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Initial Public Offering

October 28, 2020



PROSPECTUS

\$40,000,000 (Maximum)

4,000,000 Preferred Shares (Maximum)

\$10,000,000 (Minimum)

1,000,000 Preferred Shares (Minimum)

\$10.00 per Preferred Share

\$60,000,000 (Maximum)

4,000,000 Class A Shares (Maximum)

\$15,000,000 (Minimum)

1,000,000 Class A Shares (Minimum)

\$15.00 per Class A Share

Real Estate & E-Commerce Split Corp. (the “Company”) is a mutual fund established as a corporation under the laws of the Province of Ontario. The Company proposes to offer preferred shares (“Preferred Shares”) and class A shares (“Class A Shares”) at a price of \$10.00 per Preferred Share and \$15.00 per Class A Share (the “Offering”). Preferred Shares and Class A Shares are issued only on the basis that an equal number of Preferred Shares and Class A Shares will be outstanding at all material times.

The Company will invest in a diversified, actively managed portfolio (the “Portfolio”) of dividend-paying securities of issuers operating in the real estate or related sectors, including real estate investment trusts, that the Advisor (as defined below) believes are well-positioned to benefit from low interest rates, the rapid adoption of e-commerce, the growth of data infrastructure as well as attractive valuations in various areas of the real estate sector (“Real Estate & E-Commerce Issuers”). See “Investment Strategy.”

The investment objectives for the Preferred Shares are to provide holders with fixed cumulative preferential quarterly cash distributions and to return the original issue price of \$10.00 to holders on December 31, 2025 (the “Maturity Date”), subject to extension for successive terms of up to five years as determined by the Company’s board of directors. See “Investment Objectives”. The quarterly cash distribution will be \$0.13125 per Preferred Share (\$0.525 per annum), representing a yield of 5.25% per annum on the issue price of \$10.00 per Preferred Share until December 31, 2025. See “Distribution Policy”.

The investment objectives for the Class A Shares are to provide holders with non-cumulative monthly cash distributions and to provide holders with the opportunity for capital appreciation through exposure to the Portfolio. See “Investment Objectives”. The monthly cash distribution is targeted to be \$0.10 per Class A Share (\$1.20 per annum), representing a yield of 8.0% per annum on the issue price of \$15.00 per Class A Share. See “Distribution Policy”.

The Preferred Shares have been provisionally rated Pfd-2 (low) by DBRS Limited. See “Description of the Shares – Rating of the Preferred Shares”.

The Company will be managed by Middlefield Limited (the “Manager”). Middlefield Capital Corporation (the “Advisor”) will provide investment management advice to the Company. See “Organization and Management”.

Details of the Company - Manager of the Company” and “Organization and Management Details of the Company - The Advisor”.

Price: \$10.00 per Preferred Share and \$15.00 per Class A Share

	Price to the Public⁽¹⁾	Agents' Fee	Net Proceeds to the Company⁽²⁾
Per Preferred Share	\$10.00	\$0.30	\$9.70
Minimum Total Offering ⁽³⁾⁽⁴⁾	\$10,000,000	\$300,000	\$9,700,000
Maximum Total Offering ⁽⁴⁾	\$40,000,000	\$1,200,000	\$38,800,000
Per Class A Share	\$15.00	\$0.675	\$14.325
Minimum Total Offering ⁽³⁾⁽⁴⁾	\$15,000,000	\$675,000	\$14,325,000
Maximum Total Offering ⁽⁴⁾	\$60,000,000	\$2,700,000	\$57,300,000

Notes:

- (1) The terms of the Offering were established through negotiation between the Agents (as defined herein) and the Manager on behalf of the Company.
- (2) Before deducting the expenses of the Offering, which are estimated to be \$500,000. The expenses of the Offering, together with the Agents' fee, will be paid out of the proceeds of the Offering, provided however that the expenses of the Offering to be borne by the Company shall not exceed 1.5% of the gross proceeds of the Offering. As a result of the priority of the Preferred Shares, the net expenses of the Offering will effectively be borne by holders of the Class A Shares and the net asset value per Class A Share will reflect such net expenses of the Offering of both the Preferred Shares and Class A Shares.
- (3) There will be no closing of the Offering unless a minimum of 1,000,000 Preferred Shares and 1,000,000 Class A Shares are sold. If subscriptions for a minimum of 1,000,000 Preferred Shares and 1,000,000 Class A Shares have not been received within 90 days following the date of issuance of a receipt for this prospectus, the Offering may not continue without the consent of the Canadian securities regulators and those who have subscribed for Preferred Shares and Class A Shares on or before such date.
- (4) The Company has granted to the Agents an over-allotment option, exercisable for a period of 30 days from the Closing Date (as defined herein), to purchase additional Preferred Shares and Class A Shares in an amount up to 15% of the aggregate number of Preferred Shares and Class A Shares issued on the Closing Date on the same terms as set forth above solely to cover over-allocations, if any (the “Over-Allotment Option”). If the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents' fee and net proceeds to the Company will be \$115,000,000, \$4,485,000 and \$110,515,000, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Preferred Shares and Class A Shares issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Preferred Shares and Class A Shares forming part of the Agents' over-allocation position acquires such Preferred Shares and Class A Shares under this prospectus, regardless of whether the Agents' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

Prospective purchasers may purchase: (i) Preferred Shares or Class A Shares by a cash payment; or (ii) “Units” (each Unit comprised of one Preferred Share and one Class A Share) or Class A Shares by an exchange (the “Exchange Option”) of freely-tradable listed securities of any eligible issuers (the “Exchange Eligible Issuers”) by no later than 5:00 p.m. (Toronto time) on October 27, 2020 through CDS Clearing and Depository Services Inc. (“CDS”). A prospective purchaser's book-entry deposits must be made by a participant in CDS (a “CDS Participant”), who may have an earlier deadline for depositing securities of Exchange Eligible Issuers. **The Exchange Option does not constitute, and is not to be construed as, a take-over bid for any Exchange Eligible Issuer.** See “Certain Federal Income Tax Considerations” and “Purchases of Securities”.

There is currently no market through which the Preferred Shares or Class A Shares may be sold. The Toronto Stock Exchange has conditionally approved the listing of the Preferred Shares and the Class A Shares. Listing is subject to the Company fulfilling all of the requirements of the Toronto Stock Exchange on or before January 19, 2021, including distribution of these securities to a minimum number of public securityholders. The Preferred Shares will trade under the symbol “RS.PR.A” and the Class A Shares will trade under the symbol “RS”. There is no assurance that the Company will be able to achieve its objectives or pay or make distributions on the Preferred Shares or Class A Shares in the amounts targeted or at all. An investment in Preferred Shares or Class A Shares involves a degree of risk. It is important for prospective purchasers to consider the risk factors described in this prospectus. See “Risk Factors” for a discussion of various risk factors that should be considered by prospective investors, including with respect to the use of leverage.

There is no guarantee that an investment in the Company will earn any positive return in the short or long term nor is there any guarantee that the Company's investment objectives will be achieved or that the net asset value per Preferred Share or Class A Share will appreciate or be preserved. An investment in the Company is appropriate only for investors who have the capacity to absorb investment losses. Prospective investors should read carefully the risk factors described in this prospectus. See "Risk Factors" for a discussion of certain factors that should be considered by prospective purchasers of Preferred Shares and Class A Shares.

CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Genuity Corp., National Bank Financial Inc., Industrial Alliance Securities Inc., Manulife Securities Incorporated, Raymond James Ltd., Richardson GMP Limited, Middlefield Capital Corporation, Echelon Wealth Partners Inc. and Mackie Research Capital Corporation (collectively, the "Agents"), as agents, conditionally offer the Preferred Shares and Class A Shares for sale, on a best efforts basis, if, as and when issued by the Company in accordance with the conditions contained in an agency agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by Fasken Martineau DuMoulin LLP and on behalf of the Agents by McCarthy Tétraut LLP. The Agents may over-allot or effect transactions as described under "Plan of Distribution".

Subscriptions for Preferred Shares and Class A Shares will be received subject to acceptance or rejection in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about November 19, 2020, but no later than 90 days after a receipt for this prospectus has been issued (the "Closing Date"). Registrations and transfers of Preferred Shares and Class A Shares will be effected only through CDS Clearing and Depository Services Inc. Beneficial owners will not have the right to receive physical certificates evidencing their ownership. See "Plan of Distribution" and "Description of the Shares – Book-Entry-Only and Book-Based Systems".

Middlefield Capital Corporation, which is one of the Agents and the Advisor, is an affiliate of Middlefield Limited, the Manager and promoter of the Company. Consequently, the Company may be considered a "related issuer" and/or a "connected issuer" of Middlefield Capital Corporation under applicable securities legislation. Middlefield Capital Corporation will receive no benefit in connection with this Offering other than receiving from the Manager the advisory fee payable to the Advisor, receiving a portion of the Agents' fees described under "Fees and Expenses" and brokerage commissions or other fees in connection with portfolio transactions as described under "Organization and Management Details of the Company - Conflicts of Interest". In addition, affiliates of one of the Agents (other than Middlefield Capital Corporation) have been requested to provide the Company with the Loan Facility described under "Investment Strategy - Leverage"; the borrowings under such facility may be used by the Company only for working capital purposes. Accordingly, if any such affiliate provides such financing, the Company may be considered to be a "connected issuer" of such Agent. See "Relationship Between Investment Fund and Agents" and "Plan of Distribution".

TABLE OF CONTENTS

PROSPECTUS SUMMARY	1	Withdrawal of Exchange Option Elections	33
THE OFFERING	1	Maximum Offering	33
RISK FACTORS.....	7	Exchange Eligible Issuers	33
ORGANIZATION AND MANAGEMENT OF THE COMPANY	7	REDEMPTIONS AND RETRACTIONS	36
SUMMARY OF FEES AND EXPENSES	8	Redemptions.....	36
CAUTION REGARDING FORWARD-LOOKING INFORMATION.....	10	Retraction Privileges.....	36
ABOUT THIS PROSPECTUS	10	Suspension of Redemptions and Retractions.....	39
OVERVIEW OF THE COMPANY	11	Certain Federal INCOME TAX CONSIDERATIONS	40
INVESTMENT OBJECTIVES.....	11	Tax Treatment of the Company	41
INVESTMENT STRATEGY	11	Distributions	42
Call Option Writing.....	12	Tax Treatment of Shareholders.....	43
Use of Other Derivative Instruments.....	13	Disposition of Shares	43
Short Selling	13	Tax Treatment under the Exchange Option.....	44
Currency Hedging	13	International Information Reporting	44
Securities Lending.....	14	ELIGIBILITY FOR INVESTMENT	45
Leverage	14	ORGANIZATION AND MANAGEMENT DETAILS OF THE COMPANY	45
OVERVIEW OF THE SECTOR IN WHICH THE COMPANY INVESTS.....	14	Officers and Directors of the Company.....	45
Strategy Highlights.....	15	Manager of the Company	46
Investment Opportunities.....	16	Duties and Services to be Provided by the Manager	47
INVESTMENT RESTRICTIONS	19	Details of the Management Agreement.....	47
FEES AND EXPENSES.....	21	Officers and Directors of the Manager of the Company	47
Fees and Expenses Payable by the Company.....	21	The Advisor.....	48
Fees and Expenses Payable by Shareholders	22	Details of the Advisory Agreement.....	49
RISK FACTORS.....	22	Conflicts of Interest.....	50
Risks Related to Objectives and Strategy	23	Independent Review Committee.....	51
Risks Related to Portfolio Securities	24	Auditors.....	51
Risks Related to the Structure of the Company... ..	26	Custodian	52
DISTRIBUTION POLICY	30	Securities Lending Agent	52
Distributions	30	Promoter.....	52
Distribution Reinvestment Plan	30	Registrar and Transfer Agent; Exchange Agent ..	52
PURCHASES OF SHARES	31	Valuation Agent.....	52
Method to Purchase Shares.....	31	CALCULATION OF NET ASSET VALUE.....	53
Procedure.....	32	Reporting of Net Asset Value.....	53
Determination of Exchange Ratio	32	Valuation of Portfolio Securities	53
Delivery of Final Prospectus.....	32	DESCRIPTION OF THE SHARES	54

The Shares	54
Principal Shareholder	54
Priority.....	55
Book-Entry-Only and Book-Based Systems.....	55
Purchase for Cancellation	56
SHAREHOLDER MATTERS	56
Meetings of Shareholders	56
Matters Requiring Shareholder Approval	56
Reporting to Shareholders	57
Potential Fund Mergers and Conversions	57
REDEMPTION OF THE SHARES BY THE COMPANY	57
USE OF PROCEEDS	57
TERMINATION OF THE COMPANY	58
PLAN OF DISTRIBUTION	58
RELATIONSHIP BETWEEN INVESTMENT FUND AND AGENTS	59
INTEREST OF MANAGER AND OTHERS IN MATERIAL TRANSACTIONS	59
PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD	60
MATERIAL CONTRACTS	60
EXPERTS	60
PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION	61
INDEPENDENT AUDITOR'S REPORT	F-1
STATEMENT OF FINANCIAL POSITION	F-3
NOTES TO THE STATEMENT OF FINANCIAL POSITION	F-4
CERTIFICATE OF THE COMPANY, THE MANAGER AND THE PROMOTER	C-1
CERTIFICATE OF THE AGENTS	C-2

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. All references in this prospectus to “dollars” or “\$” are to Canadian dollars unless otherwise indicated.

THE OFFERING

- Issuer:** Real Estate & E-Commerce Split Corp. (the “Company”) is a mutual fund established as a corporation under the laws of the Province of Ontario on October 7, 2020.
- Offering:** The Company is offering preferred shares (“Preferred Shares”) and class A shares (“Class A Shares”) of the Company. An equal number of each class of shares will be issued pursuant to this Offering and an equal number of each class of shares will be outstanding at all material times thereafter.
- Maximum Issue:** Maximum: \$40,000,000 (4,000,000 Preferred Shares)
Maximum: \$60,000,000 (4,000,000 Class A Shares)
- Minimum Issue:** Minimum: \$10,000,000 (1,000,000 Preferred Shares)
Minimum: \$15,000,000 (1,000,000 Class A Shares)
- Price:** \$10.00 per Preferred Share
\$15.00 per Class A Share
- Minimum Subscription:** 100 Preferred Shares (\$1,000) and/or
100 Class A Shares (\$1,500)
- Investment Objectives:** The investment objectives for the Preferred Shares are to provide holders with fixed cumulative preferential quarterly cash distributions and to return the original issue price of \$10.00 to holders on December 31, 2025 (the “Maturity Date”), subject to extension for successive terms of up to five years as determined by the Company’s board of directors (the “Board of Directors”). The quarterly cash distribution will be \$0.13125 per Preferred Share \$0.525 per annum), representing a yield of 5.25% per annum on the issue price of \$10.00 per Preferred Share until December 31, 2025.
- The investment objectives for the Class A Shares are to provide holders (together with holders of the Preferred Shares, the “Shareholders”) with non-cumulative monthly cash distributions and to provide holders with the opportunity for capital appreciation through exposure to the Portfolio. The monthly cash distribution is targeted to be \$0.10 per Class A Share (\$1.20 per annum), representing a yield of 8.0% per annum on the issue price of \$15.00 per Class A Share.
- See “Investment Objectives”.
- Investment Strategy:** The Company will invest in a diversified, actively managed portfolio (the “Portfolio”) of dividend-paying securities of issuers operating in the real estate or related sectors, including real estate investment trusts, that the Advisor (as defined below) believes are well-positioned to benefit from low interest rates, the rapid adoption of e-commerce, the growth of data infrastructure as well as attractive valuations in various areas of the real estate sector (“Real Estate & E-Commerce Issuers”). See “Investment Strategy”.
- Leverage:** Following the closing of the Offering, the Company will enter into a loan facility or prime brokerage facility (the “Loan Facility”) with one or more Canadian chartered banks (collectively, the “Lender”). The Loan Facility will permit the Company to borrow an amount not exceeding 5% of the value of the total assets of the Company, which borrowing may be used only for working capital purposes. Accordingly, at the time such leverage is incurred, the maximum amount of leverage that the Company could obtain from the Loan Facility is 1.05:1. The interest rates, fees and expenses under the Loan Facility will be typical of credit facilities of this nature and the Company expects that the Lender will require the Company to provide a security interest in favour

of the Lender over the assets of the Company to secure such borrowings. The Loan Facility will constitute senior indebtedness. Other than borrowing by the Company under the Loan Facility and pursuant to the Preferred Shares, the Company does not contemplate engaging in other borrowings. See “Investment Strategy - Leverage”.

Currency Hedging:

The Portfolio may include securities which are denominated in currencies other than the Canadian dollar (any such currencies being “foreign currencies”) and, accordingly, the Company may be exposed to foreign currency risk. The Company initially intends to hedge the majority of its exposure to foreign currencies back to the Canadian dollar. The decision as to whether the Company’s exposure to foreign currencies will be hedged back to the Canadian dollar, and the amount of such exposure to be hedged, will depend on such factors as exchange rates, the Advisor’s outlook for the economy both in Canada and globally and for the sectors in which the Company from time to time invests, and a comparison of the costs associated with such hedging transactions against the benefits expected to be obtained therefrom.

Distribution Policy:

Preferred Shares

Holders of record of Preferred Shares on the last business day of each of March, June, September and December will be entitled to receive fixed, cumulative preferential quarterly cash distributions equal to \$0.13125 per Preferred Share until December 31, 2025. On an annualized basis, this would represent a yield on the \$10.00 Preferred Share issue price of 5.25% per annum. Such quarterly distributions are expected to be paid by the Company before the last business day of the month following the period in respect of which the distribution was payable. Based on the expected closing date of the Offering, currently being November 19, 2020 (the “Closing Date”), the initial distribution is expected to be payable to the holders of Preferred Shares of record on December 31, 2020. The first distribution will be pro-rated to reflect the period from the Closing Date to December 31, 2020.

Class A Shares

The policy of the Board of Directors will be to pay non-cumulative monthly distributions to the holders of Class A Shares. The monthly cash distribution is targeted to be \$0.10 per Class A Share representing a yield on the issue price of \$15.00 of the Class A Shares of 8.0% per annum. Such distributions will be paid on or before the last business day of the month following the month in respect of which the distribution becomes payable. The initial distribution on the Class A Shares is expected to be declared payable to holders of Class A Shares of record on December 31, 2020. No distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears, or (ii) in respect of a cash distribution by the Company, the net asset value (“NAV” or “Net Asset Value”) per “Unit”, comprised of one Preferred Share and one Class A Share, would be less than \$15.00 following the payment of such distributions. **The amount of monthly distributions may fluctuate from month to month and there can be no assurance that the Company will make any distributions in any particular month or months.**

Assuming that the gross proceeds of the Offering are \$100 million and fees and expenses are as presented in this prospectus, in order to achieve the Company’s targeted annual distributions for the Class A Shares and fixed annual distributions on the Preferred Shares while maintaining a stable NAV per Unit, the Company will be required to generate an average annual total return (comprised of net realized capital gains, option premiums and dividends) on the Portfolio of approximately 8.3%. The Portfolio is currently expected to generate dividend income of approximately 5.6% per annum. Accordingly, the Portfolio would be required to generate an additional approximately 2.8% per annum, including from dividend growth and realized capital appreciation, in order for the Company to distribute the targeted amount on the Class A Shares. Such distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to the holders of Preferred Shares or Class A Shares.

See “Distribution Policy” and “Risk Factors”.

Credit Rating: The Preferred Shares have been provisionally rated Pfd-2 (low) by DBRS Limited. See “Description of the Shares – Rating of the Preferred Shares”.

Exchange Option: Prospective purchasers may purchase, at their election: (i) Preferred Shares or Class A Shares by a cash payment; or (ii) Units or Class A Shares by an exchange (the “Exchange Option”) of freely-tradable listed securities of any eligible issuers (the “Exchange Eligible Issuers”).

A prospective purchaser who elects to pay for Units or Class A Shares by using the Exchange Option must do so by depositing (in the form of a book-entry deposit) securities of Exchange Eligible Issuers through CDS Clearing and Depository Services Inc. prior to 5:00 p.m. (Toronto time) on October 27, 2020. A prospective purchaser’s CDS Participant (as defined herein) may have an earlier deadline for depositing securities of Exchange Eligible Issuers.

The purchase of Units or Class A Shares by the exchange of securities of an Exchange Eligible Issuer pursuant to the Exchange Option will be a taxable event for the purchaser.

See “Purchases of Securities” and “Certain Federal Income Tax Considerations”.

Redemptions: **Preferred Shares**

The Preferred Shares will be redeemed by the Company on the Maturity Date, subject to extension for successive terms of up to five years as determined by the Board of Directors. The redemption price payable by the Company for a Preferred Share on that date will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon and (ii) the NAV of the Company on that date divided by the total number of Preferred Shares then outstanding.

Class A Shares

The Class A Shares will be redeemed by the Company on the Maturity Date, subject to extension for successive terms of up to five years as determined by the Board of Directors. The redemption price payable by the Company for a Class A Share on that date will be equal to the greater of (i) the NAV per Unit on that date minus the sum of \$10.00 and any accrued and unpaid distributions on a Preferred Share, and (ii) nil.

See “Redemptions and Retractions – Redemptions”.

Retraction Privileges: **Preferred Shares**

Monthly: Preferred Shares may be surrendered at any time for retraction to Middlefield Capital Corporation (in such capacity, the “Registrar and Transfer Agent”), the Company’s registrar and transfer agent, but will be retracted only on the second last business day of a month (the “Retraction Date”). Preferred Shares surrendered for retraction by 5:00 p.m. (Toronto time) on or before the twentieth business day prior to the Retraction Date will be retracted on such Retraction Date and the holder will be paid on or before the last business day of the following month (the “Retraction Payment Date”).

Holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a retraction price per Preferred Share equal to 96% of the lesser of (i) the NAV per Unit determined as of such Retraction Date, less the cost to the Company of the purchase of a Class A Share for cancellation; and (ii) \$10.00. For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date. Subject to the terms of the Recirculation Agreement (as defined under “Redemptions and Retractions”), on any monthly retraction of Preferred Shares the Company will purchase or cause to be purchased for cancellation an equal

number of Class A Shares in the market so that there will be an equal number of Preferred Shares and Class A Shares outstanding at all material times.

Annual Concurrent Retraction: A holder of a Preferred Share may concurrently retract an equal number of Preferred Shares and Class A Shares on the second last business day of November of each year, other than in a year when the last business day of November is a Maturity Date or any subsequent maturity date, commencing in 2022 (the “Annual Retraction Date”) at a retraction price equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Preferred Shares and Class A Shares must both be surrendered for retraction by 5:00 p.m. (Toronto time) on or before the twentieth business day prior to the Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the last business day of the following month.

Non-Concurrent Retraction Right: On the Maturity Date and upon any subsequent maturity date as determined by the Board of Directors, a holder of Preferred Shares may retract such Preferred Shares. The Company will provide at least 60 days’ notice to holders of Preferred Shares of such right. The retraction price payable by the Company for a Preferred Share pursuant to the non-concurrent retraction right will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon and (ii) the NAV of the Company on that date divided by the total number of Preferred Shares then outstanding.

See “Redemption and Retractions – Retraction Privileges – Preferred Shares”.

Class A Shares

Monthly: Class A Shares may be surrendered at any time for retraction to the Registrar and Transfer Agent, but will be retracted only on the monthly Retraction Date. Class A Shares surrendered for retraction by 5:00 p.m. (Toronto time) on or before the twentieth business day prior to the monthly Retraction Date will be retracted on such Retraction Date and the shareholder will be paid on or before the Retraction Payment Date.

Holders of Class A Shares whose Class A Shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share equal to 96% of the difference between (i) the NAV per Unit determined as of such Retraction Date, and (ii) the cost to the Company of the purchase of a Preferred Share for cancellation. For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share. If the NAV per Unit is less than \$10.00, plus any accrued and unpaid distributions on a Preferred Share, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Class A Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent Retraction: A holder of a Class A Share may concurrently retract an equal number of Class A Shares and Preferred Shares on the Annual Retraction Date of each year, commencing in November 2022, at a retraction price equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Class A Shares and the Preferred Shares must both be surrendered for retraction by 5:00 p.m. (Toronto time) on or before the twentieth business day prior to the Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the last business day of the following month.

Non-Concurrent Retraction Right: On the Maturity Date and upon any subsequent maturity date as determined by the Board of Directors, a holder of Class A Shares may retract such Class A Shares. The Company will provide at least 60 days’ notice to holders of Class A Shares of such right. The retraction price payable by the Company for a Class A Share pursuant to the non-concurrent retraction right will be equal to the greater of (i) the NAV per Unit determined on that date minus the sum of \$10.00 and

any accrued and unpaid distributions on the Preferred Share, and (ii) nil.

For the purpose of calculating the NAV per Unit, the value of the Portfolio (as defined herein) will be determined as described under “Calculation of Net Asset Value – Valuation of Portfolio Securities”.

See “Redemption and Retractions – Retraction Privileges – Class A Shares”.

Use of Proceeds:

The net proceeds from the sale of Preferred Shares and Class A Shares (prior to the exercise of the Over-Allotment Option) will be as follows:

	<u>Maximum Offering</u>	<u>Minimum Offering</u>
Gross proceeds to the Company.....	\$100,000,000	\$25,000,000
Agents’ fees.....	\$3,900,000	\$975,000
Estimated expenses of issue ⁽¹⁾	<u>\$500,000</u>	<u>\$375,000</u>
Net proceeds to the Company.....	\$95,600,000	\$23,650,000

Note:

(1) Subject to a maximum 1.5% of the gross proceeds of the Offering.

The Company will use the net proceeds of this Offering (including any net proceeds from the exercise of the Over-Allotment Option) to (i) invest primarily in securities of Real Estate & E-Commerce Issuers, in accordance with the Company’s investment objectives, strategy and restrictions as described herein as soon as practicable after the closing of this Offering, and (ii) fund the ongoing fees and expenses of the Company as described under “Fees and Expenses”.

See “Use of Proceeds”.

**Income Tax
Considerations:**

The Company intends to qualify at all relevant times as a mutual fund corporation under the *Income Tax Act* (Canada) (the “Tax Act”). As a mutual fund corporation, the Company will be entitled to capital gains refunds in respect of: (i) capital gains dividends paid by it in respect of its net realized capital gains and from which it may elect to pay dividends (“Capital Gains Dividends”) which are treated as capital gains in the hands of the shareholders; and (ii) its capital gains redemptions.

Exchange Option

A purchaser who is resident in Canada, who holds securities of an Exchange Eligible Issuer as capital property for purposes of the Tax Act and who exchanges such securities for Units or Class A Shares under the Exchange Option will be considered to have disposed of such securities for proceeds of disposition equal to the sum of (i) any cash received by such purchaser (in lieu of fractional shares and/or \$0.01 received per Class A Share issued), and (ii) the fair market value, as at the time of acquisition, of Units or Class A Shares, as the case may be, acquired by such purchaser on the exchange. As a result, the purchaser generally will realize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base to the purchaser of the securities of the Exchange Eligible Issuer(s) and any reasonable costs of disposition.

Distributions received by Residents of Canada

Dividends, other than Capital Gains Dividends, received by individuals on the Preferred Shares and Class A Shares (“Ordinary Dividends”) will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends (including eligible dividends) received on shares of a “taxable Canadian corporation” (as defined in the Tax Act).

Ordinary Dividends received by corporations, other than a “specified financial institution” (as defined in the Tax Act), on the Preferred Shares and Class A Shares will generally be deductible in computing taxable income.

Ordinary Dividends received by specified financial institutions on the Preferred Shares and Class A Shares will be deductible in computing taxable income, provided that

certain conditions applicable to “term preferred shares” under the Tax Act are met, such as the 10% ownership restriction.

Ordinary Dividends received by private corporations (and certain other corporations) on the Preferred Shares and Class A Shares will be subject to a refundable tax under Part IV of the Tax Act, generally at the rate of 38^{1/3}%. Ordinary Dividends received by certain corporations other than private corporations on the Preferred Shares will be subject to a 10% tax under Part IV.1 of the Tax Act.

Return of capital payments to a holder of Preferred Shares and Class A Shares will not be subject to tax but will reduce the adjusted cost base of the Preferred Shares and Class A Shares to the holder. To the extent that such adjusted cost base would otherwise be a negative amount, the holder will be deemed to have recognized a capital gain at that time and the adjusted cost base will be increased by the amount of such deemed capital gain.

The amount of any Capital Gains Dividend received by a shareholder from the Company will be considered to be a capital gain of the shareholder from the disposition of capital property in the taxation year of the shareholder in which the Capital Gains Dividend is received.

See “Certain Federal Income Tax Considerations”.

Eligibility for Investment

Provided that the Company qualifies as a “mutual fund corporation” for the purposes of the Tax Act or if the Preferred Shares and Class A Shares are listed on a “designated stock exchange” within the meaning of the Tax Act, the Preferred Shares and Class A Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans, registered disability savings plans (“RDSPs”), registered education savings plans (“RESPs”) and tax-free savings accounts (“TFSA”) (collectively, “Registered Plans”).

Provided that a holder of a TFSA or RDSP, a subscriber of an RESP or an annuitant of an RRSP or RRIF, deals at arm’s length with and does not have a “significant interest” (within the meaning of the Tax Act) in the Company, the Preferred Shares and Class A Shares will not be a prohibited investment under the Tax Act for such TFSA, RDSP, RESP, RRSP or RRIF.

See “Eligibility for Investment”.

Distribution Reinvestment Plan:

At any time, a holder of Class A Shares (a “Class A Shareholder”) may elect to participate in the Company’s distribution reinvestment plan by giving notice of the Class A Shareholder’s decision to become a plan participant (a “Plan Participant”) for the relevant record date to the CDS Participant through which the Class A Shareholder holds its Class A Shares. Under such reinvestment plan, cash distributions will be used to acquire additional Class A Shares in the market.

See “Distribution Policy – Distribution Reinvestment Plan”.

Agents:

CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Genuity Corp., National Bank Financial Inc., Industrial Alliance Securities Inc., Manulife Securities Incorporated, Raymond James Ltd., Richardson GMP Limited, Middlefield Capital Corporation, Echelon Wealth Partners Inc. and Mackie Research Capital Corporation (collectively, the “Agents”) conditionally offer the shares on a best efforts basis, subject to prior sale, if, as and when issued by the Company and accepted by the Agents in accordance with the conditions contained in the Agency Agreement (as defined herein) referred to under “Plan of Distribution” and subject to the approval of certain matters on behalf of the Company by Fasken Martineau DuMoulin LLP and on behalf of the Agents by McCarthy Tétrault LLP.

The Company has granted the Agents an Over-Allotment Option. This prospectus qualifies the distribution of the Over-Allotment Option, and the Preferred Shares and the Class A Shares issuable on the exercise thereof. The Agents may exercise the Over-

Allotment Option in whole or in part at any time on or before the close of business on the 30th day following the closing of the Offering. To the extent that the Over-Allotment Option is exercised, the additional Preferred Shares and Class A Shares will be offered at the issue prices hereunder and the Agents will be entitled to a fee of \$0.30 per Preferred Share and \$0.675 per Class A Share purchased.

See “Plan of Distribution”.

Agents' Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	600,000 Preferred Shares and 600,000 Class A Shares	Within 30 days following the Closing Date	\$10.00 per Preferred Share and \$15.00 per Class A Share

RISK FACTORS

An investment in Preferred Shares and/or Class A Shares is subject to various risk factors, including but not limited to:

- (i) there being no assurance that the Company will be able to achieve its objectives or be able to make distributions on, or repay the original subscription price of, the Preferred Shares or make any distributions to holders of the Class A Shares;
- (ii) general risks of investing in equity securities;
- (iii) general risks associated with the industries in which Real Estate & E-Commerce Issuers operate;
- (iv) risks related to the COVID-19 global pandemic;
- (v) general risks associated with the geographic regions in which the Company invests;
- (vi) the NAV and the market price of the Class A Shares and the Preferred Shares will vary depending on a number of factors which are not within the control of the Company; and
- (vii) reliance on the experience and expertise of the Manager and Advisor.

The foregoing provides only a summary of certain of the risks that may be involved in an investment in Preferred Shares and/or Class A Shares. For further information regarding these risks and other risks that may be involved in an investment in Preferred Shares and/or Class A Shares, see “Risk Factors”. You should carefully consider the risk factors set out above and under “Risk Factors” and whether your financial condition and/or retirement savings objectives permit you to invest in the Company. An investment in Preferred Shares and/or Class A Shares is only appropriate for investors who have the capacity to absorb a loss of some or all of their investment.

ORGANIZATION AND MANAGEMENT OF THE COMPANY

Management of the Company	Services Provided to the Company	Municipality of Residence
Manager:	Middlefield Limited is the manager (in such capacity, the “Manager”) of the Company. See “Organization and Management Details of the Company – Manager of the Company”.	Middlefield Limited is located at 812 Memorial Drive N.W., Calgary, Alberta, T2N 3C8
Advisor:	The advisor to the Company is Middlefield Capital Corporation . See “Organization and Management Details of the Company – The Advisor”.	Toronto, Ontario
Promoter:	Middlefield Limited is the promoter of the Company. See “Organization and Management Details of the Company – Promoter”.	Calgary, Alberta

Management of the Company	Services Provided to the Company	Municipality of Residence
Custodian:	RBC Investor Services Trust is the custodian of the assets of the Company. See “Organization and Management Details of the Company – Custodian”.	Calgary, Alberta
Registrar and Transfer Agent:	Middlefield Capital Corporation is the registrar and transfer agent for the Preferred Shares and the Class A Shares. See “Organization and Management Details of the Company – Registrar and Transfer Agent”.	Toronto, Ontario
Auditor:	Deloitte LLP is the auditor of the Company. See “Organization and Management Details of the Company – Auditor”.	Toronto, Ontario
Valuation Agent:	RBC Investor Services Trust and MFL Management Limited are the Company’s joint valuation agent and will calculate the NAV. See “Calculation of Net Asset Value”.	Calgary, Alberta
Securities Lending Agent:	RBC Investor Services Trust is the Company’s securities lending agent. See “Organization and Management Details of the Company – Securities Lending Agent”.	Toronto, Ontario

SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable by the Company. Shareholders may have to pay some of these fees and expenses directly, as set out below under “Fees and Expenses Payable by Shareholders”. The fees and expenses payable by the Company will reduce the value of your investment in the Company. For further particulars, see “Fees and Expenses”.

Fees and Expenses Payable by the Company

Type of Fee	Amount and Description
Agents’ Fees:	\$0.30 per Preferred Share (3.0%) \$0.675 per Class A Share (4.5%)
Expenses of the Offering:	The expenses of the offering of Preferred Shares and Class A Shares by the Company are estimated to be \$500,000. The expenses of the Offering to be borne by the Company shall not exceed 1.5% of the gross proceeds of the Offering. As a result of the priority of the Preferred Shares, the net expenses of the Offering will effectively be borne by holders of the Class A Shares and the net asset value per Class A Share will reflect such net expenses of the Offering of both the Preferred Shares and Class A Shares.
Management Fee:	Annual management fee of 0.85% of the NAV of the Company calculated and payable monthly, based on the average NAV for that month, plus applicable taxes, provided that the management fee payable to the Manager shall not be paid in respect of the NAV attributable to any assets invested in the securities of any investment funds (including mutual funds) managed by the Manager or an affiliate of the Manager. The management fee will be paid in cash. The Manager, and not the Company, will pay an advisory fee to the Advisor pursuant to the advisory agreement among the Company, the Manager and the Advisor to be entered into at or prior to completion of the Offering. See “Fees and Expenses – Fees and Expenses Payable by the Company – Management Fee”.
Operating Expenses:	The Company will pay all expenses incurred in connection with its operation and administration, estimated to be \$200,000 per annum. The Company also will be responsible for commissions and other costs of portfolio transactions, debt service and

costs relating to the Loan Facility and all liabilities and any extraordinary expenses which it may incur from time to time.

See “Fees and Expenses – Fees and Expenses Payable by the Company”.

Fees and Expenses Payable by Shareholders

Retraction Expenses: In connection with the retraction of Preferred Shares and/or Class A Shares, any costs associated with the retraction, or, if the Manager determines that it is not practicable or necessary for the Company to sell portfolio securities to fund such retraction then the aggregate of all brokerage fees, commissions and other transaction costs that the Manager estimates would have resulted from such a sale, will be deducted from the applicable retraction price payable to the Shareholder exercising the retraction privilege. The amount of any such retraction costs will depend on the circumstances at the time of the retraction, including the NAV of the Company, the number of Preferred Shares and/or Class A Shares surrendered for retraction, the available cash of the Company, the interest rate under any loan facility or prime brokerage facility entered into by the Company, the current market price of the securities of each issuer included in the Portfolio at the time of the retraction and the actual or estimated brokerage fees, commissions and other transaction costs as set out above. As a result of the foregoing variables, the amount of retraction costs payable by a Shareholder upon the retraction of Preferred Shares and/or Class A Shares may vary from time to time.

See “Fees and Expenses – Fees and Expenses Payable by Shareholders”, “Risk Factors – Risks Related to the Structure of the Company – Risks Related to Retractions” and “Redemptions and Retractions”.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements and information set forth in this prospectus including under the heading “Overview of the Sector in which the Company Invests”, and statements with respect to benefits of the Company’s investment strategy, constitute forward-looking information, which involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. When used in this prospectus, the words “expects”, “anticipates”, “intends”, “plans”, “may”, “believes”, “seeks”, “estimates”, “appears” and similar expressions (including negative and grammatical variations) generally identify forward-looking information. In developing the forward-looking information contained herein related to the Company, the Company has made assumptions with respect to, among other things, the outlook for the Canadian and global economies, including, in particular, the industries in which Real Estate & E-Commerce Issuers operate. These assumptions are based on the Company’s perception of historical trends, current conditions and expected future developments, as well as other factors believed to be relevant. Although the Company believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information contained herein will prove to be accurate. Factors which could cause actual results, events, circumstances, expectations or performance to differ materially from those expressed or implied in forward looking information include, but are not limited to: general economic, political, tax, market and business factors and conditions; interest rate and foreign exchange rate fluctuations; volatility in Canadian or global equity and capital markets; statutory and regulatory developments; unexpected judicial or regulatory proceedings; catastrophic events; and other factors set out under the heading “Risk Factors”. Readers are cautioned that the foregoing list of factors is not exhaustive and readers should not place undue reliance on forward-looking information due to the inherent uncertainty of such information. All forward-looking information in this prospectus is qualified by the foregoing caution. The Company undertakes no obligation to publicly update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

ABOUT THIS PROSPECTUS

This prospectus contains statistical data, market research and industry forecasts that were obtained, unless otherwise indicated, from independent industry and government publications and reports or based on estimates derived from such publications and reports and the Advisor’s knowledge of, and experience in, the sectors in which the Company plans to invest. While the Company believes this data and information to be reliable, market and industry data and information is subject to variation and cannot be and therefore has not been verified due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Company has not participated in the preparation of such information contained herein. **The contents of any website referenced in this prospectus are for informational purposes only and are not incorporated by reference herein.**

OVERVIEW OF THE COMPANY

Real Estate & E-Commerce Split Corp. (the “Company”) is a mutual fund established as a corporation under the laws of the Province of Ontario on October 7, 2020. The Articles of the Company will be amended prior to closing to create the Preferred Shares and the Class A Shares. See “Description of the Shares”. The manager of the Company is Middlefield Limited (in such capacity, the “Manager”). The investment advisor to the Company is Middlefield Capital Corporation (in such capacity, the “Advisor”). The registered office of the Company is located at First Canadian Place, 100 King St. West, 58th Floor, Toronto, Ontario M5X 1A6.

While the Company is technically considered to be a mutual fund corporation under the securities legislation of the provinces of Canada, the Company is not a conventional mutual fund. The Company differs from conventional mutual funds in a number of respects, most notably as follows (i) while the Preferred Shares and Class A Shares of the Company may be surrendered at any time for redemption, the redemption price is payable monthly whereas the securities of most conventional mutual funds are redeemable daily, (ii) the Preferred Shares and Class A Shares of the Company are to have a stock exchange listing whereas the securities of most conventional mutual funds do not, and (iii) unlike most conventional mutual funds, the Preferred Shares and Class A Shares will not be offered on a continuous basis.

INVESTMENT OBJECTIVES

The investment objectives for the Preferred Shares are to provide holders with fixed cumulative preferential quarterly cash distributions and to return the original issue price of \$10.00 to holders on December 31, 2025 (the “Maturity Date”), subject to extension for successive terms of up to five years as determined by the Company’s board of directors (the “Board of Directors”). The quarterly cash distribution will be \$0.13125 per Preferred Share (\$0.525 per annum), representing a yield of 5.25% per annum on the issue price of \$10.00 per Preferred Share until December 31, 2025.

The investment objectives for the Class A Shares are to provide holders (together with holders of the Preferred Shares, the “Shareholders”) with non-cumulative monthly cash distributions and to provide holders with the opportunity for capital appreciation through exposure to the Portfolio. The monthly cash distribution is targeted to be \$0.10 per Class A Share (\$1.20 per annum), representing a yield of 8.0% per annum on the issue price of \$15.00 per Class A Share.

INVESTMENT STRATEGY

The Company has been designed to provide investors with a diversified, actively managed portfolio comprised of securities of high conviction Real Estate & E-Commerce Issuers, which the Advisor believes are well-positioned to benefit from low interest rates, the rapid adoption of e-commerce, the growth of data infrastructure as well as attractive valuations in various areas of the real estate sector.

The Advisor believes that REITs generally began 2020 with strong balance sheets and ample sources of liquidity, having raised US\$440 billion in equity capital from 2009 through 2019. As a result, leverage ratios at the end of 2019 were at or near their lowest values in more than two decades, giving this sector the financial flexibility to manage the challenges of the COVID-19 pandemic. The Advisor believes that Real Estate & E-Commerce Issuers involved in Industrial REITs, Specialized REITs, and Long-Term Value REITs are particularly well positioned to benefit from the current needs of business and consumers, including changes to behaviour resulting from the COVID-19 pandemic.

The Company will employ a tactical asset allocation strategy in order to seek the best combination of capital appreciation potential and income and will actively adjust the Portfolio’s asset allocation across three industries/themes: Industrial (Logistics), Specialized (Data Centers & Towers), and Long-Term Value (Apartments) based upon the Advisor’s outlook.

The Company intends to build upon the Manager’s proven track record of raising funds and managing equity income portfolios in the real estate and technology sectors, including implementing investment ideas, developed from its management of such investment funds as Global Real Estate & E Commerce *Dividend Fund*,

Middlefield Global Real Estate Class, Middlefield REIT INDEXPLUS ETF, and Middlefield Can-Global REIT *Income Fund*.

Fund	Inception Date	1-Year	3-Year	5-Year	Since Inception	
					Fund	Index ⁽¹⁾
Global Real Estate & E-Commerce Dividend Fund	10/25/2018	33.6%	n/a	n/a	27.9%	4.1%
Middlefield Global Real Estate Class (Series F)	9/30/2011	-7.0%	7.5%	6.1%	10.2%	8.0%
Middlefield REIT INDEXPLUS ETF	4/20/2011	-8.8%	6.4%	6.4%	7.7%	6.0%
Middlefield Can-Global REIT Income Fund	11/19/2012	-14.3%	3.2%	3.3%	7.5%	5.8%
MSCI World Net Real Estate Index (“Index”)		-11.7%	3.1%	5.1%		

Annualized total returns, assuming the reinvestment of distributions in respect of Middlefield Global Real Estate Class (Series F), and net of fees. Prepared by Middlefield as at September 30, 2020.

(1) “Since Inception” returns for the Index are for the period from inception of the applicable fund to September 30, 2020.

The past performance of the above noted funds may not be repeated and may not be indicative of future performance of the Company.

Call Option Writing

While the Company currently has no intention to do so, depending on the Advisor’s outlook the Company may choose to selectively write covered call options from time to time in respect of some or all of the securities in the Portfolio. Such call options may be either exchange traded options or over-the-counter options. Since call options will be written only in respect of securities that are in the Portfolio and the Investment Restrictions of the Company prohibit the sale of securities subject to an outstanding option, the call options will be covered call options at all times.

Based on the experience of the Manager using its tactical covered call writing strategy, the Manager expects there will be periods of time when the securities in the Portfolio will be subject to covered call options as well as periods when few or no covered call options will be written on the securities in the Portfolio.

The holder of a call option purchased from the Company will have the option, exercisable during a specific time period or at expiry, to purchase the securities underlying the option from the Company at the strike price per security. By selling call options, the Company will receive option premiums, which are generally paid within one business day of the writing of the option. If at any time during the term of a call option or at expiry the market price of the underlying securities is above the strike price, the holder of the option may exercise the option and the Company will be obligated to sell the securities to the holder at the strike price per security. Alternatively, the Company may repurchase a call option it has written that is in-the-money by paying the market value of the call option. If, however, the option is out-of-the-money at expiration of the call option, the holder of the option will likely not exercise the option, the option will expire and the Company will retain the underlying security. In each case, the Company will retain the option premium.

The amount of option premium depends upon, among other factors, the volatility of the price of the underlying security: generally, the higher the volatility, the higher the option premium. In addition, the amount of the option premium will depend upon the difference between the strike price of the option and the market price of the underlying security at the time the option is written. The smaller the positive difference (or the larger the negative difference), the more likely it is that the option will become in-the-money during the term and, accordingly, the greater the option premium.

When a call option is written on a security in the Portfolio, the amounts that the Company will be able to realize on the security during the term of the call option will be limited to the dividends received prior to the exercise of the call option during such period plus an amount equal to the sum of the strike price and the premium received from writing the option. In essence, the Company will forego potential returns resulting from any price appreciation of the security underlying the option above the strike price in favour of the certainty of receiving the option premium. See “Risk Factors”

Call Option Pricing

Many investors and financial market professionals price call options based on the Black-Scholes Model. In practice, however, actual option premiums are determined in the marketplace and there can be no assurance that the values generated by the Black-Scholes Model can be attained in the market.

Under the Black-Scholes Model (modified to include distributions), the primary factors that affect the option premium received by the seller of a call option are the following:

Factor	Description
<i>Price volatility of the underlying security</i>	The volatility of the price of a security measures the tendency of the price of the security to vary during a specified period. The higher the price volatility, the more likely that the price of that security will fluctuate (either positively or negatively) and the greater the option premium. Price volatility is generally measured in percentage terms on an annualized basis, based on price changes during a period of time immediately prior to or trailing the date of calculation.
<i>The difference between the strike price and the market price of the underlying security at the time the option is written</i>	The smaller the positive difference (or the larger the negative difference), the greater the option premium.
<i>The term of the option</i>	The longer the term, the greater the call option premium.
<i>The “risk-free” or benchmark interest rate in the market in which the option is issued</i>	The higher the risk-free interest rate, the greater the call option premium.
<i>The distributions expected to be paid on the underlying security during the relevant term</i>	The greater the distributions, the lower the call option premium.

Use of Other Derivative Instruments

While the Company currently has no intention to do so, to the extent permitted by Canadian securities regulators from time to time, the Company may purchase call options and put options in order to close out existing call options written by the Company. The Company may also purchase put options in order to protect the Company from declines in the market price of the Company’s assets. The Company may enter into trades to close out positions in such permitted derivatives.

Short Selling

The Company may engage in short selling as permitted by securities laws for the purposes of hedging (as defined in NI 81-102) the exposure of the Portfolio to equity securities that are to be received by the Corporation in connection with (i) the exercise by the Company of a right to acquire securities pursuant to a conversion or (ii) the exercise by the issuer of a right to issue such securities at maturity.

Currency Hedging

The Portfolio may include securities which are denominated in currencies other than the Canadian dollar (any such currencies being “foreign currencies”) and, accordingly, the Company may be exposed to foreign currency risk. The Company initially intends to hedge the majority of its exposure to foreign currencies back to the Canadian dollar. The decision as to whether the Company’s exposure to foreign currencies will be hedged back to the Canadian dollar, and the amount of such exposure to be hedged, will depend on such factors as exchange rates, the Advisor’s outlook for the economy both in Canada and globally and for the industries in which Real Estate & E-Commerce Issuers operate, and a comparison of the costs associated with such hedging transactions against the benefits expected to be obtained therefrom.

Securities Lending

In order to generate additional returns, the Company may lend Portfolio securities to securities borrowers acceptable to the Company pursuant to the terms of the Securities Lending Agreement (defined herein) under which: (i) the borrower will pay to the Company a negotiated securities lending fee and will make compensation payments to the Company equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the Company will receive collateral security. The Company may only lend the portion of the securities of a Portfolio issuer that is not subject to a covered call option. The Company will appoint the Custodian to act as securities lending agent in the event that it lends Portfolio securities to securities borrowers. The terms of each Securities Lending Agreement will comply with the conditions for securities lending transactions set out in section 2.12 of NI 81-102 (as defined below).

Leverage

Following the closing of this Offering, the Company will enter into a loan facility or prime brokerage facility (the “Loan Facility”) with one or more Canadian chartered banks (the “Lender”). The Lender will be at arm’s length to the Company, the Manager and their respective affiliates and associates but may be affiliated with one of the Agents.

The Loan Facility will permit the Company to borrow an amount not exceeding 5% of the value of the total assets of the Company, which borrowing may be used only for working capital purposes. Accordingly, at the time such leverage is incurred, the maximum amount of leverage that the Company could obtain from the Loan Facility is 1.05:1. The interest rates, fees and expenses under the Loan Facility will be typical of credit facilities of this nature and the Company expects that the Lender will require the Company to provide a security interest in favour of the Lender over the assets of the Company to secure such borrowings. In order to ensure that the total amount borrowed by the Company under the Loan Facility does not exceed at any time 5% of the value of the Company’s assets, the Manager will take appropriate steps with the Company’s assets which may include liquidating certain of the assets and using the proceeds thereof to reduce the amount outstanding under the Loan Facility.

The Loan Facility will contain provisions to the effect that in the event of a default under the Loan Facility, the Lender’s recourse will be limited solely to the assets of the Company. Such provisions are intended to ensure that Shareholders will not be liable for the obligations of the Company under the Loan Facility. The Loan Facility will constitute senior indebtedness. Other than borrowing by the Company under the Loan Facility and pursuant to the Preferred Shares, the Company does not contemplate engaging in other borrowings.

OVERVIEW OF THE SECTOR IN WHICH THE COMPANY INVESTS

The Company has been designed to provide investors with a diversified, actively managed portfolio comprised of securities of high conviction Real Estate & E-Commerce Issuers, which the Advisor believes are well-positioned to benefit from low interest rates, the rapid adoption of e-commerce, the growth of data infrastructure as well as attractive valuations in various areas of the real estate sector.

The Company will employ a tactical asset allocation strategy in order to seek the best combination of capital appreciation potential and income and will actively adjust the Portfolio’s asset allocation across three sectors/themes: Industrial (Logistics), Specialized (Data Centers) and Long-Term Value (Apartments), based upon the Advisor’s outlook.

Industrial (Logistics) & Specialized (Data Centers)

The Advisor believes that industrial & specialized issuers will benefit from the:

- Rapid and secular growth in e-commerce & last mile logistics;
- Low availability of industrial space support rent increases; and
- Data centers being critical for functioning of modern society.

Long-Term Value (Apartments)

The Advisor believes long-term value issuers:

- Are currently trading at a significant discount to their intrinsic value;
- Will benefit from interest rates that are expected to remain low for an extended period; and
- Investor sentiment is expected to improve as the economy recovers.

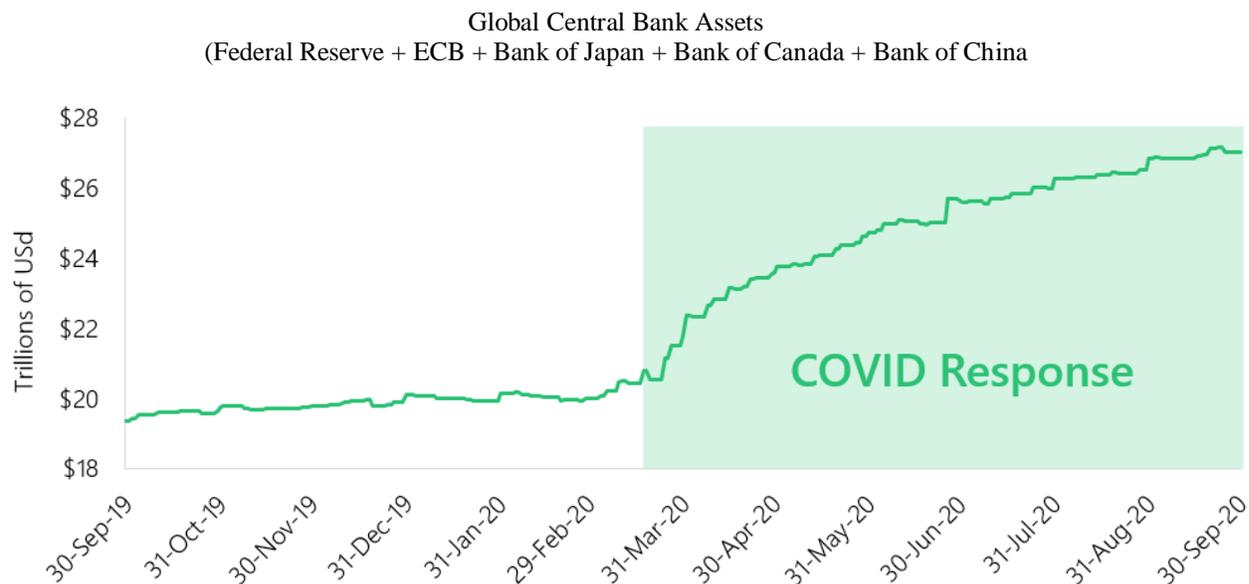
Strategy Highlights

The Advisor believes that the real estate sector is well-positioned to outperform other sectors in the economic recovery, as:

- there have been unprecedented and significant amounts of monetary and fiscal stimulus:
 - as shown in the below chart titled “Global Central Bank Assets”, global central banks have deployed almost US\$9 trillion in response to the COVID crisis (Source: *After Deploying Almost US\$9 Trillion, Crisis Fighters Face New Dilemmas*; BNN Bloomberg; September 28, 2020; <https://www.bnnbloomberg.ca/after-deploying-almost-9-trillion-crisis-fighters-face-new-dilemmas-1.1500272>);
 - the United States Federal Reserve is expected to keep interest rates near zero at least through 2023 (Source: *Fed Pledges Low Rates for Years, and Until Inflation Picks Up*; The New York Times; September 16, 2020; <https://www.nytimes.com/2020/09/16/business/economy/federal-reserve-interest-rates.html>); and
 - world economies have spent US\$11 trillion through June 2020 with additional amounts expected through 2021 (Source: *It’s Not Easy Being Green Stimulus Spending in the Worlds Major Economies*; Rhodium Group; September 2, 2020; <https://rhg.com/wp-content/uploads/2020/09/Its-Not-Easy-Being-Green-Stimulus-Spending-in-the-Worlds-Major-Economies.pdf>);
- the global economy has performed better-than-expected and is expected to grow 5% in 2021 (Source: *OECD projects global GDP will collapse by 4.5% this year*; CNBC; September 16, 2020; <https://www.cnbc.com/2020/09/16/oecd-projects-global-gdp-will-collapse-by-4point5percent-this-year.html>);
- late-stage vaccine trials are expected to present clinical Phase III data in the fourth quarter of 2020 (Source: *In the Pipeline*; Science Translational Medicine; September 21, 2020; <https://blogs.sciencemag.org/pipeline/archives/2020/09/21/the-vaccine-protocols>);
- over 500 million COVID-19 tests have been administered by end of Q3 2020, with capacity increasing (Source: *Statistics and Research: Coronavirus (COVID-19) Testing*; Our World in Data; October 1, 2020; <https://ourworldindata.org/coronavirus-testing>); and
- Canada and the US have signed agreements to buy 7.9 million and 150 million rapid tests, respectively (Source: *Feds announce plan to buy 7.9 million rapid COVID tests as Health Canada defends slow response*; CBC; September 29; <https://www.cbc.ca/news/politics/feds-rapid-testing-purchase-1.5743171> and *Trump Announces Plan to Ship 150 Million Rapid Coronavirus Tests*; The New York Times; September 28; <https://www.nytimes.com/2020/09/28/health/trump-coronavirus-testing-rapid.html>).

As a result, the Advisor believes:

- consumer confidence and spending should continue to recover and grow;
- corporate balance sheets will strengthen and expenditures will increase; and
- real estate valuations across select issuers and sectors are extremely attractive due to significantly discounted trading prices, gradually increasing levels of demand and continued low interest rates.



Source: Bloomberg. From September 30, 2019 to September 30, 2020.

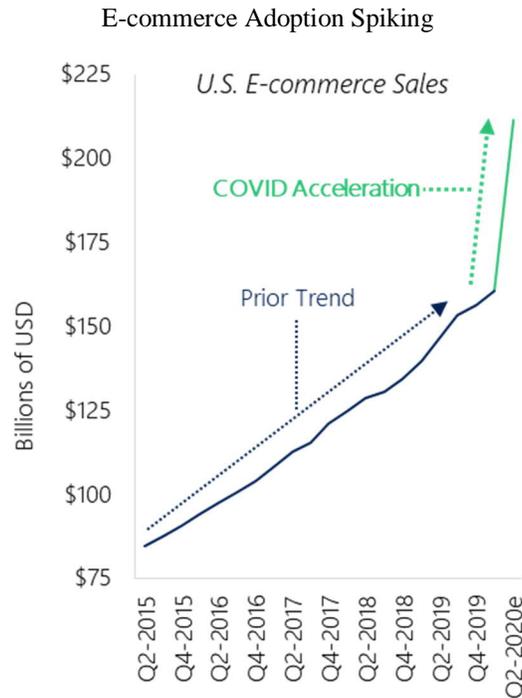
Investment Opportunities

Industrial	Warehouses and Last Mile Logistics
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Examples of issuers that offer exposure to logistics that the Fund may choose to invest include: Granite REIT, WPT Industrial REIT, CT REIT, RIOCAN REIT, Summit Industrial Income REIT and AmeriCold Logistics LLC.

The Advisor believes that:

- global retail e-commerce sales are expected to grow to US\$6.5 trillion by 2023, up from US\$3.5 trillion in 2019 (Source: *Retail E-Commerce Sales Worldwide from 2014-2023*; Statista; August 27, 2020, <https://www.statista.com/statistics/379046/worldwide-retail-e-commerce-sales/>);
- as shown in the chart below, U.S. e-commerce sales spiked during the COVID-19 pandemic, increasing to US\$212 billion in the second quarter of 2020;
- U.S. online grocery sales are projected to grow to US\$60 billion in 2023 from US\$35 billion in 2020 (Source: *Online grocery shopping sales in the United States from 2018 to 2023*; Statista; January 13, 2020; <https://www.statista.com/statistics/293707/us-online-grocery-sales/>);
- every incremental US\$1 billion in e-commerce sales requires an additional 1.25 million square feet of distribution space (Source: *How Has E-Commerce Shaped Industrial Real Estate Demand?*; Forester and CBRE, 2018; <https://www.cbre.us/real-estate-services/real-estate-industries/omnichannel/the-definitive-guide-to-omnichannel-real-estate/real-estate-impact/how-has-e-commerce-shaped-industrial-real-estate-demand>); and
- industrial REITs demonstrated strong rent collection in the second quarter of 2020, with healthy rental spreads on new leases, based on the Advisor's review of Q2 2020 financial data from Real Estate & E Commerce Issuers and the following: (Source: *What's Next for Real Estate?*; Nareit; July 31, 2020; <https://www.reit.com/news/reit-magazine/july-august-2020/whats-next-real-estate>).



Source: U.S. Census Bureau, as at August 28, 2020

Specialized	Data Centers and Mobile Towers
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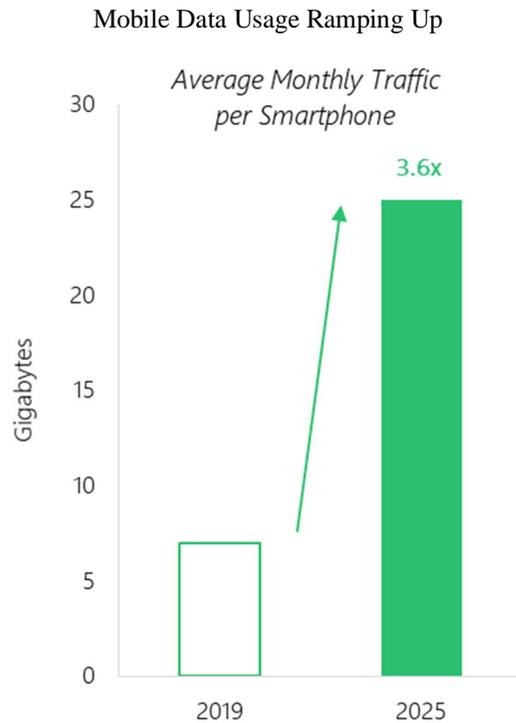
Examples of issuers that offer exposure to specialized real estate assets that the Company may choose to invest include Equinix, Inc., Digital Realty Trust, Inc. and CyrusOne, Inc.

The Advisor believes that:

- global internet usage grew by more than 40% between February 1st and April 19th of 2020 (Source: *The Global Internet Phenomena Report COVID-19 Spotlight*; Sandvine Incorporated; May 2020; https://www.sandvine.com/hubfs/Sandvine_Redesign_2019/Downloads/2020/Phenomena/COVID%20Internet%20Phenomena%20Report%2020200507.pdf);
- the content delivery network market is projected to grow at 11.7% CAGR from 2020 to 2025 (Source: *Content Delivery Network Market To Advance At 11.7% CAGR From 2020 To 2025, Rapid Growth In Data Consumption & Internet Traffic Determined As Key Drivers*; Million Insights; <https://www.prnewswire.com/news-releases/content-delivery-network-market-to-advance-at-11-7-cagr-from-2020-to-2025--rapid-growth-in-data-consumption--internet-traffic-determined-as-key-drivers--million-insights-301125286.html>);
- data center companies are committing to ESG through strategic partnerships (e.g. Digital Realty and Facebook commit to renewable energy) and setting ambitious sustainability targets, based on its review of the ESG practices of Real Estate & E-Commerce Issuers and the following: (Source: *Digital Realty Releases Second Annual ESG Report*; Digital Realty; June 17, 2020; <https://investor.digitalrealty.com/news-and-events/news/press-release-details/2020/Digital-Realty-Releases-Second-Annual-ESG-Report/default.aspx>) and (*Facebook Sustainability: Home*; Accessed October 23, 2020; <https://www.google.ca/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ah>

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- worldwide spending on 5G is expected to double from approximately US\$4 billion in 2019 to US\$8 billion in 2020 (Source: *Gartner Says Worldwide 5G Network Infrastructure Spending to Almost Double in 2020*; Gartner, Inc.; July 28, 2020; <https://www.gartner.com/en/newsroom/press-releases/gartner-says-worldwide-5g-network-infrastructure-spending-to-almost-double-in-2020>); and
- as shown in the chart below, the average traffic per smartphone is expected to increase to 25 GB per month in 2025 from 7 GB per month in 2019.



Source: *Mobile data traffic outlook*; Ericsson; June 2020; <https://www.ericsson.com/en/mobility-report/reports/june-2020/mobile-data-traffic-outlook>)

Long-Term Value	Apartments, Seniors Housing and Office
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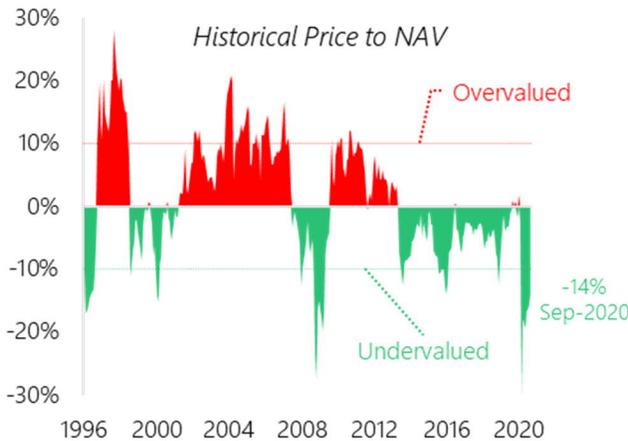
Examples of issuers offering exposure to long-term value that the Company may choose to invest include Canadian Apartment Properties REIT, SmartCentres REIT, Brookfield Properties and Crombie REIT.

The Advisor believes that:

- high quality Canadian REITs with well-located properties are trading at significant discounts to their net asset values as shown in the chart below left and are expected to provide substantial income as compared to the Canada 10 year bond yield in this low interest rate environment, as shown in the chart below right;
- interest rates are expected to remain lower for longer, increasing the attractiveness of higher-yielding securities (Source: *BoC to reassure markets on rates, stick to lower-for-longer pledge*; BNN Bloomberg; September 8, 2020; <https://www.bnnbloomberg.ca/bank-of-canada-to-reassure-markets-on-rates-decision-day-guide-1.1490894>);

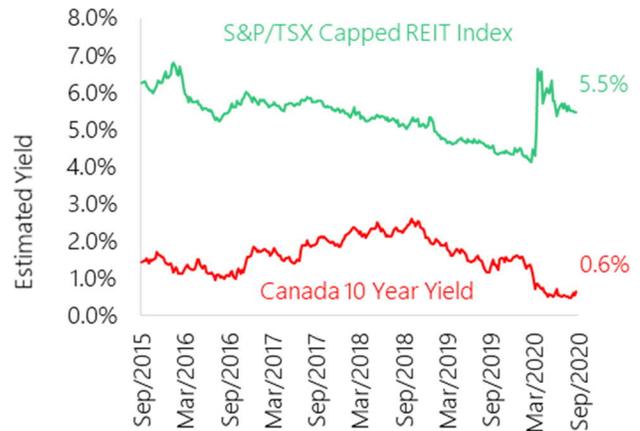
- real estate companies have a history of consistently growing dividends, based on data available to Bloomberg subscribers;
- Canadian immigration slowed during the pandemic but is expected to resume its growth in 2021-2022 (Source: *Canada set to Modernize Immigration System*; CIC News; June 16, 2020; <https://www.cicnews.com/2020/06/canada-set-to-modernize-immigration-system-0614674.html#gs.fs49vr>);
- the Conference Board of Canada expects a significant recovery in the economy in 2021 (Source: *COVID-19 and Uncertainty to Flatten the Curve of Economic Recovery*; The Conference Board of Canada; September 30, 2020; https://www.conferenceboard.ca/docs/default-source/pdf_downloads/se_canadian-two-year-outlook_sept2020.pdf);
- apartment capitalization rates have been resilient and remain largely unchanged from pre-COVID levels, based on data available to CBRE Group, Inc. subscribers;
- deposits from prospective residents and move-in activity is increasing steadily in Canadian retirement homes from lows experienced during the early days of COVID-19 (Source: *Chartwell Provides Business Update Related To COVID-19 Pandemic*; Chartwell Retirement Residences; September 15, 2020; <https://www.newswire.ca/news-releases/chartwell-provides-business-update-related-to-covid-19-pandemic-880236761.html>); and
- retail tenants are healthy and rapidly scaling omnichannel capabilities such as curbside pick-up (Source: *Charts: How the coronavirus is changing ecommerce*; Digital Commerce 360; August 25, 2020; <https://www.digitalcommerce360.com/2020/08/25/ecommerce-during-coronavirus-pandemic-in-charts/>).

Canadian REITs Significantly Undervalued...



Sources: FactSet, Company Reports, RBC.

...And Provide Substantial Income



Source: Bloomberg. For the Period Sept 1, 2015 to August 31, 2020

INVESTMENT RESTRICTIONS

The Company cannot engage in any undertaking other than the investment of its assets in accordance with its investment objectives and strategy and in compliance with the investment restrictions set out in National Instrument 81-102 - *Investment Funds* that are applicable to mutual funds from time to time. In addition, the Company shall be subject to the following investment restrictions pursuant to which the Company will not:

- (a) for a period of more than 30 consecutive days have:
 - (i) less than 75% of the value of the total assets of the Company (excluding cash and cash equivalents) comprised of the securities of Real Estate & E-Commerce Issuers;

- (ii) more than 25% of the value of the total assets of the Company (excluding cash and cash equivalents) comprised of the securities of issuers having a market capitalization of less than Cdn.\$1 billion; or
- (iii) more than 15% of the value of the total assets of the Company (excluding cash and cash equivalents) comprised of securities of issuers from countries which meet MSCI's definition of "emerging market country" and which are listed in MSCI's Emerging Market Index (which countries are selected on an annual basis);
- (b) write a call option in respect of any security unless such security is actually held by the Company in the Portfolio at the time the option is written;
- (c) dispose of any security included in the Company's Portfolio that is subject to a call option written by the Company unless such option has either terminated or expired;
- (d) purchase securities on margin or make short sales of securities or maintain short positions, other than in respect of short sales of securities or short positions maintained by the Company for the purposes of hedging (as defined in NI 81-102) the exposure of the Portfolio to equity securities that are to be received by the Company in connection with (i) the exercise by the Company of a right to acquire such securities pursuant to a conversion or (ii) the exercise by the issuer of a right to issue such securities at maturity;
- (e) make or hold any investment or undertake any activity that would result in the Company failing to qualify as a "mutual fund corporation" within the meaning of the Tax Act;
- (f) invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Company (or the partnership) would be required to include any significant amounts in income pursuant to section 94.1 of the Tax Act, (ii) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of section 94 of the Tax Act, or (iii) an interest in a trust (or a partnership which holds such an interest) which would require the Company (or the partnership) to report income in connection with such interest pursuant to section 94.2 of the Tax Act;
- (g) invest in any security that is a "tax shelter investment" within the meaning of section 143.2 of the Tax Act;
- (h) make or hold any investment that would be "taxable Canadian property" of the Company (as such term is defined in the Tax Act (if the definition were read without reference to paragraph (b) thereof)) if it would result in the Company owning such properties having a fair market value greater than 10% of the fair market value of all of its property;
- (i) with the exception of securities of the Company's own issue, purchase securities from, sell securities to, or otherwise contract for the acquisition or disposition of securities with the Manager or the Advisor or any of their respective affiliates, with any officer, director or shareholder of any of them, with any person, trust, firm or corporation managed by the Manager or the Advisor or any of their respective affiliates or with any firm or corporation in which any officer, director or shareholder of the Manager or the Advisor may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any such purchase or sale of securities, the purchase price approximates the prevailing market price and such transaction is otherwise in accordance with applicable laws;
- (j) engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act; or
- (k) enter into any arrangement where the result is a "dividend rental arrangement" for purposes of the Tax Act.

The Company will not be considered to have breached the investment restrictions set forth above and will not be required to dispose of any security in the Portfolio as a result of later changes to the value of such security, the Portfolio or the total assets of the Company as a whole (except for the restrictions in paragraphs (e) to (k) above which must be complied with at all times and which may necessitate the sale of Portfolio securities from time to time) so long as any percentage restriction on investment or use of assets set forth above was adhered to at the time of purchase. If the Company receives from an issuer subscription rights to purchase Portfolio securities of that issuer, and if the Company exercises those subscription rights at a time when the Company's holdings of Portfolio securities of that issuer would otherwise exceed the limits set forth above, the exercise of those rights will not constitute a violation of the investment restrictions if, prior to the receipt of Portfolio securities on exercise of those rights, the Company has sold at least as many Portfolio securities of the same class and value as would result in the Company complying with the restriction.

FEES AND EXPENSES

Fees and Expenses Payable by the Company

Initial Expenses

The expenses of the Offering (including the costs of creating and organizing the Company, the costs of printing and preparing this prospectus, legal expenses of the Company, marketing expenses and legal and other out-of-pocket expenses incurred by the Agents and certain other expenses) will, together with the Agents' fees, be paid by the Company from the gross proceeds of the Offering. The initial expenses of the Offering are estimated to be \$500,000. The expenses of the Offering, together with the Agents' fee, will be paid out of the proceeds of the Offering, provided however that the expenses of the Offering to be borne by the Company shall not exceed 1.5% of the gross proceeds of the Offering. As a result of the priority of the Preferred Shares, the net expenses of the Offering will effectively be borne by holders of the Class A Shares and the net asset value per Class A Share will reflect such net expenses of the Offering of both the Preferred Shares and Class A Shares.

Management Fee

The Manager will receive an annual Management Fee equal to 0.85% per annum of NAV of the Company, calculated and payable monthly in arrears, plus any applicable taxes. The Management Fee payable to the Manager in respect of the month in which Closing occurs shall be pro-rated based on the fraction that the number of days from and including the Closing Date to and including the last day of the month is of the number of days of such month. There will be no duplication of fees payable by the Company in connection with any investment by the Company in any investment funds managed by the Manager.

The Manager's duties include, among others: maintaining accounting records for the Company; authorizing the payment of operating expenses incurred on behalf of the Company; handling securities trades on behalf of the Company; preparing financial statements, income tax forms and financial and accounting information as required by the Company; calculating or arranging for the calculation of the NAV; providing Shareholders with financial statements and other reports as are required by applicable law from time to time; monitoring the Company's compliance with regulatory requirements; preparing the Company's reports to Shareholders and the Canadian securities regulatory authorities; determining the amount of distributions, if any, to be paid by the Company; and negotiating contractual agreements with third-party providers of services, including the Company's auditor and its printers. See "Organization and Management Details of the Company – Duties and Services to be Provided by the Manager".

Pursuant to the terms of the Advisory Agreement (as defined under "Organization and Management Details of the Company – The Advisor"), the Advisor is entitled to an advisory fee (the "Advisory Fee") which will be payable by the Manager, and not the Company. The Manager and the Advisor will be reimbursed by the Company for all reasonable out-of-pocket costs and expenses incurred by them on behalf of the Company in connection with the operation and management of the Company as described under "Fees and Expenses – Operating Expenses" (see "Organization and Management Details of the Company – Details of the Management Agreement" and see "Organization and Management Details of the Company – Details of the Advisory Agreement").

Operating Expenses

The Company will pay for all expenses incurred in connection with the operation and management of the Company. In addition to the fees and expenses referenced elsewhere in this prospectus, it is expected that these expenses will include, without limitation: (a) financial reporting costs, and mailing and printing expenses for periodic reports to Shareholders and other Shareholder communications including marketing and advertising expenses; (b) any taxes payable by the Company; (c) fees payable to the Company's custodian; (d) fees payable to the Company's valuation agent; (e) fees payable to the registrar and transfer agent for the Preferred Shares and the Class A Shares and to the plan agent under the Reinvestment Plan (as defined below) for performing certain financial, record-keeping, Shareholder reporting and general administrative services and for acting as plan agent under the Reinvestment Plan; (f) costs and fees payable to any agent, legal counsel, actuary, valuation agent, technical consultant, accountant and auditor of the Company and costs and expenses payable to any investment advisor or investment counsel; (g) ongoing regulatory filing fees, stock exchange fees, listing fees and other fees; (h) any expenses incurred by the Company in connection with any legal proceedings in which the Manager participates on behalf of the Company or any other acts of the Manager in connection with the protection of the Company's assets or of any investment included therein; (i) the fees and other expenses of members of the Independent Review Committee (as defined under "Organization and Management Details of the Company – Independent Review Committee"), as well as premiums for insurance coverage for such members of the Independent Review Committee and for directors and officers of the Manager, which fees will be paid on a pro rata basis by the Company and other applicable investment funds managed by the Manager and, in the case of the Independent Review Committee, of which the same individuals form the independent review committee; (j) any expenditures which may be incurred upon the termination of the Company; (k) consulting fees including website maintenance costs and expenses associated with the preparation of tax filings; and (l) other administrative expenses. The aggregate annual amount of these fees and expenses is estimated to be \$200,000 per annum. The Company also will be responsible for all commissions and other costs of securities transactions, debt service and costs relating to borrowings by the Company, including under the Loan Facility and any extraordinary expenses which it may incur from time to time.

Additional Services

Any arrangements for additional services between the Company and the Manager, or any affiliate thereof, that have not been described in this prospectus shall be on terms that are no less favorable to the Company than those available from third parties for comparable services and the Company shall pay all expenses associated with such additional services.

Fees and Expenses Payable by Shareholders

Any expenses associated with the retraction or redemption of Preferred Shares or Class A Shares, including expenses associated with the preparation and delivery of redemption notices and expenses associated with the selling of Portfolio securities to fund such retractions or redemptions, will be for the account of the Shareholder exercising the redemption or retraction privilege. See "Redemptions and Retractions".

RISK FACTORS

Certain risk factors relating to the Company, the Class A Shares and the Preferred Shares are described below. Additional risks and uncertainties not currently known to the Manager, or that are currently considered immaterial, may also impair the operations of the Company. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Company and the ability of the Company to make distributions on the Preferred Shares and Class A Shares, could be materially adversely affected. An investment in the Company is appropriate only for investors who have the capacity to absorb a partial or full loss on their investment and who can withstand the effect of potentially having no distribution being paid in any period. In addition to the conditions set out elsewhere in this prospectus, the following are certain risk factors and considerations related to the Company which prospective investors should consider before purchasing Preferred Shares or Class A Shares:

Risks Related to Objectives and Strategy

No Assurances on Achieving Objectives

There is no assurance that the Company will be able to achieve its objectives or will return to investors an amount equal to or in excess of the original issue price of the Class A Shares or the Preferred Shares. There is no assurance that the Company will be able to pay quarterly distributions on the Preferred Shares or monthly distributions on the Class A Shares. The funds available for distributions to Shareholders will vary according to, among other things, the dividends and distributions paid on all of the securities in the Portfolio, the level of option premiums received and the value of the securities comprising the Portfolio. As the dividends and distributions received by the Company may not be sufficient to meet the Company's objectives in respect of the payment of distributions, the Company may depend on the receipt of option premiums and the realization of capital gains to meet those objectives. Although many investors and financial market professionals price options based on the Black-Scholes Model, in practice actual option premiums are determined in the marketplace and there is no assurance that the premiums predicted by such pricing model can be attained.

Leverage

Holders of the Class A Shares will be subject to a form of leverage such that any capital appreciation in the Company's assets with the net proceeds from the issue of both the Preferred Shares and the Class A Shares offered hereby after repaying the Preferred Shares and all accrued and unpaid interest thereon, any senior indebtedness and any other expenses and liabilities of the Company will be for the benefit of the holders of the Class A Shares. In the event of a decrease in the value of the Company's underlying investments, this leverage will work to the disadvantage of holders of the Class A Shares, with the result that any net capital loss incurred by the Company on its investments will effectively first be for the account of the holders of the Class A Shares. Accordingly, any decrease in the value of the Company's assets will result in a greater proportionate decrease in the value of the Class A Shares. If, at the Termination Date (as defined herein), the total assets of the Company are less than or equal to the amount of the aggregate of all liabilities of the Company (including senior indebtedness and the aggregate original subscription price of the Preferred Shares and all accrued and unpaid interest thereon), the Class A Shares will have no value. There is no assurance that there will be any capital appreciation on the Class A Shares.

Use of Options and Other Derivative Instruments

The Company is subject to the full risk of its investment position in the securities comprising the Portfolio, including those securities that are subject to outstanding call options, should the market price of such securities decline. In addition, the Company will not participate in any gain on the securities that are subject to outstanding call options above the strike price of the options.

There is no assurance that a liquid exchange or over-the-counter market will exist to permit the Company to write covered call options or purchase cash covered put options on desired terms or to close out option positions should the Manager desire to do so. The ability of the Company to close out its positions may also be affected by exchange imposed daily trading limits on options or the lack of a liquid over-the-counter market. If the Company is unable to repurchase a call option which is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires.

In writing call options or purchasing put options, the Company is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations.

Sensitivity to Volatility Levels

The Company may sell call options in respect of some or all of the securities held in the Portfolio. Such call options may be either exchange traded options or over-the-counter options. By selling call options, the Company will receive option premiums. The amount of option premium depends upon, among other factors, the implied volatility of the price of the underlying security as, generally, the higher the implied volatility, the higher the option premium. The level of implied volatility is subject to market forces and is beyond the control of the Manager or the Company.

COVID-19

The COVID-19 outbreak was characterized as a pandemic by the World Health Organization on March 11, 2020. COVID-19 has caused governments across the globe to impose restrictions, such as quarantines, closures, cancellations and travel restrictions on its citizens. Normal commercial activities across many industries and individual companies have been negatively affected by such actions, leading to volatility in the global financial markets and disruptions in the global economy. While the Company will seek to invest in Real Estate & E-Commerce Issuers which the Advisor believes are particularly well positioned to benefit from the current needs of business and consumers, including changes to behaviour resulting from the COVID-19 pandemic, COVID-19 as well as other epidemics and pandemics that may arise in the future could negatively affect the worldwide economy, including Real Estate & E-Commerce Issuers, which could adversely affect the value of the securities in the Portfolio and in turn, the Net Asset Value per Unit.

Risks Related to Portfolio Securities

Fluctuations in Net Asset Value

The NAV per Class A Share and the funds available for distribution will vary according, among other things, to the value of the Portfolio securities acquired by the Company and any dividends, distributions and net realized capital gains paid thereon. Fluctuations in the market values of the securities comprising the Portfolio and fluctuations in the NAV per Class A Share may occur for a number of reasons beyond the control of the Manager, the Advisor and the Company including factors that affect capital markets generally such as general economic and political conditions and factors unique to each issuer included in the Portfolio, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution policies, performance of competitors, access to key personnel, demand for specific products and services and other events that may affect the value of an issuer's securities. Some global economies have recently experienced a recession or diminished growth. No assurance can be given that such conditions will not continue or re-emerge, which may adversely affect the issuers in which the Company from time to time may invest and the value of their securities included in the Portfolio.

Trading Price of Class A Shares

Class A Shares may trade in the market at a premium or discount to the NAV per Class A Share and there can be no assurance that Class A Shares will trade at a price equal to such amount. This risk is separate and distinct from the risk that the NAV per Class A Share may decrease, or possibly be zero.

In recognition of the possibility that the Class A Shares may trade at a discount, the terms and conditions attaching to the Class A Shares have been designed to attempt to reduce or eliminate a market value discount from the NAV per Class A Share by way of optional purchases of Class A Shares by the Company. There can be no assurance that purchases of Class A Shares by the Company will result in the Class A Shares trading at a price which is equal to the NAV per Class A Share. The Company anticipates that the market price of the Class A Shares will in any event vary from the NAV per Class A Share. The market price of the Class A Shares will be determined by, among other things, the relative demand for and supply of Class A Shares in the market, the performance of the Company's assets, the yield of the Class A Shares and investor perception of the Company's overall attractiveness as an investment as compared with other investment alternatives.

Sensitivity to Interest Rates

As the Company is obligated to pay distributions on the Preferred Shares at a fixed rate of 5.25% per annum, the market price of the Preferred Shares and the Class A Shares may be affected by the level of interest rates prevailing from time to time. In addition, any decrease in the NAV of the Company resulting from an increase in interest rates may also negatively affect the market price of the Preferred Shares and/or Class A Shares. Shareholders who wish to retract or sell their Preferred Shares or the Class A Shares will, therefore, be exposed to the risk that the NAV or the market price of the Preferred Shares and Class A Shares will be negatively affected by interest rate fluctuations. Increases in interest rates will also increase the Company's costs of borrowing.

Risks Related to Investing in Real Estate Issuers

Investments in issuers operating in the real estate sector will be subject to the general risks associated with real property investments, including that the value of real property can fluctuate. Real property investments are affected by various factors including changes in general economic conditions (such as the availability of long term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available properties, fluctuations in occupancy rates, operating expenses and various other factors. The value of real property and any improvements thereto, in particular income-producing real property, also may depend on the creditworthiness and financial stability of the borrowers and/or tenants. The income of an issuer operating in the real estate sector that is available for payment to its unitholders or shareholders, as the case may be, would be adversely affected if a significant number of tenants were to become unable to meet their obligations, or if the issuer was unable to lease a significant amount of available space in its properties on economically favourable lease terms. Changes in market conditions may decrease the value of the secured property and reduce the cash flow from the property, thereby impacting the ability of the borrower to service the debt and/or repay the loan based on the property income.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity will tend to limit a Real Estate & E-Commerce Issuer's ability to vary its portfolio promptly in response to changing economic or investment conditions. If, for whatever reason, a Real Estate & E-Commerce Issuer needs to liquidate its assets, there is a risk that sale proceeds realized might be less than the current book value of the Real Estate & E-Commerce Issuer's assets or that market conditions would prevent prompt disposition of those assets.

Risks Related to Investing in E-Commerce Issuers

E-commerce remains a new and rapidly evolving industry subject to risks relating to the development of the industry generally, the technology underlying the industry and the need for companies to secure strategically located real property for warehousing purposes. Accordingly, the business and future prospects of such issuers may be difficult to evaluate. The Advisor cannot accurately predict the extent to which demand for products and services developed by such companies will develop and/or increase, if at all. The success of such issuers also will depend on traditional business factors such as the ability to develop or market new products and the ability to properly execute corporate strategies.

With respect to the industry generally, the Advisor believes that the e-commerce industry will continue to experience rapid growth and accordingly investments in the industry may be more volatile than investments in more mature industries. In particular, such rapid growth is expected to provide opportunities for new industry participants to replace incumbents more quickly than in other industries, which may make selecting successful e-commerce issuers for the Portfolio more challenging.

With respect to technology, many issuers operating in the e-commerce industry are reliant on new and relatively untested technologies and accordingly the risks associated with such technologies may not emerge until they are more developed. E-commerce companies whose securities are included in the Portfolio are subject to the risk that their proprietary software and other products and services are not competitive with those of other industry participants or do not reach market as quickly as those of other participants, which could result in customers engaging with such other participants.

With respect to real estate, e-commerce issuers are subject to the risk that real estate investments in strategically convenient areas may not be available, or that market prices could increase, which could result in higher operating costs and reduced profits.

Risks Related to Investments in Geographic Regions Outside of Canada

The Portfolio may include the securities of issuers that are domiciled in or derive a significant portion of their revenue from geographic regions globally. Accordingly, the performance of the Portfolio is expected to be

closely tied to social, political and economic conditions within the geographic regions in which the Company has invested.

Risks of Portfolio Concentration

The assets of the Company will consist of securities of Real Estate & E-Commerce Issuers. Accordingly, the Company's Portfolio will have relatively narrow diversification in that its investments will be limited only to certain industries. The securities of Real Estate & E-Commerce Issuers are likely to be adversely impacted by any downturns in the global or any local economy that impact the real estate industry in particular. Accordingly, this Portfolio concentration may have a negative impact on the value of the Units and the general risk of the Portfolio may be increased as a result of such sector concentration.

General Risks of Equity Investments

The value of equity securities in which the Company may from time to time invest may fluctuate in accordance with changes in the financial condition of those equity security issuers, the condition of equity markets generally and other factors. The issuers and weighting of equity securities comprising the Portfolio also may change from time to time. Dividends and distributions on those equity securities generally will depend upon the declaration of dividends and distributions from the issuers but there can be no assurance that those issuers will pay distributions or dividends on their securities. The declaration of such dividends and distributions generally depends upon various factors, including the financial condition of the issuer and general economic conditions.

The Company also will be subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Company invests may become impaired or that the general condition of the stock markets may deteriorate. Equity securities are susceptible to general equity market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change. These investor perceptions are based on various and unpredictable factors including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic and banking crises.

Certain of the issuers in which the Company may from time to time invest may have limited operating histories. The value of the Portfolio will be influenced by factors that are not within the control of the Company, which may include the financial performance of the respective issuers, interest rates, exchange rates and the hedging policies employed by such issuers. The performance of issuers in which the Company may invest also may be affected by the performance of their competitors and demand for specific products and services, and may be adversely affected by a change in any of such conditions.

General Risk of Investing in Debt Instruments

Generally, debt instruments will decrease in value when interest rates rise and increase in value when interest rates decline. The NAV of the Company will fluctuate with interest rate changes and the corresponding changes in the value of the securities in the Portfolio. The value of debt instruments is also affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. Debt instruments may not pay interest or their issuers may default on their obligations to pay interest and/or principal amounts. Certain of the debt instruments that may be included in the Portfolio from time to time may be unsecured, which will increase the risk of loss in case of default or insolvency of the issuer. Global financial markets have experienced significant volatility in recent years that has generally contributed to a reduction in liquidity and the availability of credit, enhancing the likelihood of default by some issuers due to diminishing profitability or an inability to refinance existing debt.

Risks Related to the Structure of the Company

The Company intends to use distributions received on the securities in the Portfolio in the following priority: (i) to pay interest, if any, on the Loan Facility; (ii) to pay the expenses of the Company; (iii) to fund fixed cumulative preferential quarterly cash distributions on the Preferred Shares; and (iv) to fund non-cumulative monthly cash distributions on the Class A Shares. There can be no assurance that the distributions made on the Company's assets will exceed or equal the amount of distributions to be paid on the Preferred Shares and the Class A Shares and the expenses of the Company.

In addition to quarterly distributions on the Preferred Shares, the Repayment Price of the Preferred Shares must be repaid on the Maturity Date. The amount to be repaid only depends on the aggregate original subscription price of the Preferred Shares then outstanding, together with any accrued and unpaid distributions thereon. A reduction in the total assets of the Company does not change the amount that must be paid on account of the Preferred Shares. Due to this required repayment of the Preferred Shares, decreases in the total assets of the Company will cause the value of a Class A Share to decrease to a proportionately greater extent, as compared to the situation where the Company did not issue Preferred Shares. There can be no assurance that the total assets of the Company will not decrease.

There is a risk that the Preferred Shares may be repaid by the Company prior to the Maturity Date and in such event, the total return to a Shareholder would be less than the total return if Preferred Shares were held until the Maturity Date.

Status of Preferred Shares

The Preferred Shares will be subordinate to all indebtedness, including any indebtedness under the Loan Facility and to trade creditors of the Company.

Change or Withdrawal of Rating on the Preferred Shares

There can be no assurance that the provisional rating on the Preferred Shares of Pfd-2 (low) by DBRS Limited will remain in effect or not be revised. If such rating is withdrawn or revised, there may be an adverse effect on the market price of the Preferred Shares.

No Ownership Interest

An investment in Preferred Shares or Class A Shares does not constitute an investment by Shareholders in the securities comprising the Portfolio. Holders of Preferred Shares and Class A Shares will not own the securities held by the Company and accordingly will have no voting rights in respect thereof. From time to time, the Board of Directors will determine whether and how to vote the securities in accordance with the policies described under "Proxy Voting Disclosure for Portfolio Securities Held".

Marketability and Operating History

The Company is a newly organized mutual fund corporation with no previous operating history. There is currently no public market for the Preferred Shares or Class A Shares and there can be no assurance that an active public market will develop or be sustained after completion of this Offering.

Foreign Currency Exposure

The Portfolio may include securities denominated and paying distributions in foreign currencies, including the U.S. dollar. As the NAV will be calculated in Canadian dollars, to the extent the Company's exposure to foreign currencies has not been hedged back to the Canadian dollar, the NAV will be affected by changes in the value of those foreign currencies against the Canadian dollar. While the Company initially intends to hedge its exposure to foreign currencies back to the Canadian dollar, it may not be fully hedged at all times. Distributions received on Portfolio securities will not be hedged and any hedging strategy of the Company may not be successful. Accordingly, no assurance can be given that the Company will not be adversely impacted by changes in foreign exchange rates or other factors.

Use of Leverage by the Company

The use of leverage may result in capital losses or a decrease in distributions to Shareholders. If the value of the securities decreases such that the amount borrowed under the Loan Facility exceeds 5% of the value of the Company's assets, the Company may be required to sell securities in the Portfolio in order to comply with such restriction. Such sales may be required to be done at prices which may adversely affect the value of the Portfolio and the return to the Company. The interest expense and banking fees incurred in respect of the Loan Facility will decrease the value of the total assets of the Company, thereby reducing the amounts available to pay distributions on the Preferred Shares and the Class A Shares. In addition, the Company may not be able to renew the Loan Facility

on acceptable terms. There can be no assurance that the borrowing strategy employed by the Company will assist the Company in achieving its objectives.

Loss of Investment

An investment in the Preferred Shares and/or Class A Shares is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment therein. An investment in Preferred Shares and/or Class A Shares is appropriate only for an investor that can withstand distributions not being made on the Preferred Shares and/or Class A Shares, as applicable, for any period of time, and that can withstand a total loss of his, her or its investment.

Status of the Company

While the Company is technically considered to be a mutual fund corporation under the securities legislation of the provinces and territories of Canada, the Company is not a conventional mutual fund. The Company differs from conventional mutual funds in a number of respects, most notably as follows (i) while the Preferred Shares and Class A Shares of the Company may be surrendered at any time for redemption, the redemption price is payable monthly whereas the securities of most conventional mutual funds are redeemable daily, (ii) the Preferred Shares and Class A Shares of the Company are to have a stock exchange listing whereas the securities of most conventional mutual funds do not, and (iii) unlike most conventional mutual funds, the Preferred Shares and Class A Shares will not be offered on a continuous basis.

The Company is not a trust company and is not registered under legislation of any jurisdiction governing trust companies as it does not carry on, nor does it intend to carry on, the business of a trust company. The Preferred Shares and Class A Shares are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation. Recourse under the Preferred Shares is limited to the assets of the Company.

Securities Lending

The Company may engage in securities lending if permitted by applicable law. Although the Company will receive collateral for the loans, and such collateral is marked to market, the Company will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and should the collateral be insufficient to reconstitute the securities. In addition, the Company will bear the risk of loss of any investment of cash collateral.

No Guaranteed Returns

There is no guarantee that an investment in the Company will earn any positive returns in the short or long term or at all.

Risks Related to Retractions

If a substantial number of Shareholders exercise their retraction rights, the number of Preferred Shares and Class A Shares outstanding and the NAV of the Company could be significantly reduced. If a substantial number of Preferred Shares and Class A Shares are retracted, this could decrease the liquidity of the Preferred Shares and Class A Shares in the market and increase the management expense ratio of the Company. In any such circumstance, the Manager may determine it appropriate to: (i) subject to applicable laws, suspend retractions of Preferred Shares and/or Class A Shares (as described under “Redemptions and Retractions — Suspension of Retractions”); or (ii) recommend that the Board of Directors terminate the Company without the approval of the Shareholders if, in the opinion of the Manager, it is no longer economically feasible to continue the Company or the Manager determines that it would be in the best interests of Shareholders to terminate the Company.

Retraction Costs (as defined under “Redemptions and Retractions”) will be paid by the retracting Shareholder. The amount of any such Retraction Costs will depend on the circumstances at the time of the retraction, including the NAV of the Company, the number of Preferred Shares and/or Class A Shares surrendered for retraction, the available cash of the Company, the interest rate under the Loan Facility, the current market price of the securities of each issuer included in the Portfolio at the time of the retraction, and the brokerage fees,

commissions and other transaction costs as described under “Redemptions and Retractions”. As a result of the foregoing variables, the amount of Retraction Costs payable by a Shareholder upon the retraction of Preferred Shares or Class A Shares may vary from time to time.

Non-concurrent Retraction

Holders of Preferred Shares and Class A Shares will be offered a non-concurrent retraction right on the Maturity Date and upon any subsequent extension of the maturity date as determined by the Board of Directors. To the extent that there are unmatched numbers of Preferred Shares and Class A Shares tendered for retraction, the Preferred Shares or Class A Shares, as the case may be, may be called by the Company for redemption on a *pro rata* basis in order to maintain the same number of Preferred Shares and Class A Shares outstanding. The number of retractions by holders of Class A Shares and Preferred Shares may be influenced by the performance of the Company, the management expense ratio, and the trading discount to NAV of the Class A Shares or the Preferred Shares, as applicable, among other things.

Conflicts of Interest

The services to be provided or caused to be provided by the Manager under the Management Agreement and by the Advisor under the Advisory Agreement are not exclusive to the Company. Neither the Manager nor the Advisor is prevented from offering its services to other funds, some of which may invest primarily in the same securities as the Company from time to time invests and which may be considered competitors of the Company.

In addition, the directors and officers of the Company, the Manager and the Advisor or their respective affiliates may be directors, officers, shareholders or unitholders of one or more issuers in which the Company may invest from time to time or corporations which act as the manager of other funds that invest primarily in the same securities as the Company and as a result, which may be considered competitors of the Company. The Manager or its affiliates may be managers or portfolio managers of one or more issuers in which the Company may acquire securities.

Taxation of the Company Generally

If the Company ceases to qualify as a “mutual fund corporation” under the Tax Act, the income tax considerations described under the heading “Certain Federal Income Tax Considerations” would be materially and adversely different in certain respects.

In determining its income for tax purposes, the Company will treat option premiums received on the writing of covered call options and any losses sustained on closing out such options as capital gains and capital losses, as the case may be, in accordance with its understanding of the CRA’s published administrative policy. Gains or losses on the disposition of securities upon exercise of a call option, will be treated as capital gains or losses. The CRA’s practice is not to grant an advance income tax ruling on the characterization of items as capital gains or income and no advance ruling has been requested or obtained.

If some or all of the transactions undertaken by the Company in respect of options were treated on income rather than capital account, after-tax returns to Shareholders could be reduced, the Company could be subject to non-refundable income tax from such transactions and the Company could be subject to penalty taxes in respect of excessive capital gains dividend elections.

The Company will invest in foreign securities. Many foreign countries preserve their right under domestic tax laws and applicable tax conventions with respect to taxes on income and on capital to impose tax on dividends and other amounts paid or credited to persons who are not resident in such countries. For example, investments in U.S. securities may subject the Company to U.S. taxes on dividends paid or credited to the Company. Any foreign taxes incurred by the Company will generally reduce the value of the Company and amounts available for distribution to Shareholders.

Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relevant to the Company and its investments will not be changed in a manner which adversely affects the distributions received by the Company or by the Shareholders.

DISTRIBUTION POLICY

Distributions

Holders of record of Preferred Shares on the last business day of each of March, June, September and December will be entitled to receive fixed, cumulative preferential quarterly cash distributions equal to \$0.13125 per Preferred Share until December 31, 2025. On an annualized basis, this would represent a yield on the \$10.00 Preferred Share issue price of approximately 5.25% per annum. As the distributions to holders of Preferred Shares are expected to qualify as eligible dividends, the pre-tax equivalent yield for an individual in Ontario subject to the highest marginal tax rate (53.53%) on an annualized basis would be approximately 7.8% per annum. Such quarterly distributions are expected to be paid by the Company before the last business day of the month following the period in respect of which the distribution was payable. Based on the expected Closing Date, the initial distribution is expected to be payable to the holders of Preferred Shares of record on December 31, 2020. The first distribution will be pro-rated to reflect the period from the Closing Date to December 31, 2020.

The policy of the Board of Directors of the Company will be to pay non-cumulative monthly distributions to the holders of Class A Shares. The monthly cash distribution is targeted to be \$0.10 per Class A Share representing a yield on the issue price of \$15.00 of the Class A Shares of 8.0% per annum. As the distributions to holders of Class A Shares are expected to be comprised of 100% return of capital, the pre-tax equivalent yield for an individual in Ontario subject to the highest marginal tax rate (53.53%) on an annualized basis would be approximately 12.6% per annum. The Company intends that it will increase or decrease the targeted monthly distribution amount from time to time to reflect any increase or decrease to the Company's available income. Such distributions will be paid on or before the last business day of the month following the month in respect of which the distribution becomes payable. The initial distribution on the Class A Shares is expected to be declared payable to holders of Class A Shares of record on December 31, 2020. No distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears, or (ii) in respect of a cash distribution by the Company, the NAV per Unit would be less than \$15.00 following the payment of such distributions.

Assuming that the gross proceeds of the Offering are \$100 million and fees and expenses are as presented in this prospectus, in order to achieve the Company's targeted annual distributions for the Class A Shares and the fixed annual distributions for the Preferred Shares while maintaining a stable NAV per Unit, the Company will be required to generate an average annual total return (comprised of net realized capital gains, option premiums and dividends) on the Portfolio of approximately 8.3%. The Portfolio is currently expected to generate dividend income of approximately 5.6% per annum (which would result in a yield of 3.6% per annum on the Class A Shares). Accordingly, the Portfolio would be required to generate an additional approximately 2.8% per annum, including from dividend growth and realized capital appreciation, in order for the Company to distribute the targeted amount on the Class A Shares. Such distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to the holders of Preferred Shares or Class A Shares.

Distribution Reinvestment Plan

The Company will adopt a reinvestment plan (the "Reinvestment Plan") so that, subject to obtaining all necessary regulatory approvals and the requirements of the plan participants' (the "Plan Participants") broker dealer, all Class A Share distributions of the Company shall be automatically reinvested on each Class A Shareholder's behalf, at the election of each such Class A Shareholder. Notwithstanding the Reinvestment Plan, all Class A Share distributions to non-resident Class A Shareholders will be paid in cash and will not be reinvested. There is no guarantee that the Company will receive the requisite regulatory approvals to effect reinvestment of Class A Share distributions or avoid resale restrictions in connection with the operation of the Reinvestment Plan. Such approvals may not be available, or may be conditional upon amendments being made to the Reinvestment Plan. In the event that necessary regulatory approvals in respect of the Reinvestment Plan cannot be obtained, the Company will, to the extent permitted under applicable laws and stock exchange rules, use Class A Share distributions to acquire

additional Class A Shares of the Company through purchases in the market on behalf of each Class A Shareholder that has elected to have distributions automatically reinvested.

Class A Share distributions due to the Plan Participants shall be applied, on behalf of Plan Participants, to purchase additional Class A Shares. Such purchases will be made in the market at a price not exceeding 115% of the market price per Class A Share and not less than 95% of the market price of Class A Share. The market price is the weighted average trading price of the Class A Shares on the TSX (or such other stock exchange on which the Class A Shares are listed, if the Class A Shares are no longer listed on the TSX) for the last five business days immediately preceding the relevant distribution date until all Class A Shares have been purchased, plus applicable commissions or brokerage charges. Purchases in the market will be made by the Plan Agent on an orderly basis in the month immediately following the Record Date. In the event that such purchases would be at a price in excess of the NAV per Class A Share, the Manager may, in its discretion, make distributions on the Class A Shares in cash.

If the Class A Shares are thinly traded, purchases in the market under the Reinvestment Plan may significantly affect the market price. Depending on market conditions, direct reinvestment of cash distributions by Class A Shareholders in the market may be more or less advantageous than the reinvestment arrangements under the Reinvestment Plan. The Class A Shares of the Company purchased in the market will be allocated on a pro rata basis to the Plan Participants of the Company. The Plan Agent's charges for administering the Reinvestment Plan will be paid by the Company. The automatic reinvestment of distributions under the Reinvestment Plan will not relieve Plan Participants of any income tax applicable to those distributions. See "Certain Federal Income Tax Considerations".

A Class A Shareholder may elect to participate in a Reinvestment Plan by giving notice of the Class A Shareholder's decision to become a Plan Participant for the relevant Record Date to the Class A Shareholder's participant (the "CDS Participant") in accordance with such CDS Participant's customary procedures. The CDS Participant must, on behalf of such Plan Participant, provide notice to the Plan Agent through the CDS System (commonly known as CDSX) no later than 5:00 p.m. (Toronto time) on the last business day of the calendar month (the "Record Date"). Unless the Plan Agent has provided written notice of a Class A Shareholder's intention to participate in a Reinvestment Plan in such manner, distributions to Class A Shareholders will be made in cash. The Company may terminate the Reinvestment Plan in its sole discretion. Notice will be provided prior to termination. The Company may also amend, modify or suspend the Reinvestment Plan at any time in its sole discretion, provided that it gives notice of that amendment, modification or suspension to the applicable Plan Participants via the CDS Participants through which the Plan Participants hold their Class A Shares, and via the Plan Agent. The Company is not required to issue Class A Shares to Class A Shareholders in any jurisdiction where such issuance would be illegal.

PURCHASES OF SHARES

Method to Purchase Shares

Prospective purchasers may purchase: (i) Preferred Shares or Class A Shares by a cash payment; or (ii) Units or Class A Shares by an exchange (the "Exchange Option") of freely-tradable listed securities of any eligible issuers (the "Exchange Eligible Issuers") by no later than 5:00 p.m. (Toronto time) on October 27, 2020 through CDS. Under the Exchange Option prospective purchasers will receive for the securities of Exchange Eligible Issuers tendered to the Company, that number of Units or Class A Shares, as the case may be, determined in the manner described below and \$0.01 in cash per Class A Share purchased. A prospective purchaser's book-entry deposits must be made by a participant in CDS (a "CDS Participant"), who may have an earlier deadline for depositing securities of Exchange Eligible Issuers. The Exchange Option does not constitute, and is not to be construed as, a take-over bid for any Exchange Eligible Issuer. The maximum number of securities of any one Exchange Eligible Issuer which the Company may acquire under the Offering pursuant to the Exchange Option is that number of securities which constitutes 19.9% of the outstanding securities of that class of such Exchange Eligible Issuer (such number being referred to as the "Maximum Ownership Level").

The Company reserves the right to accept, in its sole discretion, and for any reason, the securities of additional issuers under the Exchange Option and to reject, in its sole discretion, in whole or in part, any securities of Exchange Eligible Issuers deposited pursuant to the Exchange Option.

Procedure

A prospective purchaser's book-entry deposits must be made by a CDS Participant, who may have an earlier deadline for depositing securities of Exchange Eligible Issuers.

A prospective purchaser of shares who elects to pay for such shares by using the Exchange Option (the "Exchange Option Election") must do so by means of a book-entry deposit of the securities of Exchange Eligible Issuers through CDS Clearing and Depository Services Inc. Prospective purchasers who utilize the Exchange Option must deposit their securities of Exchange Eligible Issuers with the exchange agent through CDS prior to 5:00 p.m. (Toronto time) on October 27, 2020. Such book-entry deposits must be made by a CDS Participant, who may have an earlier deadline for receiving instructions from the participant's clients to deposit securities of Exchange Eligible Issuers under the Exchange Option. Once submitted to the exchange agent through CDS, a deposit of securities of an Exchange Eligible Issuer (including the transfers authorized thereby) is, subject to the completion of the Offering, irrevocable unless withdrawn as described below under the heading "Withdrawal of Exchange Option Elections". By authorizing a deposit of securities of an Exchange Eligible Issuer through CDS, a prospective purchaser has authorized the transfer to the Company of each security of the Exchange Eligible Issuer so deposited and represents and warrants that the prospective purchaser has full right and authority to transfer the securities of the Exchange Eligible Issuers covered thereby and is the beneficial owner of such securities, that such securities have not previously been conveyed, that the transfer of such securities is not prohibited by laws applicable to the prospective purchaser and that such securities are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Preferred Shares and Class A Shares in exchange for such securities of Exchange Eligible Issuers. The Company's interpretation of the terms and conditions of the Exchange Option will be final and binding. The Company reserves the right to reject any securities of Exchange Eligible Issuers tendered under the Exchange Option or to waive any conditions of the Exchange Option and any irregularities in the deposit of securities of Exchange Eligible Issuers pursuant to the Exchange Option in its sole discretion. Neither the Company, the Agents nor the exchange agent shall be under any duty to notify a prospective purchaser of irregularities related to its deposit of securities of Exchange Eligible Issuers under the Exchange Option and will not incur any liability for failure to give such notification. If for any reason securities of an Exchange Eligible Issuer deposited pursuant to the Exchange Option are not acquired by the Company, the holders of such securities will be notified of such fact as soon as practicable following the closing or the termination of the Offering, as the case may be, and such securities will be re-credited to their accounts through CDS.

Determination of Exchange Ratio

The number of Units or Class A Shares issuable for each security of an Exchange Eligible Issuer (the "Exchange Ratio") will be determined by dividing the weighted average trading price of the securities of such Exchange Eligible Issuer on the principal stock exchange on which such Exchange Eligible Issuer's securities are listed, during the three consecutive trading days ending on November 2, 2020 (the "Pricing Period") calculated based on the daily average exchange rate (as reported by the Bank of Canada) on such date and as adjusted to reflect dividends declared or distributions pending by any Exchange Eligible Issuer that trades on an ex-dividend basis until the Closing Date by the sum of issue prices of a Preferred Share and Class A Share being \$25.00 in the case of a subscription for Units or \$15.00 in the case of a subscription for Class A Shares. The Exchange Ratio will be adjusted to reflect the \$0.01 per Class A Share to be received by prospective purchasers who tender securities of Exchange Eligible Issuers to the Company for Class A Shares. Holders of securities of Exchange Eligible Issuers who deposited such securities pursuant to the Exchange Option will continue to be holders of record up to the Closing Date and will be entitled to receive distributions in respect of such securities of Exchange Eligible Issuers up to but not including the Closing Date. The Company will not issue fractional shares pursuant to the Exchange Option. Entitlement to fractional shares will be determined on the basis of the aggregate number of securities of each Exchange Eligible Issuer acquired pursuant to the Exchange Option and the Company will issue to CDS cash in lieu thereof. Allocation by CDS of cash in lieu of fractional shares to CDS Participants will be at the discretion of CDS and the allocation of cash in lieu of fractional shares to purchasers who have authorized the deposit of Exchange Option Elections through CDS will be at the discretion of the CDS Participants.

Delivery of Final Prospectus

Each prospective purchaser who properly authorized the deposit of securities of an Exchange Eligible Issuer through CDS will be furnished with a copy of the final prospectus relating to this Offering.

The Company will issue a press release as soon as practicable after the close of business on November 2, 2020 announcing for each of the Exchange Eligible Issuers, the name of the Exchange Eligible Issuer, the ticker symbol, the CUSIP number, the ISIN, the volume weighted average trading price of the securities during the Pricing Period, the foreign currency exchange rate, and the Exchange Ratio.

Withdrawal of Exchange Option Elections

Each prospective purchaser who deposited securities of an Exchange Eligible Issuer through CDS has the right to withdraw such deposit of securities by notifying in writing such prospective purchaser's investment advisor or other nominee who effected the deposit. To be effective, a written notice of withdrawal must be received by the CDS participant who effected such deposit on or before midnight on the second business day after the later of: (i) receipt or deemed receipt of the final prospectus relating to the Offering and any amendment thereto, and (ii) the date on which the press release referred to above is issued. Any such notice of withdrawal must specify the securities of each Exchange Eligible Issuer to be so withdrawn and the name of the prospective purchaser, and notification thereof must be received by the exchange agent through CDS prior to the specified time. Each such notice must be signed by the person who authorized the deposit under the Exchange Option.

Maximum Offering

The maximum offering (prior to the exercise of the Over-Allotment Option), comprised of the aggregate cash subscriptions and securities of the Exchange Eligible Issuers (based on the applicable Exchange Ratio and excluding that number of securities of Exchange Eligible Issuers deposited and not acquired as a result of such securities causing the Company to hold more than the Maximum Ownership Level of the outstanding securities of an Exchange Eligible Issuer), shall not be more than \$100,000,000. If the maximum offering (prior to the exercise of the Over-Allotment Option) is exceeded, the Company will accept cash subscriptions first and will then accept securities of Exchange Eligible Issuers on a pro rata basis or on such other reasonable basis that it may determine appropriate until the maximum offering size of \$100,000,000 is achieved, subject to the conditions set forth above under the heading "Method to Purchase Shares".

Exchange Eligible Issuers

The following table lists the names of the Exchange Eligible Issuers whose securities will be accepted by the Company pursuant to the Exchange Option, as well as the ticker symbol, CUSIP number and ISIN of each Exchange Eligible Issuer.

Company Name	Ticker	CUSIP	ISIN
Industrial Issuers			
Americold Realty Trust	COLD	03064D108	US03064D1081
Dream Industrial Real Estate Investment Trust	DIR-U	26153W109	CA26153W1095
Duke Realty Corp	DRE	264411505	US2644115055
Granite Real Estate Investment Trust	GRT-U	387437114	CA3874371147
Prologis Inc	PLD	74340W103	US74340W1036
Public Storage	PSA	74460D109	US74460D1090
STAG Industrial Inc	STAG	85254J102	US85254J1025
StorageVault Canada Inc	SVI	86212H105	CA86212H1055
Summit Industrial Income REIT	SMU-U	866120116	CA8661201167
Terreno Realty Corp	TRNO	88146M101	US88146M1018
WPT Industrial Real Estate Investment Trust	WIR/U	92937G109	CA92937G1090
Specialized Issuers			
American Tower Corp	AMT	03027X100	US03027X1000

Company Name	Ticker	CUSIP	ISIN
CoreSite Realty Corp	COR	21870Q105	US21870Q1058
Crown Castle International Corp	CCI	22822V101	US22822V1017
CyrusOne Inc	CONE	23283R100	US23283R1005
Digital Realty Trust Inc	DLR	253868103	US2538681030
Equinix Inc	EQIX	29444U700	US29444U7000
FirstService Corp	FSV	33767E202	CA33767E2024
QTS Realty Trust Inc	QTS	74736A103	US74736A1034
Real Matters Inc	REAL	75601Y100	CA75601Y1007
SBA Communications Corp	SBAC	78410G104	US78410G1040
Long-Term Value Issuers			
Allied Properties Real Estate Investment Trust	AP-U	019456102	CA0194561027
Artis Real Estate Investment Trust	AX-U	04315L105	CA04315L1058
Atrium Mortgage Investment Corp	AI	04964G100	CA04964G1000
Automotive Properties Real Estate Investment Trust	APR-U	05329M104	CA05329M1041
AvalonBay Communities Inc	AVB	053484101	US0534841012
Boardwalk Real Estate Investment Trust	BEI-U	096631106	CA0966311064
Boston Properties Inc	BXP	101121101	US1011211018
Brookfield Asset Management Inc	BAM/A	112585104	CA1125851040
Brookfield Property Partners LP	BPY-U	n/a	BMG162491077
BSR Real Estate Investment Trust	HOM/U	05585D103	CA05585D1033
Canadian Apartment Properties REIT	CAR-U	134921105	CA1349211054
Chartwell Retirement Residences	CSH-U	16141A103	CA16141A1030
Choice Properties Real Estate Investment Trust	CHP-U	17039A106	CA17039A1066
Cominar Real Estate Investment Trust	CUF-U	199910100	CA1999101001
Crombie Real Estate Investment Trust	CRR-U	227107109	CA2271071094
CT Real Estate Investment Trust	CRT-U	126462100	CA1264621006
Dream Office Real Estate Investment Trust	D-U	26153P104	CA26153P1045
DREAM Unlimited Corp	DRM	26153M507	CA26153M5072
Equity Residential	EQR	29476L107	US29476L1070
European Residential Real Estate Investment Trust	ERE-U	29880W103	CA29880W1032
Extencicare Inc	EXE	30224T863	CA30224T8639
Firm Capital Apartment Real Estate Investment Trust	FCA-U	31833L101	CA31833L1013
Firm Capital Mortgage Investment Corp	FC	318323102	CA3183231024
Firm Capital Property Trust	FCD-U	318326105	CA3183261054
First Capital Real Estate Investment Trust	FCR-U	31890B103	CA31890B1031
H&R Real Estate Investment Trust	HR-U	403925407	CA4039254079
Healthpeak Properties Inc	PEAK	42250P103	US42250P1030
Inovalis Real Estate Investment Trust	INO-U	45780E100	CA45780E1007

Company Name	Ticker	CUSIP	ISIN
InterRent Real Estate Investment Trust	IIP-U	46071W205	CA46071W2058
Killam Apartment Real Estate Investment Trust	KMP-U	49410M102	CA49410M1023
Mainstreet Equity Corp	MEQ	560915100	CA5609151009
Minto Apartment Real Estate Investment Trust	MI-U	60448E103	CA60448E1034
Morguard Corp	MRC	617577101	CA6175771014
Morguard North American Residential Real Estate Investment Trust	MRG-U	61761E100	CA61761E1007
Morguard Real Estate Investment Trust	MRT-U	617914106	CA6179141065
Nexus Real Estate Investment Trust	NXR-U	65342N109	CA65342N1096
NorthWest Healthcare Properties Real Estate Investment Trust	NWH-U	667495105	CA6674951059
Plaza Retail REIT	PLZ-U	72820F103	CA72820F1036
PRO Real Estate Investment Trust	PRV-U	742694300	CA7426943006
RioCan Real Estate Investment Trust	REI-U	766910103	CA7669101031
Sienna Senior Living Inc	SIA	82621K102	CA82621K1021
Simon Property Group Inc	SPG	828806109	US8288061091
Slate Grocery REIT	SGR-U	831062203	CA8310622037
SmartCentres Real Estate Investment Trust	SRU-U	83179X108	CA83179X1087
Tricon Residential Inc	TCN	89612W102	CA89612W1023
Ventas Inc	VTR	92276F100	US92276F1003
Other Issuers			
Algonquin Power & Utilities Corp	AQN	015857105	CA0158571053
Alphabet Inc	GOOGL	02079K305	US02079K3059
Apple Inc	AAPL	037833100	US0378331005
AT&T Inc	T (US)	00206R102	US00206R1023
Bank of Montreal	BMO	063671101	CA0636711016
Bank of Nova Scotia/The	BNS	064149107	CA0641491075
BCE Inc	BCE	05534B760	CA05534B7604
Canadian Imperial Bank of Commerce	CM	136069101	CA1360691010
CGI Inc	GIB/A	12532H104	CA12532H1047
Cisco Systems Inc	CSCO	17275R102	US17275R1023
Emera Inc	EMA	290876101	CA2908761018
Enbridge Inc	ENB	29250N105	CA29250N1050
First National Financial Corp	FN	33564P103	CA33564P1036
Fortis Inc/Canada	FTS	349553107	CA3495531079
Intel Corp	INTC	458140100	US4581401001
Inter Pipeline Ltd	IPL	45833V109	CA45833V1094
Lightspeed POS Inc	LSPD	53227R106	CA53227R1064
Manulife Financial Corp	MFC	56501R106	CA56501R1064
Mastercard Inc	MA	57636Q104	US57636Q1040

Company Name	Ticker	CUSIP	ISIN
Netflix Inc	NFLX	64110L106	US64110L1061
NVIDIA Corp	NVDA	67066G104	US67066G1040
PayPal Holdings Inc	PYPL	70450Y103	US70450Y1038
Premium Brands Holdings Corp	PBH	74061A108	CA74061A1084
Quebecor Inc	QBR/B	748193208	CA7481932084
Rogers Communications Inc	RCI/B	775109200	CA7751092007
Royal Bank of Canada	RY	780087102	CA7800871021
Shaw Communications Inc	SJR/B	82028K200	CA82028K2002
Shopify Inc	SHOP	82509L107	CA82509L1076
Square Inc	SQ	852234103	US8522341036
Sun Life Financial Inc	SLF	866796105	CA8667961053
Suncor Energy Inc.	SU	867224107	CA8672241079
TELUS Corp	T	87971M103	CA87971M1032
Toronto-Dominion Bank/The	TD	891160509	CA8911605092
Verizon Communications Inc	VZ	92343V104	US92343V1044

REDEMPTIONS AND RETRACTIONS

Redemptions

Preferred Shares

The Preferred Shares will be redeemed by the Company on the Maturity Date. The redemption price payable by the Company for a Preferred Share on that date will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon and (ii) the Net Asset Value of the Company on that date divided by the total number of Preferred Shares then outstanding.

Class A Shares

The Class A Shares will be redeemed by the Company on the Maturity Date. The redemption price payable by the Company for a Class A Share on that date will be equal to the greater of (i) the Net Asset Value per Unit on that date minus the sum of \$10.00 and any accrued and unpaid distributions on a Preferred Share, and (ii) nil.

Retraction Privileges

Preferred Shares

Monthly

Preferred Shares may be surrendered at any time for retraction to Middlefield Capital Corporation (in such capacity, the “Registrar and Transfer Agent”), the Company’s registrar and transfer agent, but will be retracted only on the second last business day of a month (the “Retraction Date”). Preferred Shares surrendered for retraction by 5:00 p.m. (Toronto time) on or before the twentieth business day prior to the Retraction Date will be retracted on such Retraction Date and the holder will be paid on or before the last business day of the following month (the “Retraction Payment Date”).

Holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a retraction price per Preferred Share equal to 96% of the lesser of (i) the Net Asset Value per Unit determined as of such Retraction Date, less the cost to the Company of the purchase of a Class A Share for cancellation; and (ii) \$10.00. For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commission and such other costs, if any, related to the liquidation of any portion of the portfolio to fund

the purchase of the Class A Share. If the Net Asset Value per Unit is less than \$10.00, plus any accrued and unpaid distributions on the Preferred Shares, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date. Subject to the terms of the Recirculation Agreement (as defined below), on any monthly retraction of Preferred Shares the Company will purchase or cause to be purchased for cancellation an equal number of Class A Shares in the market so that there will be an equal number of Preferred Shares and Class A Shares outstanding at all material times.

Annual Concurrent Retraction

A holder of a Preferred Share may concurrently retract an equal number of Preferred Shares and Class A Shares on the second last business day of November of each year, commencing in 2022 (the “Annual Retraction Date”) at a retraction price equal to the Net Asset Value per Unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Preferred Shares and Class A Shares must both be surrendered for retraction by 5:00 p.m. (Toronto time) on or before the twentieth business day prior to the Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the last business day of the following month.

Non-Concurrent Retraction Right

On the Maturity Date and upon any subsequent maturity date as determined by the Board of Directors, a holder of Preferred Shares may retract such Preferred Shares. The Company will provide at least 60 days’ notice to holders of Preferred Shares of such right. The Preferred Shares must be surrendered for retraction by 5:00 p.m. (Toronto time) on the last business day of the month prior to the Maturity Date or subsequent maturity date, as applicable. The retraction price payable by the Company for a Preferred Share pursuant to the non-concurrent retraction right will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon and (ii) the Net Asset Value of the Company on that date divided by the total number of Preferred Shares then outstanding.

If more Class A Shares than Preferred Shares have been retracted pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Preferred Shares on a pro rata basis in a number to be determined by the Company reflecting the extent to which the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction. Conversely, if more Preferred Shares than Class A Shares have been retracted pursuant to the non-concurrent retraction right, the Company may issue Preferred Shares to the extent that the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction.

In connection with any extension, the distribution rates on the Preferred Shares and distribution target on the Class A Shares for the new term will be announced at least 60 days prior to the extension of the term. The new distribution rate for the Preferred Shares will be determined based on then-current market yields for preferred shares with similar terms.

Resale of Preferred Shares Tendered for Retraction

The Company may enter into a recirculation agreement (a “Recirculation Agreement”) with a recirculation agent (a “Recirculation Agent”) whereby the Recirculation Agent will use commercially reasonable efforts to find purchasers for any Preferred Shares tendered for retraction prior to the relevant Retraction Date. The Company may, but is not obligated to, require the Recirculation Agent to seek such purchasers and, in such event, the amount to be paid to the holder of Preferred Shares on the applicable Retraction Payment Date will be an amount equal to the proceeds of the sale of the Preferred Shares less any applicable commission, provided that such amount will not be less than the retraction price that would otherwise be payable to the holder of such Preferred Shares.

General

Subject to the Company’s right to require the Recirculation Agent to use commercially reasonable efforts to find purchasers for any Preferred Shares tendered for retraction prior to the relevant Retraction Date, any and all Preferred Shares which have been surrendered to the Company for retraction are deemed to be outstanding until (but

not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Preferred Shares will remain outstanding.

The retraction right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner described. Such surrender will be irrevocable upon the delivery of a notice to CDS through a CDS Participant, except with respect to those Preferred Shares which are not retracted by the Company on the relevant Retraction Payment Date. The Company may, in its discretion, permit the withdrawal of any Preferred Share retraction request at any time prior to the Retraction Payment Date.

If any Preferred Shares are tendered for retraction and are not resold in the manner described above under “Resale of Preferred Shares Tendered for Retraction”, the Company will direct the Recirculation Agent to purchase for cancellation on behalf of the Company that number of Class A Shares that equals the number of Preferred Shares so retracted. Any Class A Shares so purchased for cancellation will be purchased in the market.

Any retraction notice that CDS determines to be incomplete, not in proper form or not duly executed shall, for all purposes, be void and of no effect and the retraction privilege to which it relates shall be considered, for all purposes, not to have been exercised thereby. A failure by a CDS Participant to exercise retraction privileges or to give effect to the settlement thereof in accordance with a Shareholder’s instructions will not give rise to any obligations or liability on the part of the Company or the Manager to the CDS Participant or the Shareholder.

Class A Shares

Monthly Retraction

Class A Shares may be surrendered at any time for retraction to the Registrar and Transfer Agent, but will be retracted only on the monthly Retraction Date. Class A Shares surrendered for retraction by 5:00 p.m. (Toronto time) on or before the twentieth business day prior to the monthly Retraction Date will be retracted on such Retraction Date and the shareholder will be paid on or before the Retraction Payment Date.

Holders of Class A Shares whose Class A Shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share equal to 96% of the difference between (i) the Net Asset Value per Unit determined as of such Retraction Date, and (ii) the cost to the Company of the purchase of a Preferred Share for cancellation. For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and such other costs, if any, related to the liquidation of any portion of the portfolio to fund the purchase of the Preferred Share. If the Net Asset Value per Unit is less than \$10.00, plus any accrued and unpaid distributions on a Preferred Share, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Class A Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent Retraction

A holder of a Class A Share may concurrently retract an equal number of Class A Shares and Preferred Shares on the Annual Retraction Date of each year, commencing in 2022 at a retraction price equal to the Net Asset Value per Unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. For the purpose of calculating the Net Asset Value per Unit, the value of securities comprising the Portfolio will be equal to the weighted average trading price of such securities over the last three business days prior to the relevant retraction date as described under “Calculation of Net Asset Value – Valuation of Portfolio Securities”. The Class A Shares and the Preferred Shares must both be surrendered for retraction by 5:00 p.m. (Toronto time) on or before the twentieth business day prior to the Annual Retraction Date. Payment of the proceeds of the retraction will be made on or before the last business day of the following month.

Non-Concurrent Retraction Right

On the Maturity Date and upon any subsequent maturity date as determined by the Board of Directors, a holder of Class A Shares may retract such Class A Shares. The Company will provide at least 60 days’ notice to holders of Class A Shares of such right. The Class A Shares must be surrendered for retraction by 5:00 p.m. (Toronto time) on the last business day of the month prior to the Maturity Date or subsequent maturity date, as

applicable. The retraction price payable by the Company for a Class A Share pursuant to the non-concurrent retraction right will be equal to the greater of (i) the Net Asset Value per Unit determined on that date minus the sum of \$10.00 and any accrued and unpaid distributions on the Preferred Share, and (ii) nil.

If more Preferred Shares than Class A Shares have been retracted pursuant to the non-concurrent retraction right, the Company will be authorized to redeem Class A Shares on a pro rata basis in a number to be determined by the Company reflecting the extent to which the number of Class A Shares outstanding following the non-concurrent retraction exceeds the number of Preferred Shares outstanding following the non-concurrent retraction. Conversely, if more Class A Shares than Preferred Shares have been retracted pursuant to the non-concurrent retraction right, the Company may issue Class A Shares to the extent the number of Preferred Shares outstanding following the non-concurrent retraction exceeds the number of Class A Shares outstanding following the non-concurrent retraction.

In connection with any extension, the distribution rates on the Preferred Shares and distribution target on the Class A Shares for the new term will be announced at least 60 days prior to the extension of the term. The new distribution rate for the Preferred Shares will be determined based on then-current market yields for preferred shares with similar terms.

Resale of Class A Shares Tendered for Retraction

The Company may enter into a Recirculation Agreement with a Recirculation Agent whereby the Recirculation Agent will use commercially reasonable efforts to find purchasers for any Class A Shares tendered for retraction prior to the relevant Retraction Date. The Company may, but is not obligated to, require the Recirculation Agent to seek such purchasers and, in such event, the amount to be paid to the holder of Class A Shares on the applicable Retraction Payment Date will be an amount equal to the proceeds of the sale of the Class A Shares less any applicable commission, provided that such amount will not be less than the retraction price that would otherwise be payable to the holder of such Class A Shares.

General

Subject to the Company's right to require the Recirculation Agent to use commercially reasonable efforts to find purchasers for any Class A Shares tendered for retraction prior to the relevant Retraction Date, any and all Class A Shares that have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Class A Shares will remain outstanding.

The retraction right must be exercised by causing written notice to be given within the notice periods prescribed herein and in the manner prescribed. Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Class A Shares which are not retracted by the Company on the relevant Retraction Payment Date. The Company may, in its discretion, permit the withdrawal of any Class A Share retraction request at any time prior to the Retraction Payment Date.

If any Class A Shares are tendered for retraction and are not resold in the manner described above under "Resale of Class A Shares Tendered for Retraction", the Company will direct the Recirculation Agent to purchase for cancellation on behalf of the Company that number of Preferred Shares that equals the number of Class A Shares so retracted. Any Preferred Shares so purchased for cancellation will be purchased in the market.

Any retraction notice that CDS determines to be incomplete, not in proper form or not duly executed shall, for all purposes, be void and of no effect and the retraction privilege to which it relates shall be considered, for all purposes, not to have been exercised thereby. A failure by a CDS Participant to exercise retraction privileges or to give effect to the settlement thereof in accordance with a Shareholder's instructions will not give rise to any obligations or liability on the part of the Company or the Manager to the CDS Participant or the Shareholder.

Suspension of Redemptions and Retractions

The Company or the Manager may suspend the redemption and/or retraction of Class A Shares or Preferred Shares or payment of redemption or retraction proceeds (i) during any period when normal trading in securities owned by the Company is suspended on the TSX and if those securities are not traded on any other exchange that represents a reasonably practical alternative for the Company to execute trades in such securities, or (ii) subject to

any required regulatory approvals, for any period not exceeding 120 days during which the Company or the Manager determines that conditions exist which render impractical the sale of assets of the Company or which impair the ability of the Company to determine the value of its assets, only with the prior approval of the securities regulatory authorities. The suspension may apply to all requests for retraction received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All holders of Class A Shares and Preferred Shares making such requests shall be advised by the Manager of the suspension and that the retraction will be effected at a price determined on the first Retraction Date following the termination of the suspension. All such shareholders shall have and shall be advised that they have the right to withdraw their requests for retraction. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Company, any declaration of suspension made by the Company or the Manager shall be conclusive.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Company, and McCarthy Tétrault LLP, counsel to the Agents, the following is a summary of the principal Canadian federal income tax considerations generally relevant to investors who, for purposes of the Tax Act and at all relevant times, are resident or are deemed to be resident in Canada, hold their Preferred Shares, Class A Shares and any Exchange Eligible Shares (defined herein) tendered under the Exchange Option as capital property, and deal at arm's length with and are not affiliated with the Company. This summary is based upon the current provisions of the Tax Act and the regulations (the "Regulations") and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA"). This summary is based on the assumption that the Class A Shares and the Preferred Shares will at all times be listed on a designated stock exchange in Canada (which currently includes the TSX). This summary is based on the assumption that the Company will at all relevant times be a mutual fund corporation under the Tax Act. This summary is based upon the assumption that the Company will at all relevant times comply with its Investment Objectives and Investment Restrictions. This summary is also based on a certificate of an officer of the Manager in respect of certain factual matters.

Generally, the Preferred Shares, Class A Shares and Exchange Eligible Shares will be considered to be capital property to an investor provided that the investor does not hold such securities in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Shareholders who might not otherwise be considered to hold Preferred Shares and Class A Shares as capital property may, in certain circumstances, be entitled to have such securities and all other "Canadian securities" owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Investors considering making the election to have all Canadian securities (including Preferred Shares and Class A Shares) owned by them deemed to be capital property should consult their own tax advisors.

This summary also takes into account all specific proposals to amend the Tax Act announced prior to the date hereof by the Minister of Finance (Canada) (the "Proposed Amendments") and assumes that all Proposed Amendments will be enacted in the form proposed. No assurances can be given that the Proposed Amendments will become law as proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, in particular, does not describe income tax considerations relating to the deductibility of interest on money borrowed to acquire Class A Shares or Preferred Shares. This summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, other than the Proposed Amendments. This summary does not deal with foreign, provincial or territorial income tax considerations, which might differ from the Canadian federal income tax considerations described herein. This summary does not apply (i) to a Shareholder that is a "financial institution" as defined in section 142.2 of the Tax Act, (ii) to a Shareholder an interest in which is a "tax shelter investment" as defined in subsection 143.2(1) of the Tax Act, (iii) to a Shareholder that is subject to the "functional currency" reporting rules in section 261 of the Tax Act, or (iv) to a Shareholder who has entered into a "derivative forward agreement" as defined in subsection 248(1) of the Tax Act with respect to Preferred Shares, Class A Shares or any Exchange Eligible Shares tendered under the Exchange Option.

This summary is of a general nature only and does not constitute legal or tax advice to any particular investor. Accordingly, prospective investors are advised to consult their own tax advisors with respect to their individual circumstances.

Tax Treatment of the Company

The Manager has advised counsel that the Company intends at all relevant times to qualify as a “mutual fund corporation” as defined in the Tax Act and that the Company will file the necessary election under the Tax Act so that it will be deemed to be a “public corporation” and therefore qualify as a mutual fund corporation throughout its first taxation year. As a mutual fund corporation, the Company will be entitled in certain circumstances to a refund of tax paid or payable by it in respect of its net realized capital gains. Also, as a mutual fund corporation, the Company will be entitled to maintain a capital gains dividend account in respect of its realized net capital gains and from which it may elect to pay dividends (“Capital Gains Dividends”) which are treated as capital gains in the hands of the Shareholders of the Company (see “Tax Treatment of Shareholders”, below). In certain circumstances where the Company has recognized a capital gain in a taxation year, it may elect not to pay Capital Gains Dividends in that taxation year in respect thereof and instead pay refundable capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient Capital Gains Dividends and/or qualifying redemptions.

The Company qualifies as a “financial intermediary corporation” (as defined in the Tax Act) and, thus, is not subject to tax under Part IV.1 of the Tax Act on dividends received by the Company and is not generally liable to tax under Part VI.1 of the Tax Act on dividends paid by the Company on “taxable preferred shares” (as defined in the Tax Act). As a mutual fund corporation (which is not an “investment corporation” as defined in the Tax Act), the Company is generally subject to a refundable tax of 38^{1/3}% under Part IV of the Tax Act on taxable dividends received by the Company during the year to the extent the amount is deductible in computing the Company’s taxable income. This tax is refundable upon the payment by the Company of sufficient dividends other than Capital Gains Dividends (“Ordinary Dividends”).

In computing income for a taxation year, the Company will be required to include in income the full amount of all dividends received by the Company in the year. In computing taxable income, the Company will generally be permitted to deduct the amount of all dividends received by it from taxable Canadian corporations. The Company will generally not be permitted a deduction in computing taxable income for dividends received by it from other corporations, including non-resident corporations.

To the extent that the Company earns net income, after deductible expenses, from sources other than taxable capital gains, including interest income, dividends from non-Canadian sources, and other income, the Company will be subject to income tax at full rates on such income and no refund of such tax will be available.

The Portfolio will include securities that are not denominated in Canadian dollars. Cost, proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars generally based on the exchange rate quoted by the Bank of Canada on the date each such amount arises or such other rate of exchange that is acceptable to the CRA. The Company may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

Premiums received on covered call options written by the Company that are not exercised prior to the end of the year will constitute capital gains of the Company in the year received, unless such premiums are received by the Company as income from a business of buying and selling securities or the Company has engaged in a transaction or transactions considered to be an adventure in the nature of trade. The Company purchases securities with the objective of earning dividends and other income thereon over the life of the Company and writes covered call options and purchases cash covered put options with the objective of increasing the yield on the Portfolio beyond the dividends received on the Portfolio securities. Thus, having regard to the foregoing and in accordance with the CRA’s published administrative policies, transactions undertaken by the Company in respect of the securities comprising the Portfolio and options on such securities will be treated and reported by the Company as arising on capital account.

Premiums received by the Company on covered call (or cash covered put) options that are subsequently exercised will be included in computing the proceeds of disposition (or deducted in computing the adjusted cost base) to the Company of the securities disposed of (or acquired) by the Company upon the exercise of such call (or

put) options. In addition, where the premium was in respect of an option granted in a previous year so that it constituted a capital gain of the Company in the previous year, such capital gain may be reversed.

In determining the income of the Company, gains or losses realized upon dispositions of Portfolio securities of the Company which are not the subject of short sales will constitute capital gains or capital losses of the Company in the year realized unless the Company is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Company has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that the Company will purchase the Portfolio securities with the objective of earning dividends and income thereon and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses. In addition, the Manager has advised counsel that the Company will elect in accordance with subsection 39(4) of the Tax Act to have each of its "Canadian securities" (as defined in the Tax Act) treated as capital property. Such election will ensure that gains or losses realized by the Company on the disposition of Canadian securities (including on short sales) are taxed as capital gains or capital losses.

Generally, in computing the amount of its Canadian income taxes, the Company will be entitled to claim credits in respect of foreign taxes paid by the Company and foreign taxes withheld at source to the extent permitted by the detailed rules in the Tax Act. To the extent that a tax credit is not claimed, the Company will be able to deduct any foreign withholding taxes paid.

The Company will be entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing its shares. Such issue expenses, including the Agents' fees, will be deductible by the Company pro-rata over a five-year period subject to reduction in any taxation year which is less than 365 days. Generally, the Company will also be entitled to deduct administrative expenses and interest payable by it on money borrowed to purchase securities.

Any non-capital losses incurred by the Company may generally be carried forward or back in accordance with the rules or limitations contained in the Tax Act and deducted in computing the taxable income of the Company.

A capital loss realized by the Company on a disposition of a security will be a suspended loss for purposes of the Tax Act if the Company, or a person "affiliated" with the Company (within the meaning of the Tax Act) acquires an identical security (a "substituted property") within 30 days before and 30 days after the disposition and the Company, or a person affiliated with the Company, owns the substituted property 30 days after the original disposition. If a loss is suspended, the Company cannot deduct the loss from the Company's capital gains until the substituted property is sold and is not reacquired by the Company, or a person affiliated with the Company, within 30 days before and after the sale.

The Manager has advised counsel that the Company intends to pay a special year-end dividend to holders of its Class A Shares if the Company has net taxable capital gains upon which it would otherwise be subject to tax or if the Company needs to pay a dividend in order to recover refundable tax. As noted above, to the extent that the Company earns net income, after expenses, from sources other than taxable dividends from Canadian taxable corporations and capital gains (such as interest income or foreign source income), the Company will be subject to income tax on such income and no refund of such tax will be available. Given the dividend policy of the Company and taking into account the deduction of expenses, the Manager has advised counsel that the Company does not expect to be subject to any significant amount of non-refundable net income tax under the Tax Act.

Distributions

The policy of the Company is to pay quarterly distributions on the Preferred Shares and monthly distributions on the Class A Shares and, in addition, to pay special year-end distributions to holders of Class A Shares where the Company has net taxable capital gains upon which it would otherwise be subject to tax (other than taxable capital gains realized on the writing of options that are outstanding at year end) or where the Company needs to pay a dividend in order to recover refundable tax not otherwise recoverable upon payment of monthly dividends.

Tax Treatment of Shareholders

Shareholders must include in income Ordinary Dividends paid to them by the Company. For individual Shareholders, Ordinary Dividends will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends paid by taxable Canadian corporations, including, the enhanced gross-up and credit for Ordinary Dividends designated by the Company as eligible dividends. For corporate Shareholders, other than “specified financial institutions” (as defined in the Tax Act), Ordinary Dividends will normally be deductible in computing the taxable income of the corporation. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Shareholder that is a corporation as proceeds of disposition or a capital gain. Shareholders that are corporations should consult their own tax advisor having regard to their own circumstances.

In the case of a Shareholder that is a specified financial institution, Ordinary Dividends received on a particular class of shares will be deductible in computing its taxable income only if either (a) the specified financial institution did not acquire such shares in the ordinary course of its business; or (b) at the time of the receipt of the dividends by the specified financial institution, such shares are listed on a designated stock exchange in Canada, and dividends are received in respect of not more than 10% of the issued and outstanding shares of that class by (i) the specified financial institution, or (ii) the specified financial institution and persons with whom it does not deal at arm’s length (within the meaning of the Tax Act). For these purposes, a beneficiary of a trust will be deemed to receive the amount of any dividend received by the trust and designated to that beneficiary, effective at the time the dividend was received by the trust, and a member of a partnership will be considered to have received that partner’s share of a dividend received by the partnership, effective at the time the dividend was received by the partnership.

Ordinary Dividends received by a corporation (other than a “private corporation” or a “financial intermediary corporation”, as defined in the Tax Act) on Preferred Shares will generally be subject to a 10% tax under Part IV.1 of the Tax Act to the extent that such dividends are deductible in computing the corporation’s taxable income.

A Shareholder that is a private corporation or any other corporation controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be liable to pay a 38^{1/3}% refundable tax under Part IV of the Tax Act on Ordinary Dividends received on the Preferred Shares and Class A Shares to the extent that such dividends are deductible in computing the Shareholder’s taxable income. Where Part IV.1 tax also applies to an Ordinary Dividend received by a corporation, the rate of Part IV tax otherwise payable by the corporation is reduced by 10% of the amount of such Ordinary Dividend.

The amount of any Capital Gains Dividend received by a Shareholder from the Company will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the Capital Gains Dividend is received.

The amount of any payment received by a Shareholder from the Company as a return of capital on a Preferred Share or Class A Share will not be required to be included in computing income. Instead, such amount will reduce the adjusted cost base of the relevant share to the Shareholder. To the extent that the adjusted cost base to the Shareholder would otherwise be a negative amount, the Shareholder will be considered to have recognized a capital gain at that time and the Shareholder’s adjusted cost base will be increased by the amount of such deemed capital gain. See “Disposition of Shares”, below.

Disposition of Shares

Upon the redemption, retraction or other disposition of a Preferred Share or Class A Share, a capital gain (or a capital loss) will be realized to the extent that the proceeds of disposition of the Share exceed (or are less than) the aggregate of the adjusted cost base of the share and any reasonable costs of disposition. If the Shareholder is a corporation, any capital loss arising on the disposition of a share may in certain circumstances be reduced by the amount of any Ordinary Dividends received on the share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary.

One-half of a capital gain (a taxable capital gain) is included in computing income and one-half of a capital loss (an allowable capital loss) must be deducted against taxable capital gains in accordance with the provisions of the Tax Act. A Shareholder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) will be

subject to an additional refundable tax on its aggregate investment income, which includes an amount in respect of taxable capital gains.

Individuals (other than certain trusts) who realize net capital gains on a disposition of a Preferred Share or Class A Share or who receive dividends from the Company may be subject to an alternative minimum tax under the Tax Act.

Tax Treatment under the Exchange Option

Purchasers acquiring shares of the Company pursuant to the Exchange Option will also receive \$0.01 per Class A Share to be received by such purchasers who tender securities of Exchange Eligible Issuers to the Company for Class A Shares, and the Exchange Ratio will be adjusted accordingly.

A purchaser who exchanges securities of Exchange Eligible Issuers (the Exchange Eligible Shares”) for shares of the Company generally will realize a capital gain (or a capital loss) in the taxation year in which the disposition of Exchange Eligible Shares takes place to the extent that the proceeds of disposition for such Exchange Eligible Shares, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Exchange Eligible Shares to the purchaser. For this purpose, the proceeds of disposition to the purchaser will equal the sum of (i) any cash received by the purchaser, and (ii) the aggregate of the fair market value of the Preferred Shares and/or Class A Shares acquired on the exchange. The cost to a purchaser of Preferred Shares and Class A Shares so acquired will be equal to the fair market value of those shares at the time of acquisition less any cash received. In computing the adjusted cost base of the Preferred Shares and/or Class A Shares acquired by a Shareholder pursuant to an exchange for Exchange Eligible Shares, the cost of such Preferred Shares and Class A Shares must be averaged with the adjusted cost base of any other Preferred Shares or Class A Shares then held by the Shareholder as capital property.

Taxation of Registered Plans

Registered Plans, as Shareholders, generally will be exempt from tax on any dividend received on the Preferred Shares and Class A Shares and on any capital gain realized upon the sale, redemption or other disposition of such shares. If and when cash or securities are withdrawn from a Registered Plan, other than from a TFSA (or in certain circumstances from an RDSP or RESP), the holder of the Registered Plan generally will be liable to pay income tax based on the amount of cash or the fair market value of the securities withdrawn, unless the cash or securities are transferred to another Registered Plan in accordance with the Tax Act.

International Information Reporting

The dealers through which Shareholders hold their Preferred Shares or Class A Shares are subject to registration, information collection and reporting obligations contained in Part XVIII of the Tax Act, which implemented the Canada-United States Enhanced Tax Information Exchange Agreement (the “IGA”) with respect to “financial accounts” such dealers maintain for their clients. Shareholders, or the controlling person of a Shareholder, will generally be requested to provide their dealer with information related to their citizenship, residency and, if applicable, a U.S. federal tax identification number. If a Shareholder is a U.S. person (including a U.S. citizen or green card holder who is resident in Canada) or if a Shareholder does not provide the requested information and indicia of U.S. status is identified, Part XVIII of the Tax Act and the IGA will generally require information about the Shareholder’s investment in the Company to be reported to the CRA, unless the investment is held within a Registered Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

In addition, reporting obligations in the Tax Act have been enacted to implement the Organisation for Economic Co-operation and Development Common Reporting Standard (the “CRS Rules”). Pursuant to the CRS Rules, Canadian financial institutions are required to have procedures in place to identify accounts held by residents of foreign countries (other than the United States), or by certain entities any of whose “controlling persons” are resident in a foreign country (other than the United States). The CRS Rules provide that Canadian financial institutions must report the required information to the CRA annually. Such information would be available to be exchanged on a reciprocal, bilateral basis with the jurisdictions in which the Shareholders, or such controlling persons, are resident. Under the CRS Rules, Shareholders will be required to provide such information regarding their investment in the Company to the Shareholder’s dealer for the purpose of such an information exchange, unless the Preferred Shares or Class A Shares are held by a Registered Plan.

ELIGIBILITY FOR INVESTMENT

Provided that the Company qualifies as a “mutual fund corporation” for the purposes of the Tax Act or if the Preferred Shares or Class A Shares are listed on a “designated stock exchange” within the meaning of the Tax Act, such shares would be qualified investments under the Tax Act for trusts governed by RRSPs, RRIFs, RESPs, deferred profit-sharing plans, RDSPs and TFSA.

Notwithstanding that the Preferred Shares or the Class A Shares may be qualified investments for a trust governed by a TFSA, RRSP, RDSP, RESP or RRIF, the holder of a TFSA or RDSP, the subscriber of a RESP or the annuitant of a RRSP or RRIF (a “controlling individual”) will be subject to a penalty tax in respect of the Preferred Shares or the Class A Shares, as the case may be, held in the TFSA, RESP, RDSP, RRSP or RRIF, as the case may be, if such shares are a “prohibited investment” within the meaning of the prohibited investment rules in the Tax Act. The Preferred Shares or the Class A Shares will not be a “prohibited investment” under the Tax Act for a TFSA, RESP, RDSP, RRSP or RRIF provided the controlling individual of the applicable Registered Plan deals at arm’s length with the Company and does not have a “significant interest” (within the meaning of the prohibited investment rules in the Tax Act) in the Company.

ORGANIZATION AND MANAGEMENT DETAILS OF THE COMPANY

Officers and Directors of the Company

The names, municipalities of residence, positions held with the Company and principal occupations of the directors and officers of the Company are listed in the following table. The backgrounds of such directors and officers are described below, other than the background of Mr. Orrico, which is described below under “Organization and Management Details of the Company – Advisor of the Company”.

Name and Municipality of Residence	Position with the Company	Principal Occupation and Positions Held During the Last 5 Years
DEAN ORRICO ⁽¹⁾ Vaughan, Ontario	President, Chief Executive Officer and Director	President and Chief Investment Officer of Middlefield Capital Corporation
CRAIG ROGERS Toronto, Ontario	Chief Financial Officer, Secretary and Director	Managing Director, Corporate Finance and Structured Products of Middlefield Capital Corporation
WENDY TEO ⁽¹⁾ Toronto, Ontario	Director	Secretary-Treasurer and Vice President, Accounting of Middlefield Capital Corporation
VINCE KRALJEVIC ⁽¹⁾ Toronto, Ontario	Director	Executive Director, Corporate Finance and Structured Products of Middlefield Capital Corporation

Note: (1) Member of audit committee

The directors of the Company were appointed on October 7, 2020 and the term of each director’s appointment expires at the next annual meeting of shareholders of the Company. No Class M Shares (as defined under “Description of the Shares”) are beneficially owned, controlled or directed, directly or indirectly, by the directors or executive officers of the Company.

Craig Rogers is a Managing Director, Corporate Finance and Structured Products of Middlefield Capital Corporation and is responsible for assisting with overall corporate strategy, as well as the development and structuring of Middlefield’s investment funds. Craig joined Middlefield in 2014 after several years as a Vice President of an independent investment dealer and a Chief Financial Officer of a publicly listed investment company. Mr. Rogers graduated with an Honours Bachelor of Commerce in Finance degree from the University of Ottawa in 2006 and holds the Chartered Professional Accountant, Certified General Accountant, and Chartered Financial Analyst designations.

Wendy Teo is the Secretary-Treasurer and Vice President, Accounting of Middlefield Capital Corporation. Ms. Teo is a Chartered Professional Account of Ontario as well as a Certified Public Accountant in the United States and holds a Bachelor of Commerce in Accounting degree from the University of Manitoba in Winnipeg. Prior to joining Middlefield Capital Corporation in 2015, Ms. Teo worked in the audit and tax departments of several public accounting firms over the last 19 years.

Vince Kraljevic is an Executive Director, Corporate Finance and Structured Products of Middlefield Capital Corporation and is responsible for assisting with overall corporate strategy, as well as the development, structuring and launching of Middlefield's investment funds. He joined Middlefield in 2014, after several years as a Financial Advisor with a major Canadian financial institution. Mr. Kraljevic graduated with summa cum laude distinction from York University and holds the Chartered Financial Analyst Designation.

Manager of the Company

Middlefield Limited is the manager of the Company pursuant to a management agreement dated October 28, 2020 (the "Management Agreement"). The municipal address of the Manager is 812 Memorial Drive N.W., Calgary, Alberta, T2N 3C8. The Manager shall have exclusive authority to manage the affairs of the Company.

The names, municipalities of residence, positions held with the Manager and principal occupations of the directors and officers of the Manager are listed in the following table. The backgrounds of such officers and directors are described below.

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
VINCENZO GRECO..... Calgary, Alberta	Chairman and Director	Managing Director, Trading of Middlefield Capital Corporation
FRANCISCO Z. RAMIREZ..... Calgary, Alberta	President, Chief Executive Officer, Chief Compliance Officer, Director and Ultimate Designated Person	President, Chief Executive Officer, Chief Compliance Officer, Director and Ultimate Designated Person of Middlefield Limited
CATHERINE E. REBULDELA..... Calgary, Alberta	Chief Financial Officer, Vice President, Secretary and Director	Chief Financial Officer, Vice President, Secretary and Director of Middlefield Limited

Mr. Greco was first appointed a director on February 22, 2011 and re-appointed on August 23, 2017. Mr. Ramirez was appointed a director on December 2, 2009 and Ms. Rebuldela was appointed a director on July 14, 2016. The term of each director's appointment expires at the next annual meeting of the shareholders of the Manager.

Vincenzo Greco is the Chairman and a Director of the Manager. Prior to joining the Manager in 2010, Mr. Greco was a portfolio manager for two U.S.-based hedge funds which focused on equity securities of issuers in the natural resources sector as well as natural resource commodities. Prior to that, he was an institutional equities salesperson at an investment dealer in Toronto, Ontario. Mr. Greco is an MBA graduate of the Queen's School of Business, Queen's University.

Francisco Z. Ramirez is the President, Chief Executive Officer, Chief Compliance Officer, a Director and the Ultimate Designated Person of the Manager. Mr. Ramirez holds a Bachelor of Science in Business Administration (B.S.B.A) degree. Mr. Ramirez has been employed by the Manager and its affiliates for over 15 years and each of his principal occupations during the past five years has been with Middlefield Limited or its affiliates.

Catherine E. Rebuldela is the Chief Financial Officer, Vice President, Secretary, and a Director of the Manager. Ms. Rebuldela is a Certified General Accountant and worked as a Fund Accountant responsible for financial reporting of Middlefield Group's closed-end funds and mutual funds prior to her current position. Ms. Rebuldela, who is a Certified Public Accountant in the Philippines, worked with that country's national tax agency as Supervising Revenue Officer from 1991 to 2005.

The directors and executive officers of the Manager do not beneficially own, control or direct, directly or indirectly, any common shares of the Manager.

Duties and Services to be Provided by the Manager

Pursuant to the Management Agreement, the Manager has been given the authority to manage the activities and day-to-day operations of the Company, including providing and arranging for the provision of marketing and administrative services required by the Company. The Manager's duties include, among others: maintaining accounting records for the Company; authorizing the payment of operating expenses incurred on behalf of the Company; handling securities trades on behalf of the Company; preparing financial statements, income tax forms and financial and accounting information as required by the Company; calculating or arranging for the calculation of the NAV; providing Shareholders with financial statements and other reports as are required by applicable law from time to time; monitoring the Company's compliance with regulatory requirements; preparing the Company's reports to Shareholders and the Canadian securities regulatory authorities; and negotiating contractual agreements with third-party providers of services, including the Company's auditor and its printers.

Details of the Management Agreement

Pursuant to the Management Agreement, the Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Company and to exercise the care, diligence and skill of a reasonably prudent person in the circumstances. The Manager may, pursuant to the terms of the Management Agreement, delegate certain of its duties to third parties where in the discretion of the Manager it would be in the best interests of the Company and the Shareholders to do so. The Management Agreement provides that the Manager will not be liable in any way for any default, failure or defect in the securities comprising the Portfolio if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or by any material breach or default by it of its obligations under the Management Agreement.

Unless the Manager resigns or is removed as described below, the Manager will continue as manager until the termination of the Company. The Manager may resign if the Company is in breach or default of the provisions of the Management Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days' notice of such breach or default to the Company. The Manager is deemed to have resigned if the Manager becomes bankrupt or insolvent or in the event the Manager ceases to be resident in Canada for the purposes of the Tax Act. The Manager may not be removed other than by an ordinary resolution (as described under "Shareholder Matters – Matters Requiring Shareholder Approval"). In the event that the Manager is in material breach or default of the provisions of the Management Agreement and, if capable of being cured, any such breach or default has not been cured within 30 days' notice of such breach or default to the Manager, the Company shall give notice thereof to Shareholders and Shareholders may direct the Company to remove the Manager and appoint a successor manager.

The Manager is entitled to fees for its services under the Management Agreement as described under "Fees and Expenses" and will be reimbursed by the Company for all reasonable costs and expenses incurred by the Manager on behalf of the Company. In addition, the Manager and each of its directors, officers, employees, shareholders and agents will be indemnified by the Company for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against, the Manager, or any of its directors, officers, employees, shareholders or agents, in the exercise of its duties as manager, except those resulting from the Manager's wilful misconduct, bad faith, negligence, disregard of the Manager's standard of care or material breach or default by the Manager of its obligations under the Management Agreement.

Officers and Directors of the Manager of the Company

The names, municipalities of residence, offices held with the Manager and principal occupations of the directors and officers of the Manager are set out above under "Organization and Management Details of the Company – Manager of the Company".

Middlefield Capital Corporation will act as advisor to the Company pursuant to the terms of an advisory agreement to be entered into at or prior to completion of the Offering (the "Advisory Agreement"). Middlefield Capital Corporation was incorporated under the *Canada Business Corporations Act* on November 3, 1986, is

registered as an investment dealer under the securities laws of Alberta, Ontario and Nova Scotia and is a member of the Investment Industry Regulatory Organization of Canada.

Middlefield Capital Corporation and the Manager are each members of the Middlefield Group (“Middlefield”). Formed in 1979, Middlefield creates and manages specialized investment products for individual and institutional investors and has assets under management of approximately \$4 billion. Investment products include closed-end funds, mutual funds, private and public resource funds, real estate funds and a venture capital fund. Middlefield has approximately 70 employees with offices located in Calgary, Toronto, San Francisco and London, England. Clients include Canadian and international financial institutions, corporations and individuals. Its services are provided in Canada primarily through Middlefield Capital Corporation (which is a member of the Canadian organization that regulates investment dealers) and internationally through Middlefield International Limited in London, England (which is registered as a member firm with The Financial Conduct Authority in the United Kingdom). In addition to asset and investment management, the services provided by Middlefield include real estate investment and property management, corporate finance, merchant banking, financial advisory and securities placement activities.

Middlefield’s role in its fund management business includes the creation and structuring of investment vehicles, the completion of offerings to investors, the identification, selection and monitoring of suitable investments, acting as registrar and transfer agent, monitoring regulatory compliance and providing reports to investors on operating and financial performance and for income tax purposes.

Middlefield advises several TSX-listed funds, including MINT *Income Fund* which celebrated its 23rd year of being listed on the TSX this past March. Middlefield has expanded its advisory offerings by raising over \$1.5 billion in IPOs since the beginning of 2014. The Company intends to build upon the Manager’s proven track record of raising funds and managing equity income portfolios in the real estate and technology sectors, including implementing investment ideas developed from the management of Global Real Estate & E Commerce *Dividend Fund*, Middlefield Global Real Estate Class, Middlefield REIT INDEXPLUS ETF, and Middlefield Can-Global REIT *Income Fund*.

In February 2019, Middlefield launched its platform of actively managed ETFs by converting two successful closed-end funds managed by Middlefield, Middlefield Healthcare & Life Sciences *Dividend Fund* and REIT INDEXPLUS *Income Fund*. The objective of the platform is to provide value-added solutions to investors and financial advisors through unique, actively managed strategies which investors would have difficulty replicating with passive investment products. In March 2019, Middlefield announced the expansion of its ETF platform with the conversions of Middlefield Healthcare & Wellness *Dividend Fund* and American Core Sectors *Dividend Fund*, which brought Middlefield’s ETF assets under management to approximately \$250 million.

In the real estate sector, Middlefield has been involved since its founding in all aspects of the industry. Activities encompass land acquisition, project design, construction, financing and leasing of real estate projects. Upon project acquisition or completion, ongoing property management services are provided through one of Middlefield’s affiliates. Properties include approximately 1,500 residential units as well as commercial projects. Currently, about 900 residential units and several limited partnerships are managed by Middlefield.

Middlefield has acted as agent or manager for over \$2.5 billion of resource sector investments since commencing activity in this sector in 1983. Middlefield also has developed extensive expertise in the utilization of tax-advantaged forms of investment vehicles such as limited partnerships and flow-through share funds. Middlefield’s resource experience includes: the management of 63 limited partnerships which invested in flow-through shares of resource companies; the management of a co-venture and two limited partnerships which own assets engaged in energy production, exploration and development; the co-founding of Morrison Middlefield Resources Limited and the management of several open-end and closed-end funds which focus on the resources sectors.

The Advisor

The officers and directors of Middlefield Capital Corporation who are primarily responsible for providing services to the Company are listed in the following table. The backgrounds of such officers and directors are described below.

<u>Name and Municipality of Residence</u>	<u>Position with Middlefield Capital Corporation and Principal Occupation</u>
DEAN ORRICO	President and Chief Investment Officer
Vaughan, Ontario	
ROBERT F. LAUZON, CFA	Managing Director, Trading and Deputy Chief Investment Officer
Toronto, Ontario	
JEREMY BRASSEUR.....	Managing Director, Corporate Development and Marketing
Toronto, Ontario	
MICHAEL BURY, CFA.....	Managing Director, Investments and Portfolio Manager
Oakville, Ontario	
SHANE OBATA, CFA.....	Executive Director, Investments and Portfolio Manager
Toronto, Ontario	

Dean Orrico is President and Chief Investment Officer of Middlefield Capital Corporation and Chairman of Middlefield Group Limited (Middlefield) and has been employed by Middlefield since 1996. Mr. Orrico is responsible for overseeing the ongoing management of all of Middlefield's investment funds including TSX-listed funds, mutual funds and resource flow-through funds, and is lead manager of Middlefield's healthcare and real estate strategies. Mr. Orrico is an MBA graduate of the Schulich School of Business (York University).

Robert F. Lauzon is Managing Director, Trading and Deputy Chief Investment Officer of Middlefield Capital Corporation and has been employed by Middlefield Capital Corporation since 2002. Mr. Lauzon is the lead portfolio manager on a number of investment funds, including funds focusing on the infrastructure, consumer and technology sectors. Mr. Lauzon is an MBA graduate of the Rotman School of Management (University of Toronto) and holds the Chartered Financial Analyst designation.

Jeremy Brasseur is a Managing Director, Corporate Development and Marketing of Middlefield Capital Corporation and President of Middlefield Group Limited and has been employed by Middlefield since 2002. Mr. Brasseur is responsible for overseeing the development and structuring of all of Middlefield's investment funds as well as the sales and marketing division. Mr. Brasseur is an MBA graduate of the Kellogg School of Management (Northwestern University of Chicago) and the Schulich School of Business (York University).

Michael Bury is a Managing Director, Investments and Portfolio Manager of Middlefield Capital Corporation. Prior to joining Middlefield in 2011, he was a Senior Director for a research and business intelligence firm based in Chicago where he oversaw the Capital Markets and Pharmaceutical/Life Sciences sectors. Mr. Bury holds a Bachelor of Administrative and Commercial Studies with a specialization in Finance and Economics from the University of Western Ontario and holds the Chartered Financial Analyst designation.

Shane Obata is an Executive Director and Portfolio Manager of Middlefield Capital Corporation and is responsible for covering global equities across Middlefield's funds. Prior to joining Middlefield in 2018, he was with Richardson GMP's asset management team. Mr. Obata holds the Chartered Financial Analyst designation and a Master of Finance from Wilfrid Laurier University, where he was awarded the gold medal of academic excellence.

Details of the Advisory Agreement

Pursuant to the Advisory Agreement, the Advisor will provide investment management advice to the Manager in a manner consistent with the investment objectives, strategy and restrictions of the Company. The Advisor will be paid the Advisory Fee by the Manager and not by the Company. Investment decisions will be implemented by the Manager. In the purchase and sale of securities for the Company, the Manager will seek to obtain overall services and prompt execution of orders on favourable terms.

Under the Advisory Agreement, the Advisor is required to act at all times on a basis which is fair and reasonable to the Company, to act honestly and in good faith with a view to the best interests of the Company and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. The Advisory Agreement provides that the Advisor will not be liable in any way for any default, failure or defect in any of the securities of the Company, nor will it be liable if it has satisfied the duties and standard of care, diligence and skill set forth above. The Advisor may, however, incur liability in cases of wilful misconduct, bad faith, negligence, disregard of the Advisor's standard of care or material breach or default by the Advisor of its obligations under the Advisory Agreement.

The Advisory Agreement, unless terminated as described below, will continue in effect until the Company is terminated. The Manager may terminate the Advisory Agreement if the Advisor has committed certain events of bankruptcy or insolvency or is in material breach or default of the provisions thereof and, if capable of being cured, such breach has not been cured within 30 days after notice thereof has been given to the Advisor and the Company by the Manager.

The Advisor may terminate its obligations under the Advisory Agreement if the Company is in material breach or default of the provisions thereof and, if capable of being cured, such breach or default has not been cured within 30 days of notice of same to the Manager and to the Company or if there is a material change in the investment objectives or strategy of the Company. If the Advisory Agreement is terminated, the Manager will promptly appoint one or more successor investment managers to carry out the activities of the Advisor.

The Advisor is entitled to fees for its services which are payable by the Manager (and not the Company) under the Advisory Agreement as described under “Fees and Expenses” and will be reimbursed by the Company for all reasonable costs and expenses incurred by the Advisor on behalf of the Company. In addition, the Advisor, and its directors, officers, employees and agents, will be indemnified by the Company for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced, or other claim that is made against, the Advisor, or any of its officers, directors, employees or agents, in the exercise of its duties as an investment advisor, except those resulting from the Advisor’s wilful misconduct, bad faith, negligence, disregard of the Advisor’s standard of care or material breach or default by the Advisor of its obligations under the Advisory Agreement.

Conflicts of Interest

The management services to be provided or caused to be provided by the Manager under the Management Agreement are not exclusive to the Company and nothing in the Management Agreement prevents the Manager or any of its affiliates from providing similar services to other investment funds and other clients (whether or not their activities are similar to those of the Company) or from engaging in other activities.

The Advisor is engaged in a wide range of investment management, investment advisory and other business activities. The services of the Advisor under the Advisory Agreement are not exclusive and nothing in the Advisory Agreement prevents the Advisor or any of its affiliates from providing similar services to other investment funds and other clients (whether or not their investment objectives or strategies are similar to those of the Company) or from engaging in other activities. The Advisor’s investment advice regarding the Portfolio and decisions with respect to the composition of the Portfolio will be made independently of those made for its other clients and independently of its own investments. On occasion, however, the Advisor may decide on the same investment for the Company and for one or more of its other clients. If the Company and one or more of the other clients of the Advisor are engaged in the purchase or sale of the same security, the transactions will be effected on an equitable basis. In addition, pursuant to the Advisory Agreement, the Advisor may from time to time receive commissions or other fees for acting as the Company’s broker in connection with the purchase or sale of Portfolio securities. Any such arrangement shall be on terms that are no less favourable to the Company than those available from third parties for comparable services.

The Manager or its affiliates may act as the manager to other funds which may invest primarily in the same securities as the Company from time to time invests and which may be considered competitors of the Company. In addition, the directors and officers of the Manager or its affiliates may be directors, officers, shareholders or unitholders of one or more issuers in which the Company may acquire securities or of corporations which act as the manager of other funds that invest primarily in the same securities as the Company from time to time invests and which may be considered competitors of the Company. The Manager or its affiliates may be managers or portfolio managers of one or more issuers in which the Company may acquire securities and may be managers or portfolio managers of investment funds that invest in the same securities as the Company. A decision to invest in such issuers will be made independently by the Advisor and without consideration of the relationship of the Manager or its affiliates with such issuers. Conflicts of interest between the Manager and the Company will be addressed by the Independent Review Committee.

See also “Relationship Between Investment Fund and Agents” and “Risk Factors – Risks Related to the Structure of the Company – Conflicts of Interest”.

Independent Review Committee

An independent review committee (the “Independent Review Committee”) has been established by the Company in accordance with National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“NI 81-107”) and is comprised of four members, each of whom is independent. The Independent Review Committee deals with conflict of interest matters presented to it by the Manager in accordance with NI 81-107. The Manager is required under NI 81-107 to identify conflicts of interest inherent in its management of the Company and the other investment funds managed by it, and request input from the Independent Review Committee on how it manages those conflicts of interest. NI 81-107 also requires the Manager to establish written policies and procedures outlining its management of those conflicts of interest. The Independent Review Committee will provide its recommendations or approvals, as required, to the Manager with a view to the best interests of the Company. The Independent Review Committee will report annually to Shareholders as required by NI 81-107. The reports of the Independent Review Committee will be available free of charge from the Manager on request by contacting the Manager at invest@middlefield.com and will be posted on the Manager’s website at www.middlefield.com.

The members of the Independent Review Committee are paid an annual fee for serving on the independent review committee of the investment funds in the Middlefield family of investment funds. Each investment fund, including the Company, is responsible for a portion of that fee which is allocated by the Manager among the various funds. The annual fee payable to the members of the Independent Review Committee is currently \$110,000 in the aggregate plus \$1,500 per Independent Review Committee member per meeting. Expenses incurred by the members of the Independent Review Committee in connection with performing their duties are also the responsibility of the investment funds, including the Company.

The following individuals are the members of the Independent Review Committee:

Bernard I. Ghert is Chairman of the Independent Review Committee. He was previously Chairman of Mount Sinai Hospital from 1997 to 2002, having been on the board of directors since 1974. During that time he was President of Stelworth Investments Inc. He was a director at various times of numerous organizations including Canada Deposit Insurance Corporation, CT Financial, Canada Trust and Canada Trustco and President and CEO of Cadillac Fairview Corporation Limited. He was an advisory director of the Office of the Superintendent of Financial Institutions. Mr. Ghert was appointed as a Member of the Order of Canada in July 2002.

George S. Dembroski was Vice-Chairman of RBC Dominion Securities Limited until January 31, 1998. Mr. Dembroski also holds the Chartered Professional Accountant designation.

H. Roger Garland was Vice Chairman of Four Seasons Hotels Inc., having joined the company in 1981 as Senior Vice President, Finance. Prior to Four Seasons, he was Vice President, Corporate Banking with Citibank, N.A. in Canada and Switzerland. Mr. Garland sits on the boards of several companies. Mr. Garland also holds the Chartered Professional Accountant designation.

Edward V. Jackson was Managing Director and Co-Head of the Investment Funds Group, RBC Capital Markets until December 31, 2015 and was President and CEO of Advantage Preferred Share Trust, a TSX listed closed-end fund from 2011-2015. Mr. Jackson currently sits on the Advisory Board of EnerTech Capital and is a member of the Hearing Committee of the Investment Industry Regulatory Organization of Canada.

Brokerage Arrangements

The primary consideration in all securities transactions for the Company will be prompt execution of orders in an efficient manner at the most favourable price. In selecting and monitoring dealers and negotiating commissions, the Manager considers the dealer’s reliability and the quality of its execution services on a continuing basis. Brokerage transactions may also be allocated to dealers affiliated with the Manager, on terms, including fees and commissions, not less favourable than would be offered to other similar clients of such affiliated dealers.

Auditors

The independent auditor of the Company is Deloitte LLP. The address of the auditor is Suite 200, Bay Adelaide Centre, 8 Adelaide Street West, Toronto, Ontario M5H 0A9. Although the approval of Shareholders will

not be obtained prior to making any change in auditor of the Company, Shareholders will be sent a written notice at least 60 days prior to the effective date of any such change.

Custodian

RBC Investor Services Trust (the “Custodian”) is the custodian of the assets of the Company and may employ sub-custodians as considered appropriate in the circumstances. The address of the Custodian is 335 8th Avenue S.W., 23rd Floor, Calgary, Alberta, T2P 1C9. Pursuant to an agreement between the Manager and the Custodian (the “Custodian Agreement”), the Custodian will provide safekeeping and custodial services in respect of the assets of the Company.

The Company will pay the Custodian customary custodianship fees for its services as outlined in the Custodian Agreement. The Custodian Agreement may be terminated by either party on 60 days’ notice, and immediately by either party on written notice if either party is declared bankrupt or becomes insolvent, the assets or the business of either party becomes liable to seizure or confiscation by any public or governmental authority, the Manager’s powers and authorities to act on behalf of or represent the Company have been revoked or terminated, or the Custodian ceases to be qualified under applicable laws.

Securities Lending Agent

RBC Investor Services Trust (in such capacity, the “Securities Lending Agent”) serves as the securities lending agent for the Company pursuant to a securities lending agency agreement (the “SLA Agreement”) dated as of April 15, 2011, which is expected to be amended at or prior to closing of the Offering to include the Company. The Securities Lending Agent’s head office is located in Toronto, Canada. The Securities Lending Agent is not affiliated with the Manager. Pursuant to the SLA Agreement, the Company is required to receive collateral of at least 105% of the value of the securities on loan. Collateral is generally comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or the United States Government or its agencies. Collateral may also be comprised of securities that are convertible into, or exchangeable for, securities of the same issuer as the securities that are on loan. Pursuant to the SLA Agreement, the Securities Lending Agent has agreed to indemnify the Manager against any direct loss suffered or incurred that is the result of negligence, fraud, or wilful misconduct on the part of the Securities Lending Agent in the performance of its obligations, subject to limitations within the SLA Agreement. The Manager and the Securities Lending Agent each have the right to terminate the SLA Agreement upon five (5) business days’ written notice. See “Investment Strategy – Securities Lending”.

Promoter

The Manager (located in Calgary, Alberta) may be considered as the promoter of the Company by reason of its initiative in forming and establishing the Company and taking the steps necessary for the public distribution of the Preferred Shares and the Class A Shares. The Manager also acts as manager and thereby receives certain fees as described herein. The Manager will not receive any benefits, directly or indirectly, from the issuance of Preferred Shares and the Class A Shares offered hereunder other than as described under “Fees and Expenses” and “Interest of Manager and Others in Material Transactions”.

Registrar and Transfer Agent; Exchange Agent

Middlefield Capital Corporation is the registrar and transfer agent for the Preferred Shares and the Class A Shares and the exchange agent for the Exchange Option at its principal office in Toronto, Ontario.

Valuation Agent

Pursuant to a valuation services agreement to be entered into on or before the closing of the Offering, RBC Investor Services Trust and MFL Management Limited will be appointed by the Manager as the joint valuation agent of the Company. The valuation agent will provide, among other things, valuation services to the Company and will calculate the NAV in the manner described under the heading “Calculation of Net Asset Value”. The valuation services agreement may be terminated by either party on 60 days’ notice, and immediately by either party on written notice if either party is declared bankrupt or becomes insolvent, the assets or the business of either party becomes liable to seizure or confiscation by any public or governmental authority, or the Manager’s powers and authorities to act on behalf of or represent the Company have been revoked or terminated.

CALCULATION OF NET ASSET VALUE

For reporting purposes other than financial statements, the NAV of the Company on a particular date will be equal to (i) the aggregate value of the assets of the Company, less (ii) the aggregate value of the liabilities of the Company (the Preferred Shares will not be treated as liabilities for these purposes), including any distributions declared and not paid that are payable to Shareholders on or before such date, and less (iii) the stated capital of the Class M Shares (\$10).

The NAV per Unit on any day (the “NAV Valuation Date”) is determined as follows:

- If the NAV of the Company is less than or equal to the aggregate Preferred Share redemption price which includes any accrued and unpaid distributions thereon (the “Preferred Share Amount”) the NAV per Unit is calculated by dividing the NAV of the Company on such day by the number of Preferred Shares then outstanding.
- If the NAV of the Company is greater than the Preferred Share Amount, the NAV per Unit is calculated by (i) subtracting the Preferred Share Amount from the NAV of the Company, (ii) dividing the difference by the number of Class A Shares then outstanding, and (iii) adding \$10 plus any accrued and unpaid distributions per Preferred Share to the result obtained in clause (ii).

In general, the NAV per Unit will be calculated as of 4:00 p.m. (Toronto time) each day. If a NAV Valuation Date is not a business day, then the securities comprising the Company’s property will be valued as if such NAV Valuation Date were the preceding business day.

Generally, the NAV per Preferred Share is equal to the lesser of (i) the NAV per Unit and (ii) \$10.00 plus accrued and unpaid distributions thereon and the NAV per Class A Share is equal to the NAV per Unit minus the NAV per Preferred Share. The NAV, NAV per Unit, NAV per Preferred Share and NAV per Class A Share will be calculated in Canadian dollars.

Reporting of Net Asset Value

The NAV per Unit, NAV per Class A Share and NAV per Preferred Share are available to the public at no cost by calling 1-888-890-1868 and the NAV per Unit, NAV per Class A Share and NAV per Preferred Share are available on the Manager’s website at www.middlefield.com. The Company also makes the NAV per Class A Share and NAV per Preferred Share available to the financial press for publication on a daily basis.

Valuation of Portfolio Securities

In determining the NAV of the Company at any time:

- (a) the value of any cash on hand or on deposit, bill, demand note and account receivable, prepaid expense, dividend, distribution or other amount received (or declared to holders of record of securities owned by the Company on a date before the NAV Valuation Date as of which the NAV of the Company is being determined, and to be received) and interest accrued and not yet received shall be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, dividend, Distribution, or other amount received (or declared to holders of record of securities owned by the Company on a date before the NAV Valuation Date as of which the NAV of the Company is being determined, and to be received) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Manager determines to be the fair market value thereof;
- (b) the value of any security, that is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest offer price or bid price shall be used), as at the NAV Valuation Date on which the

NAV of the Company is being determined, all as reported by any means in common use. For a retraction or redemption of the Company's shares, the value of the constituent securities will be equal to the weighted average trading price of such securities over the last three business days prior to the relevant retraction date;

- (c) the value of any security which is traded over-the-counter will be priced at the average of the last bid and ask prices quoted by a major dealer or recognized information provider in such securities;
- (d) where a covered clearing corporation option, option on futures or an over-the counter option is written, the option premium received by the Company will, so long as the option is outstanding, be reflected as a deferred credit which will be valued at an amount equal to the fair market value of an option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV;
- (e) the value of a forward contract or swap shall be the gain or loss with respect thereto that would be realized if, on the NAV Valuation Date, the position in the forward contract or swap were to be closed out in accordance with its terms;
- (f) the value of any security, or other asset for which a market quotation is not readily available will be its fair market value on the NAV Valuation Date on which the NAV of the Company is being determined as determined by the Manager;
- (g) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the rate of exchange available to the Company from the Custodian on the NAV Valuation Date on which NAV of the Company is being determined;
- (h) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at fair market value as determined by the Manager; and
- (i) the value of any security or property to which, in the opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair market value thereof determined in good faith in such manner as the Manager from time to time adopts.

The NAV is calculated in Canadian dollars in accordance with the rules and principles of the Canadian regulators, or in accordance with any exemptions therefrom that the Company may obtain.

DESCRIPTION OF THE SHARES

The Shares

The Company is authorized to issue an unlimited number of Preferred Shares, Class A Shares and Class M Shares (as defined below). The holders of Class M Shares are not entitled to receive dividends and are entitled to one vote per share. The Class M Shares are redeemable and retractable at a price of \$1.00 per share. There are 100 Class M Shares issued and outstanding.

Principal Shareholder

All of the issued and outstanding class M shares ("Class M Shares") of the Company are owned by Real Estate & E-Commerce Split Corp. Holding Trust, a trust established for the benefit of the holders of the Class A Shares and Preferred Shares from time to time (other than Registered Plans). Until all the Class A Shares and Preferred Shares have been retracted, redeemed, or purchased for cancellation, no additional Class M Shares shall be issued.

Priority

Preferred Shares

The Preferred Shares rank in priority to the Class A Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company.

Rating of the Preferred Shares

The Preferred Shares have been provisionally rated Pfd-2 (low) by DBRS Limited. Preferred shares rated Pfd-2 (low) are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. Pfd-2 (low) ratings generally correspond with companies whose senior bonds are rated in the higher end of the BBB category. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by DBRS Limited. See "Redemption and Retractions".

Initially, the Preferred Shares are expected to be supported by a preferred dividend coverage ratio of approximately 2.0x and downside protection of approximately 58%.

Class A Shares

The Class A Shares rank subsequent to the Preferred Shares with respect to the payment of distributions and the repayment of capital out of the portfolio on the dissolution, liquidation or winding up of the Company. The Company may sub-divide the Class A Shares into a greater number of Class A Shares in its discretion from time to time. The Class A Shares are expected to provide holders with effective leverage initially in the amount of approximately 1.7x on the Portfolio based on the initial NAV of the Class A Shares.

Class M Shares

The Class M Shares rank subsequent to both the Preferred Shares and the Class A Shares with respect to distributions on the dissolution, liquidation or winding-up of the Company.

Book-Entry-Only and Book-Based Systems

Registrations of interests in, and transfers of, the Preferred Shares and Class A Shares will be made only through the book-entry-only system or the book-based system of CDS. Preferred Shares and Class A Shares may be purchased, transferred or surrendered for retraction only through a CDS Participant. All rights of an owner of Preferred Shares and/or Class A Shares must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Preferred Shares and/or Class A Shares. Upon purchase of any Preferred Shares or Class A Shares, the owner will receive only the customary confirmation. References in this prospectus to a holder of Preferred Shares or Class A Shares means, unless the context otherwise requires, the owner of the beneficial interest in such shares.

The Company, the Manager or the Agents will not have any liability for (i) the records maintained by CDS or CDS Participants relating to the beneficial interests in the Preferred Shares and Class A Shares or the book-entry or book-based accounts maintained by CDS in respect thereof; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS or CDS Participants, including with respect to the rules and regulations of CDS or any action taken by CDS, its participants or at the direction of those participants.

The ability of a beneficial owner of Preferred Shares and/or Class A Shares to pledge such shares or otherwise take action with respect to such owner's interest in such shares (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Company has the option to terminate registration of the Preferred Shares and Class A Shares through the book-entry-only or book-based systems in which case certificates in fully-registered form for the Preferred

Shares and Class A Shares, as the case may be, will be issued to beneficial owners of such Preferred Shares and Class A Shares or to their nominees.

Purchase for Cancellation

Subject to applicable law, the Company may at any time or times purchase Preferred Shares and Class A Shares for cancellation at prices per Unit not exceeding the NAV per Unit on the business day immediately prior to such purchase up to a maximum in any twelve month period of 10% of the outstanding public float of Preferred Shares and Class A Shares.

SHAREHOLDER MATTERS

Meetings of Shareholders

Except as required by law or set out below, holders of Preferred Shares and Class A Shares will not be entitled to receive notice of, to attend or to vote at any meeting of Shareholders of the Company.

Matters Requiring Shareholder Approval

The following may only be undertaken with the approval of the holders of Preferred Shares and Class A Shares, each voting separately as a class, by an ordinary resolution, unless a greater majority is required by law, passed at a meeting called for the purpose of considering such ordinary resolution, provided that holders of Preferred Shares and Class A Shares holding at least 10% of the shares of the applicable class or classes outstanding on the record date of the meeting are present in person or by proxy:

- (a) a reorganization with, or transfer of assets to, another issuer, if
 - (i) the Company ceases to continue after the reorganization or transfer of assets; and
 - (ii) the transaction results in Shareholders becoming securityholders in the other issuer; and
- (b) a reorganization with, or acquisition of assets of, another issuer, if
 - (i) the Company continues after the reorganization or acquisition of assets;
 - (ii) the transaction results in the securityholders of the other issuer becoming Shareholders of the Company; and
 - (iii) the transaction would be a significant change to the Company; and
- (c) except as described herein, a change of the Manager to the Company, other than a change resulting in an affiliate of the Manager assuming such position.

The following may only be undertaken with the approval of holders of Preferred Shares and Class A Shares, each voting separately as a class, pursuant to a resolution carried by not less than a two-thirds majority of the votes cast, provided that holders of Preferred Shares and Class A Shares holding at least 10% of the shares of the applicable class or classes outstanding on the record date of the meeting are present in person or by proxy:

- (a) a change in the investment objectives or investment restrictions of the Company as described above, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time; and
- (b) any amendment, modification or variation in the provisions or rights attaching to the Preferred Shares or Class A Shares.

Each Preferred Share and each Class A Share will have one vote at such a meeting.

The auditor of the Company may be changed without the prior approval of the Shareholders of the Company provided that the Independent Review Committee approves the change and Shareholders are sent written notice at least 60 days before the effective date of the change.

Notwithstanding the foregoing, in certain circumstances, the Company's reorganization with, or transfer of assets to, another mutual fund may be carried out without the prior approval of Shareholders provided that the Independent Review Committee approves the transaction pursuant to NI 81-107, the reorganization or transfer complies with certain requirements of NI 81-102 and NI 81-107, as applicable, and Shareholders are sent written notice at least 60 days before the effective date of the change.

Reporting to Shareholders

The Company will deliver to Shareholders annual and interim financial statements of the Company as may be required by applicable law.

Potential Fund Mergers and Conversions

Subject to applicable law, which may require Shareholder or regulatory approval, the Manager may merge or otherwise combine or consolidate the Company (a "Merger") with any one or more other funds managed by the Manager or an affiliate thereof (including a fund formed after the date of this prospectus), provided that:

- (a) the funds to be merged have similar investment objectives as set forth in their respective governing instruments, as determined by the respective managers of such funds in their good faith;
- (b) the managers of the funds to be merged have determined that there is likely to be a reduction in the aggregate general and administrative expenses attributed to the combined fund as a result of the Merger as compared to those of the funds prior to the Merger;
- (c) the Merger of the funds is done on a relative NAV per unit basis; and
- (d) the Merger of the funds is capable of being accomplished on a tax-deferred "rollover" basis under the Tax Act for unitholders of each of the merging funds or otherwise without adverse income tax consequences to the securityholders of each of the merging funds.

Subject to applicable law, which may require Shareholder or regulatory approval, the Manager may, where it determines that to do so would be in the best interest of Shareholders, merge or convert the Company into a non-redeemable investment fund or a listed exchange-traded mutual fund.

REDEMPTION OF THE SHARES BY THE COMPANY

All Preferred Shares and Class A Shares of the Company outstanding on the Maturity Date will be redeemed by the Company on such date provided that the term of the Company may be extended after the Maturity Date for a further period of five years and thereafter for additional successive periods of five years as determined by the Board of Directors on such date. See "Description of the Shares".

USE OF PROCEEDS

The net proceeds from the sale of Preferred Shares and Class A Shares (prior to the exercise of the Over-Allotment Option) will be as follows:

	<u>Maximum Offering</u>	<u>Minimum Offering</u>
Gross proceeds to the Company.....	\$100,000,000	\$25,000,000
Agents' fees.....	\$3,900,000	\$975,000
Estimated expenses of issue ⁽¹⁾	<u>\$500,000</u>	<u>\$375,000</u>
Net proceeds to the Company.....	\$95,600,000	\$23,650,000

Note:

- (1) Subject to a maximum 1.5% of the gross proceeds of the Offering.

The Company will use the net proceeds of this Offering (including any net proceeds from the exercise of the Over-Allotment Option) to (i) invest primarily in securities of Real Estate & E-Commerce Issuers, in accordance with the Company's investment objectives, strategy and restrictions as described herein as soon as practicable after

the closing of this Offering, and (ii) fund the ongoing fees and expenses of the Company as described under “Fees and Expenses”.

TERMINATION OF THE COMPANY

The Company will continue until it dissolves on December 31, 2025, subject to extension for successive terms of up to five years as determined by the Board of Directors of the Company, or automatically on such earlier day upon which the Company is wound up or dissolved (any such date being referred to as the “Termination Date”). The Company is also subject to further extension as described below. Upon dissolution of the Company, the Preferred Shares and the Class A Shares will be redeemed by the Company. Prior to the termination of the Company, the Manager will, to the extent practicable, convert the assets of the Company to cash. The Board of Directors may, in its discretion and upon not less than 10 days prior written notice to Shareholders, extend the Termination Date for a period of up to 12 months if the Manager would be unable to convert all the Company’s assets to cash and the Manager determines that it would be in the best interests of the Shareholders to do so. Thereafter, the Company shall be dissolved.

The Articles of Incorporation provide that the Board of Directors may, in its discretion, present a proposal to holders of Preferred Shares providing an alternative to the redemption of the Preferred Shares on the Maturity Date, and to holders of Class A Shares providing an alternative to the dissolution of the Company on the Maturity Date. Such proposal could include, without limitation, giving Shareholders the option to subscribe for a new series or class of shares and continuing the Company by extending the Maturity Date. In order to be implemented, any such proposal would require approval by a majority vote of each class of Shareholders at duly constituted Shareholder meetings. Any such proposal may be conditional upon such matters as the Manager considers appropriate, including obtaining any necessary regulatory approvals.

In addition, the Board of Directors may, not less than three months prior to the Termination Date, present a proposal to holders of Class A Shares providing an alternative to the dissolution of the Company on the Maturity Date. Such proposal could include, without limitation: (i) continuing the Company and issuing a new series or class of debt securities of the Company; or (ii) exchanging the Class A Shares for units in one or more mutual funds or closed-end investment funds on or after the Termination Date. In order to be implemented, such proposal would require the approval of holders of Class A Shares by a majority vote at such meeting. Any such proposal may be conditional on such matters as the Manager considers are appropriate, including obtaining any necessary regulatory approvals. In the event that the Company is extended in such circumstances, the Preferred Shares will continue to mature on the Maturity Date, but holders of Preferred Shares may be given the option to extend the Maturity Date of their Preferred Shares or subscribe for a new series or class of debt securities.

PLAN OF DISTRIBUTION

Pursuant to the agency agreement (the “Agency Agreement”), the Agents have agreed to offer the Preferred Shares and the Class A Shares for sale, as agents of the Company, on a best efforts basis, if, as and when issued by the Company. The issue prices for the Preferred Shares and the Class A Shares were established by negotiation between the Company and the Agents. The Agents will receive a fee equal to \$0.30 (3%) for each Preferred Share sold and \$0.675 (4.5%) for each Class A Share sold, and will be reimbursed for out of pocket expenses incurred. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fee. While the Agents have agreed to use their best efforts to sell the Preferred Shares and the Class A Shares offered under this prospectus, the Agents will not be obligated to purchase Preferred Shares or Class A Shares which are not sold.

The Company has granted to the Agents the Over-Allotment Option, which is exercisable for a period of 30 days from the closing to purchase up to 15% of the aggregate number of Preferred Shares and Class A Shares issued on date of closing on the same terms as set out above. To the extent the Over-Allotment Option is exercised, the additional Preferred Shares and Class A Shares will be sold at \$10.00 per Preferred Share and \$15.00 per Class A Share and the Agents will be paid a fee of \$0.30 per Preferred Share sold and \$0.675 per Class A Share sold. If the Over-Allotment Option is exercised in full, the total price to the public under the Offering will be \$115,000,000, the Agents’ fee will be \$4,485,000 and the net proceeds to the Company, before expenses of the Offering, will be \$110,515,000. This prospectus qualifies the grant of the Over-Allotment Option and the distribution of the Preferred Shares and Class A Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires

Preferred Shares or Class A Shares forming part of the Agents' over-allocation position acquires such shares under this prospectus, regardless of whether the Agents' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Under the terms of the Agency Agreement, the Agents may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Agency Agreement. Subscriptions for Preferred Shares and Class A Shares will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. Closing is expected to occur on November 19, 2020, but in any event no later than 90 days after a receipt for the final prospectus has been issued (the "Closing Date").

The Toronto Stock Exchange has conditionally approved the listing of the Preferred Shares and the Class A Shares. Listing is subject to the Company fulfilling all requirements of the Toronto Stock Exchange on or before January 19, 2021, including distribution of these securities to a minimum number of public securityholders. The Preferred Shares will trade under the symbol "RS.PR.A" and the Class A Shares will trade under the symbol "RS".

The Agents may not, throughout the period of distribution, bid for or purchase the Preferred Shares or the Class A Shares. The foregoing restriction is subject to certain exemptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Preferred Shares or the Class A Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable stock exchanges relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. In connection with the Offering, the Agents may over-allot or effect transactions in connection with their over-allotted position. Such transactions, if commenced, may be discontinued at any time.

The Preferred Shares and the Class A Shares have not been and will not be registered under the 1933 Act or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The Agents have agreed that they will not offer for sale or sell or deliver the Preferred Shares or the Class A Shares within the United States or to U.S. persons.

RELATIONSHIP BETWEEN INVESTMENT FUND AND AGENTS

Middlefield Limited, which is the Manager and promoter of the Company, is an affiliate of Middlefield Capital Corporation, which is one of the Agents, the Advisor and the Registrar and Transfer Agent. Middlefield Limited and Middlefield Capital Corporation are both members of the Middlefield group of companies. Therefore, the Company may be considered to be a "connected issuer" and a "related issuer" of Middlefield Capital Corporation under Canadian securities legislation. Middlefield Capital Corporation was involved, together with the other Agents, in the decision of the Company to undertake the Offering and the determination of the terms of the distribution. Middlefield Capital Corporation will receive no benefit in connection with the Offering other than receiving from the Company a portion of the Agents' fee described under "Fees and Expenses", the Advisory Fee and brokerage commissions or other fees in connection with Portfolio transactions as described under "Organization and Management Details of the Company – Conflicts of Interest". See "Plan of Distribution", "Organization and Management Details of the Company – Conflicts of Interest" and "Fees and Expenses".

Affiliates of one of the Agents (other than Middlefield Capital Corporation) have been requested to provide the Company with the Loan Facility; the borrowings under such facility may be used by the Company only for working capital purposes. Accordingly, if any such affiliate provides such financing, the Company may be considered to be a "connected issuer" of such Agent. The Loan Facility will permit the Company to borrow an amount not exceeding 5% of the total assets of the Company. The interest rates, fees and expenses under the Loan Facility will be typical of credit facilities of that nature and the Company expects that the Lender will require the Company to provide a security interest in favour of the Lender over the assets held by the Company to secure such borrowings. See "Investment Strategy — Leverage".

INTEREST OF MANAGER AND OTHERS IN MATERIAL TRANSACTIONS

The Advisor and the Manager will receive the fees described under "Fees and Expenses – Fees and Expenses Payable by the Company" for their respective services to the Company and will be reimbursed by the

Company for all reasonable expenses and liabilities incurred in connection with the operation and management of the Company.

PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD

The Company has adopted written policies on how its securities are voted. Generally, these policies prescribe that voting rights should be exercised with a view to the best interests of the Company and its Shareholders. The Manager will implement such policies on behalf of the Company. The following is a summary of such policies.

The proxy voting policies that have been developed by the Company are general in nature and cannot contemplate all possible proposals with which the Company may be presented. The Company will exercise its voting rights in respect of securities of an issuer held by the Company if more than 4% of the Company's net assets are invested in that issuer. Generally, the Company does not intend to exercise its voting rights where 4% or less of its net assets are invested in an issuer although it may, in its sole discretion, decide to vote in such circumstances. When exercising voting rights, the Company generally will vote with management of the issuer on matters that are routine in nature, and for non-routine matters will vote in a manner that, in its view, will maximize the value of the Company's investment in the issuer. In order to carry out the proxy voting policies, when the Company will be voting it will review research on management performance, corporate governance and any other factors it considers relevant. Where appropriate in the circumstances, including with respect to any situations in which the Company is in a conflict of interest position, the Company will seek the advice of the Independent Review Committee prior to casting its vote.

The Company's proxy voting record for the period from the date of the closing of the Offering to June 30, 2021 will be available at no cost to any Shareholder upon request at any time after August 31, 2021. The proxy voting records for the Company also will be available at www.middlefield.com after August 31, 2021.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to purchasers of Preferred Shares and Class A Shares:

- (a) the Company's articles of incorporation described under "Overview of the Company";
- (b) the Management Agreement described under "Organization and Management Details of the Company – Details of the Management Agreement";
- (c) the Advisory Agreement described under Organization and Management Details of the Company – Details of the Advisory Agreement";
- (d) the Agency Agreement described under "Plan of Distribution"; and
- (e) the Custodian Agreement described under "Organization and Management Details of the Company – Custodian.

Copies of the agreements referred to above after the execution thereof may be inspected during business hours at the principal office of the Company during the course of distribution of the Preferred Shares and Class A Shares offered hereby.

EXPERTS

The matters referred to under "Certain Federal Income Tax Considerations" and certain other legal matters relating to the securities offered hereby will be passed upon by Fasken Martineau DuMoulin LLP, on behalf of the Company, and McCarthy Tétrault LLP, on behalf of the Agents.

Deloitte LLP has issued an independent auditor's report dated October 28, 2020 on the statement of financial position of the Company as at October 28, 2020. Deloitte LLP is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if a prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to the applicable provisions of the securities legislation of his or her province of residence for the particulars of these rights or consult with a legal advisor.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Real Estate & E-Commerce Split Corp.

Opinion

We have audited the statement of financial position of Real Estate & E-Commerce Split Corp. (the “**Company**”), which comprises the statement of financial position as at October 28, 2020 and notes to the financial statement including a summary of significant accounting policies (referred to as the “**financial statement**”).

In our opinion, the accompanying financial statement present fairly, in all material respects, the financial position of the Company as at October 28, 2020, in accordance with International Financial Reporting Standards (“**IFRS**”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“**Canadian GAAS**”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statement.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Ontario
October 28, 2020

(signed) *Deloitte LLP*
Chartered Professional Accountants
Licensed Public Accountants

STATEMENT OF FINANCIAL POSITION

As at October 28, 2020

Current Assets

Cash \$10

Shareholder's Equity

Net assets attributable to holder of Class M share (Note 3) \$10

Approved on behalf of Real Estate & E-Commerce Split Corp. by Middlefield Limited, as manager

(Signed) Francisco Z. Ramirez
Director

(Signed) Catherine E. Rebuldela
Director

The accompanying notes are an integral part of this statement of financial position.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

As at October 28, 2020

1. ORGANIZATION OF THE COMPANY

Real Estate & E-Commerce Split Corp. (the “Company”) is a mutual fund established under the laws of the Province of Ontario on October 7, 2020. The Company has been inactive between the date of establishment and the date of the statement of financial position, other than the issuance of 100 class M shares for cash. The address of the Company’s registered office is First Canadian Place, 100 King St. West, 58th Floor, Toronto, Ontario M5X 1A6.

The investment objectives for the preferred shares (“Preferred Shares”) are to provide holders with fixed cumulative preferential quarterly cash distributions and to return the original issue price of \$10.00 to holders on December 31, 2025, subject to extension for successive terms of up to five years as determined by the Company’s board of directors. The quarterly cash distribution is expected to be \$0.13125 per Preferred Share (\$0.525 per annum), representing a yield of 5.25% per annum on the issue price of \$10.00 per Preferred Share until December 31, 2025.

The investment objectives for the class A shares (the “Class A Shares”) are to provide holders with non-cumulative monthly cash distributions and to provide holders with the opportunity for capital appreciation through exposure to the Portfolio. The monthly cash distribution is targeted to be \$0.10 per Class A Share (\$1.20 per annum), representing a yield of 8.0% per annum on the issue price of \$15.00 per Class A Share.

The statement of financial position was authorized for issuance by the Manager on October 28, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

This financial statement has been prepared in compliance with those requirements of International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) relevant to preparing such a statement of financial position. In applying IFRS, management may make estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from those estimates. The following is a summary of significant accounting policies followed by the Company in the preparation of its financial statement.

Cash: Cash is comprised of demand deposits with financial institutions.

Valuation for Transaction Purposes: NAV per Unit on any day is obtained by dividing the NAV attributable to the Units on such day by the number of Units then outstanding.

Functional and Presentation Currency: The Canadian dollar is the functional and presentation currency for the Company.

3. REDEEMABLE SHARES

The Company is authorized to issue an unlimited number of class M shares, Preferred Shares and Class A Shares. On October 7, 2020, the Company issued 100 class M shares for cash consideration of \$10.00 to Real Estate & E-Commerce Split Corp. Holding Trust.

4. MANAGEMENT FEE

The Manager will receive an annual management fee equal 0.85% per annum of the net asset value of the Company, calculated and payable monthly in arrears, plus any applicable taxes.

5. INITIAL OFFERING

The Company and the Manager have entered into an agency agreement with CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., Canaccord Genuity Corp., National Bank Financial Inc., Industrial Alliance Securities Inc., Manulife Securities

Incorporated, Raymond James Ltd., Richardson GMP Limited, Middlefield Capital Corporation, Echelon Wealth Partners Inc. and Mackie Research Capital Corporation (collectively, the “Agents”) dated as of October 28, 2020 pursuant to which the Company has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public a minimum of 1,000,000 Preferred Shares at \$10.00 per share and 1,000,000 Class A Shares at \$15.00 per share. In consideration for their services in connection with the Offering, the Agents are entitled to be paid a fee of \$0.30 per Preferred Share and \$0.675 per Class A Share out of the proceeds of the Offering.

CERTIFICATE OF THE COMPANY, THE MANAGER AND THE PROMOTER

Dated: October 28, 2020

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Canada.

REAL ESTATE & E-COMMERCE SPLIT CORP.

(signed) Dean Orrico
Chief Executive Officer

(signed) Craig Rogers
Chief Financial Officer

**On Behalf of the Board of Directors of
REAL ESTATE & E-COMMERCE SPLIT CORP.**

(signed) Wendy Teo
Director

(signed) Vince Kraljevic
Director

**MIDDLEFIELD LIMITED
as Manager of
REAL ESTATE & E-COMMERCE SPLIT CORP.**

(signed) Francisco Z. Ramirez
Chief Executive Officer

(signed) Catherine E. Rebuldela
Chief Financial Officer

**On Behalf of the Board of Directors of
MIDDLEFIELD LIMITED**

(signed) Francisco Z. Ramirez
Director

(signed) Catherine E. Rebuldela
Director

(signed) Vincezo Greco
Director

**Middlefield Limited
as Promoter of
REAL ESTATE & E-COMMERCE SPLIT CORP.**

(signed) Francisco Z. Ramirez
Director

CERTIFICATE OF THE AGENTS

Dated: October 28, 2020

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces of Canada.

CIBC WORLD MARKETS INC.

RBC DOMINION SECURITIES INC.

By: (signed) Valerie Tan

By: (signed) Christopher Bean

BMO NESBITT BURNS INC.

SCOTIA CAPITAL INC.

TD SECURITIES INC.

By: (signed) Robin G. Tessier

By: (signed) Robert Hall

By: (signed) Adam Luchini

CANACCORD GENUITY CORP.

NATIONAL BANK FINANCIAL INC.

By: (signed) Michael Sardo

By: (signed) Gavin Brancato

INDUSTRIAL ALLIANCE SECURITIES INC.

By: (signed) Richard Kassabian

MANULIFE SECURITIES
INCORPORATED

RAYMOND JAMES LTD.

RICHARDSON GMP LIMITED

By: (signed) William Porter

By: (signed) Matthew Cowie

By: (signed) Nargis Sunderji

MIDDLEFIELD CAPITAL CORPORATION

By: (signed) Jeremy Brasseur

ECHELON WEALTH PARTNERS INC.

MACKIE RESEARCH CAPITAL CORPORATION

By: (signed) Beth Shaw

By: (signed) David Keating