

IN THE MATTER OF THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA, ONTARIO, QUÉBEC,
NOVA SCOTIA, NEW BRUNSWICK, PRINCE EDWARD ISLAND, NEWFOUNDLAND
AND LABRADOR, YUKON, NUNAVUT
AND NORTHWEST TERRITORIES

AND

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

AND

IN THE MATTER OF
IPC US INCOME COMMERCIAL REAL ESTATE INVESTMENT TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories (the "Jurisdictions") has received an application from IPC US Income Commercial Real Estate Investment Trust ("IPC 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 or resale of units of IPC 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 IPC REIT has represented to the Decision Makers that:

1. IPC REIT is an unincorporated open-end investment trust established under the laws of the Province of Ontario by a declaration of trust dated November 8, 2001, which declaration of trust was amended and restated on December 19, 2001 (the "Declaration of Trust").

2. The beneficial interests in IPC REIT are divided into a single class of units (the "Units") and IPC REIT is authorized to issue an unlimited number of Units. As of the date hereof, 16,645,000 Units are presently issued and outstanding.
3. Each Unit represents a proportionate undivided beneficial interest in IPC REIT, and entitles holders of Units ("Unitholders") to one vote at any meeting of Unitholders and to participate *pro rata* in the distributions of IPC REIT.
4. The Units of IPC REIT are currently listed and posted for trading on the Toronto Stock Exchange (the "TSE").
5. IPC REIT is not a "mutual fund" as described 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 part of the net assets of IPC REIT as contemplated in the definition of "mutual fund" in the Legislation.
6. IPC REIT became a reporting issuer or the equivalent thereof in each province and territory in Canada on December 13, 2001 when it obtained a receipt for its prospectus dated December 13, 2001 (the "Prospectus"). As of the date hereof, IPC REIT is not in default of any requirements under the Legislation.
7. IPC REIT was established to continue and expand the commercial real estate business of IPC (US), Inc. (the "Company") and its subsidiaries. The Company was founded in 1998 in response to opportunities to acquire real estate in the mid-size cities of Louisville, Kentucky and Wichita, Kansas, and in other urban markets in the States of New Hampshire, New York, New Jersey and Massachusetts.
8. IPC REIT's focus will be on the acquisition, management, leasing and redevelopment of office and retail properties in its existing and similarly situated markets primarily in the United States.
9. The objectives of IPC REIT are: (i) to generate stable U.S. dollar-linked cash distributions on a tax efficient basis; (ii) to grow IPC REIT and increase its Distributable Income (as such term is defined in the Declaration of Trust) through an aggressive acquisition program by accessing the network of relationships and depth of commercial property and financing experience offered by Paul Reichmann; and (iii) to enhance the value of IPC REIT's assets and to maximize long-term Unit value through efficient management.
10. IPC REIT currently intends to make cash distributions to Unitholders monthly, equal to, on an annual basis, approximately 80% of its Distributable Income.

11. IPC 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"). The DRIP will not be available to Unitholders who are not Canadian residents.
12. 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 IPC REIT.
13. The price of Additional Units purchased with such cash distributions will be the volume weighted 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 Additional Units equal in value to 3% of each distribution that is reinvested under the DRIP.
14. No commissions, service charges or brokerage fees will be payable by DRIP Participants in connection with the DRIP and all administrative costs will be borne by IPC REIT.
15. Additional Units purchased under the DRIP will be registered in the name of the DRIP Agent, as agent for the DRIP Participants.
16. Unitholders may terminate their participation in the DRIP at any time by written notice to the DRIP Agent. Such notice, if received prior to a distribution date, will have effect for such distribution. Thereafter, distributions payable to such Unitholders will be by cheque.
17. IPC REIT may 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.
18. The distribution of the Additional Units by IPC 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 Distributable Income distributed by IPC REIT and not the reinvestment of distributions of dividends, interest, capital gains or earnings of surplus of IPC REIT.
19. The distribution of the Additional Units by IPC 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 IPC REIT is not a "mutual fund" as defined in the Legislation.
20. As of the date hereof, IPC REIT would be considered a Qualifying issuer for purposes of Multilateral Instrument 45-102 - *Resale of Securities*.

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 IPC 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 IPC 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) IPC 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 IPC REIT; and
 - (ii) instructions on how to exercise the right referred to in (i);
- (d) prior to April 13, 2002 (the date on which IPC REIT will have been a reporting issuer for four months), the aggregate number of Additional Units issued or issuable to beneficial holders of Units pursuant to the DRIP shall not exceed 0.75% of the aggregate number of Units outstanding at the time of the trade;
- (e) 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 IPC 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 Québec) in respect of that month within ten days of the end of such month;

- (f) except in Québec, 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 unless the conditions in Subsections 2.6(3) or (4) of Multilateral Instrument 45-102 are satisfied; and
- (g) in Québec, the first trade (alienation) in Additional Units acquired pursuant to this Decision shall be deemed a distribution or primary distribution to the public unless:
 - (i) at the time of the first trade, IPC REIT is and has been a reporting issuer in Québec for the four months immediately preceding the trade;
 - (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; and
 - (iv) if the seller of the Additional Units is an insider of IPC REIT, the seller has reasonable grounds to believe that IPC REIT is not in default of any requirement of the Legislation of Québec.

DATED March 8th, 2002.

"Paul Moore"

"R. Stephen Paddon"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Open-end investment trust exempt from prospectus and registration requirements in connection with issuance of units to existing unitholders pursuant to distribution reinvestment plan (DRIP) whereby distributions of Distributable Income are reinvested in additional units of the trust, subject to certain conditions - First trade in additional units deemed a distribution unless MI 45-102 - *Resale of Securities* is complied with.

Applicable Ontario Statutory Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53 and 74(1).

Rules Cited

OSC Rule 45-502 - *Dividend or Interest Reinvestment and Stock Dividend Plans*, (1998) 21 OSCB 3685.

Multilateral Instrument Cited

MI 45-102 - *Resale of Securities*, (2001) 24 OSCB 5522.