



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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VIA SEDAR ONLY

August 20, 2002

Torys
Suite 3000, Maritime Life Tower
Box 270, TD Centre
Toronto, Ontario
M5K 1N2

Attention: Paul D. Guthrie

Dear Sirs/Mesdames:

**RE: iUnits S&P/TSX Canadian REIT Index Fund (the "REIT Fund")
MRRS Application under National Instrument 81-102 Mutual Funds ("NI 81-102")
SEDAR Project No. 465083 / Application No. 669/02**

By letter dated July 11, 2002 (together, the "Application"), you applied on behalf of the REIT Fund to the regulator or securities regulatory authority in each of the provinces and territories of Canada except Québec (the "Decision Makers") for discretionary relief from certain provisions of NI 81-102.

The units of the REIT Fund will be offered continuously in the jurisdiction of each Decision Maker. For this purpose, a preliminary prospectus dated July 11, 2002 was filed under Sedar Project No. 465082, and is currently under review by staff.

We understand from the representations in the Application and from the disclosure in the proposed (final) prospectus (the "Prospectus") that:

1. The REIT Fund is a trust established under the laws of Ontario, with Barclays Global Investors Canada ("Barclays") as the trustee of the REIT Fund. Barclays' head office is located in Toronto, Ontario.
2. The REIT Fund seeks to replicate the return of the S&P/TSX Canadian REIT Index (the "Index") by investing in and holding baskets of shares (the "Index Shares") of the constituent companies that make up the Index in approximately the same proportions

as they are represented in the Index. The REIT Fund may also invest in futures contracts and other similar instruments in order to track the Index.

3. The REIT Fund will be passively managed; for this purpose, it may be necessary for the Fund to invest more than 10% of its net assets in shares of a constituent company of the Index.
4. The REIT Fund will issue units of beneficial interest ("Units") which will confer on investors a proportionate share of economic benefits similar to those which an investor could obtain through individual investments in the Index Shares.
5. The Core Asset Share Value per Unit of the REIT Fund (i.e. the dollar value of the Index Shares underlying a Unit), to be calculated daily, will equal, as closely as possible, 1/10th of the level of the Index.
6. Units of the REIT Fund will be listed and posted for trading on the Toronto Stock Exchange (the "TSX"), and will trade at a market price that may not necessarily reflect the Core Asset Share Value per Unit of the Fund.
7. From time to time, however, there may be a deviation in tracking such that the Core Asset Share Value per Unit will be greater or less than 1/10th of the Index level. Any substantial deviation of the market price for Units is expected to be corrected by arbitrage.
8. Units may be purchased directly from the REIT Fund only by one or more registered brokers or dealers who have entered into an underwriting agreement with the REIT Fund (the "Underwriters"). The majority of the consideration payable by Underwriters for Units will consist of shares of Constituent Companies, in prescribed amounts, and cash. Certain issuances to one or more designated brokers of a Fund (each, a "Designated Broker") will be made entirely in cash.
9. Each Underwriter or Designated Broker who subscribes for Units of the Funds on the first day on which the Funds accept subscriptions must deliver to the Funds, in respect of each prescribed number of units to be issued, a basket of Index Shares together with an amount in cash equal to a specified percentage, as set out in the REIT Fund's Prospectus, of the value of the basket of Index Shares delivered.
10. Every subscription for the prescribed number of Units of the REIT Fund, subsequent to the first day on which the REIT Fund accepts subscriptions, must be paid for by delivery of a basket of Index Shares and cash in an amount sufficient so that the value of the basket of Index Shares and the cash delivered is equal to the net asset value of the Fund Units next determined following the receipt of the subscription order.

11. Units may also be issued periodically by the REIT Fund to one or more Designated Brokers upon an Index adjustment, take-over bid or similar extraordinary situation, or to fund permitted cash redemptions. Units will also be issued to Unitholders upon the automatic reinvestment of special dividends or capital gains distributions made on the Index Shares held by the REIT Fund.
12. Investors are generally expected to purchase Units through the facilities of the TSX. However, Units will be issued directly to Unitholders upon the reinvestment of the Fund's distributions of income or capital gains.
13. While Unitholders who wish to dispose of their Units may generally do so by selling their Units on the TSX, a Unitholder who holds a prescribed number of Units or an integral multiple thereof may exchange such Units for a basket of Index Shares and cash. Unitholders may also redeem their Units for cash at a redemption price equal to 95% of the closing price of the Units on the TSX on the date of redemption.
14. As trustee, Barclays will be entitled to receive a fixed annual fee from the REIT Fund which will be capped at a ratio equal to 0.55% of the net asset value of the REIT Fund. Barclays will be responsible for the payment of all expenses of the Funds, except for the trustee fee.
15. The REIT Fund proposes to lend the Index Shares which it holds itself or through an agent to brokers, dealers and other financial institutions desiring to borrow securities. The securities lending will enable the REIT Fund to earn income to partially offset the costs and expenses of the REIT Fund. This will enable the REIT Fund to reduce the effect of such costs and expenses, thereby enhancing the Fund's ability to provide investment results which most closely correspond to the price and performance of the Index.

This letter confirms that, based on the information and representations contained (and for the purposes described) in the Application and the Prospectus, the Decision Makers hereby grant exemptions from the following requirements of NI 81-102:

- A. subsection 2.1(1) - to enable each Fund to invest more than 10% of its net assets in shares of any company included in the Index, for the purpose of tracking the Index.
- B. subsection 9.4(2) - to permit the payment for the issuance of Units of the Funds to the Underwriters or Designated Brokers to be made partially in cash and partially in securities, provided that the acceptance of securities as payment is made in accordance with clause 9.4(2)(b) of NI 81-102.
- C. section 10.3 - to permit the redemption price of Units redeemed solely for cash to be a price that is at a discount (currently intended to be 5%) to the market price of the

Units on the TSX, rather than the net asset value per security next determined after receipt of the redemption order.

- D. section 14.1 - to enable the REIT Fund to determine the record dates for distributions in accordance with the rules of the TSX.
- E. section 16.1 - to relieve the REIT Fund from the requirements pertaining to the calculation and disclosure of its management expense ratio.
- F. clause 17.2(2)(b) - to relieve the REIT Fund from the requirement to disclose its management expense ratio in its annual and interim financial statements provided that the percentage specified in paragraph 14 above is disclosed in the REIT Fund's annual and interim financial statements.

Yours very truly,

"Paul A. Dempsey"

Paul A. Dempsey
Manager, Investment Funds
Capital Markets