15-02 Frequently Asked Questions

What changes can I expect?

Prior to April 2016, non-listed REITs and Direct Participation Programs reported share values at the per share price at time of purchase. In most cases this meant that the customer account statement reflected the purchase price of $10 per unit. This value did not take into account, however, the fluctuations in the underlying assets nor did it account for costs associated with organizing and selling the investment.

Beginning on April 11, 2016, customer account statements will reflect one of two methodologies designed to provide more transparency on fees or timely valuation of the underlying investment.

How will the values be estimated?

Issuers have the option of using one of two methodologies to value their shares.

In the earlier stages of an investment program a methodology called "Net Investment" can provide a useful valuation while the issuer is growing its portfolio of assets. Net Investment simply deducts commissions and organizational expense estimates from the original share price to arrive at the statement value.

Net Investment may be used for up to 150 days after the program's second anniversary of breaking escrow, the point at which an issuer is permitted to access investor funds for deployment.

The second methodology is called "Appraised Value" and must be:

- performed at least annually;
- conducted by, or with the material assistance or confirmation of, a third-party valuation expert or service; and
- derived from a methodology that conforms to standard industry practice as it relates to both assets and liabilities.

Appraised Value may be used at any time as the company matures but is required within 150 days after the program's second anniversary of breaking escrow.

What are the benefits to this change?

- Share price clarity through Net Investment Method - Even though some of the selling commissions, dealer management fees and organizational and offering expenses are estimates disclosed in the prospectus, deducting these costs from your total investment may provide a clearer view of your assets.
- Increased frequency of independent appraisals through Appraised Value Method - The most reliable method to assess the value of underlying assets is to have them appraised by an independent third party. Part of the rule change requires appraisals earlier in the process and more frequently throughout the term of your investment.

How does this change the objectives of the investment?

It doesn't. The purpose of the rule change is to provide greater transparency to your account value. It does not in any way affect the underlying investment or the investment program's objectives. You will have the continued ability to work with your advisor and invest with the same managers that you have in the past.

Where can I find out more?

Your financial advisor is participating in continued training and education on these changes. Please contact them with any questions or concerns that you may have and they will be able to provide more detailed information.

When do the changes take effect?

Changes take effect April 11, 2016 and will be reflected on the next statement that you receive after this date. It should be noted, however, that at their discretion firms may elect to begin reporting values calculated in this new manner sooner.