of Retirement REIT are to: (i) provide Unitholders with stable and growing cash distributions, payable monthly and substantially tax-deferred, from Retirement REIT's investments in retirement home properties; and (ii) maximize distributions and Unit value through efficient management of the Properties and accretive acquisitions of additional retirement home properties in Canada.
7. Retirement REIT intends to distribute to Unitholders monthly, in cash, 85% of its distributable income.
8. Retirement REIT intends to establish the DRIP pursuant to which Unitholders may, at their option, invest cash distributions paid on their Units in additional Units ("Additional Units").
9. Distributions due to participants in the DRIP ("DRIP Participants") will be paid to CIBC Mellon Trust Company in its capacity as agent under the DRIP (in such capacity, the "DRIP Agent") and applied to purchase Additional Units. All Additional Units purchased under the DRIP will be purchased by the DRIP Agent directly from Retirement REIT.
10. The price of Additional Units purchased with such cash distributions will be the current average of the closing price for a board lot of Units on the TSE for the five trading days immediately preceding the relevant distribution date. Unitholders who elect to participate in the DRIP will receive a further distribution of Units equal to value to 3% of each distribution that is reinvested under the DRIP. No commissions, service charges or brokerage fees will be payable by DRIP Participants in connection with the DRIP.
11. Additional Units purchased under the DRIP will be registered in the name of the DRIP Agent, as agent for the DRIP Participants.
12. Unitholders may terminate their participation in the DRIP at any time by written notice to the DRIP Agent. Such notice, if actually received prior to a distribution date, will have effect for such distribution. Thereafter, distributions payable to such Unitholders will be by cheque. Retirement REIT has the right to amend, suspend or terminate the DRIP at any time, provided that such action shall not have a retroactive effect which would prejudice the interests of the DRIP Participants. All DRIP Participants will be sent notice of any such amendment, suspension or termination.
13. The distribution of the Additional Units by Retirement REIT pursuant to the DRIP cannot be made in reliance on certain registration and prospectus exemptions contained in the Legislation as the DRIP involves the reinvestment of income distributed by Retirement REIT and not the reinvestment of dividends or interest of Retirement REIT.
14. The distribution of the Additional Units by Retirement REIT pursuant to the DRIP cannot be made in reliance on registration and prospectus exemptions contained in the Legislation for

distribution reinvestment plans of mutual funds, as Retirement REIT is not a "mutual fund" as defined in the Legislation because the Unitholders are not entitled to receive on demand an amount computed by reference to the value of a proportionate interest in the whole or in a portion of the net assets of Retirement REIT.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each of the Decision Makers (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers pursuant to the Legislation is that the trades of Additional Units by Retirement REIT to the DRIP Participants pursuant to the DRIP shall not be subject to the Registration and Prospectus Requirements of the Legislation provided that:

(a) at the time of the trade Retirement REIT is a reporting issuer or the equivalent under the Legislation and is not in default of any requirements of the Legislation;

(b) no sales charge is payable in respect of the trade;

(c) Retirement REIT has caused to be sent to the person or company to whom the Additional Units are traded, not more than 12 months before the trade, a statement describing:

(i) their right to withdraw from the DRIP and to make an election to receive cash instead of Units on the making of a distribution of income by Retirement REIT; and

(ii) instructions on how to exercise the right referred to in (i);

(d) prior to March 30, 2002 (the date on which Retirement REIT will have been a reporting issuer for 12 months), the aggregate number of Additional Units issued or issuable to beneficial holders of Units pursuant to the DRIP shall not exceed 2% of the aggregate number of Units outstanding at the time of such trade; and

(e) the first trade in Additional Units acquired pursuant to this Decision in a Jurisdiction shall be deemed a distribution or primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless

(i) at the time of the first trade, Retirement REIT is a reporting issuer or the equivalent under the Applicable Legislation;

(ii) no unusual effort is made to prepare the market or to create a demand for the Units;

(iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade;

(iv) if the seller of the Additional Units is an insider of Retirement REIT, the seller has reasonable grounds to believe that Retirement REIT is not in default of any requirement of the Applicable Legislation;

(v) except in Quebec, the first trade is not from the holdings of a person or company or a combination of persons or companies holding a sufficient number of Units of Retirement REIT so as to affect materially the control of Retirement REIT or more than 20% of the outstanding voting securities of Retirement REIT except where there is evidence showing that the holding of those securities does not affect materially the control of Retirement REIT; and

(vi) disclosure of the initial distribution of the Additional Units is made to the relevant Jurisdictions by providing the particulars of the date of the distribution of such Additional Units, the number of such Additional Units and the purchase price paid or to be paid for such Additional Units in:

(a) an information circular or take-over bid circular filed in accordance with the Legislation; or

(b) a letter filed with the Decision Maker in the relevant Jurisdiction by a person or company certifying that the person or company has knowledge of the facts contained in the letter,

when Retirement REIT distributes such Additional Units for the first time and thereafter, not less frequently than annually, unless the aggregate number of Additional Units so traded in any month exceeds 1% of the Units outstanding at the beginning of a month in which the Additional Units were traded, in which case a separate report shall be filed in each relevant Jurisdiction (other than Quebec) in respect of that month within ten days of the end of such month.

DATED May 8th, 2001.

"Paul M. Moore"

"Robert W. Korthals"

Headnote

MRRS - Closed-end investment trust exempt from prospectus and registration requirements in connection with the issuance of units to existing unitholders pursuant to a distribution reinvestment plan whereby distributions of income are reinvested in additional units of the trust subject to certain conditions - first trade relief provided, for additional units of trust, subject to certain conditions.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., s. 25, 35(1)12, 53, 72(1)(f)(i) and 74(1).

Applicable Ontario Regulations

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am.,

Applicable Ontario Rules

Rule 45-502 - Dividend or Interest Reinvestment and Stock Dividend Plans.

Rule 81-501 - Mutual Fund Reinvestment Plans.