

THE SECURITIES ACT

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Order No. 3965

)

Section 20

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November 27, 2002

MaRS DISCOVERY DISTRICT  
and THE MaRS DEVELOPMENT TRUST

WHEREAS:

(A) Application has been made by MaRS Discovery District (the "Applicant") to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act*, R.S.M. 1988, c. S50 (as amended) (the "Act") that certain trades in securities of the Applicant in connection with the offering (the "Offering") of senior secured bonds of The MaRS Development Trust (the "Issuer") pursuant to the terms of a confidential offering memorandum (the "Offering Memorandum") be exempt from the prospectus requirements of Section 37 of the Act.

(B) It has been represented to the Commission by the Applicant that:

1. The Applicant is a not-for-profit corporation registered as a charity under the *Income Tax Act* (Canada).
2. The Applicant will form the Issuer, a special single purpose trust known as The MaRS Development Trust (the "Issuer"). The Issuer will not be subject to the continuous disclosure requirements of the Act.
3. The Applicant and the Issuer are part of The MaRS Group, which intends to create a scientific research and development centre to facilitate development in Canada of the results of academic research. The first phase of this centre (the "Project") will consist of the construction of an approximately 400,000 square foot, 15 storey, free standing research building and certain other improvements on approximately one acre of land located at the corner of College Street and Elizabeth Street in Toronto, Ontario which will be owned by the Issuer. The lands and buildings comprising the Project will be leased to University Health Network (formerly The Toronto Hospital) for a term of 30 years (the "UHN Lease").
4. The Offering is being made on a private placement basis pursuant to the Offering Memorandum. The Bonds will not be offered to individuals resident in the Province. The minimum subscription for Bonds is \$500,000. The Offering Memorandum grants the purchasers resident in the Province certain contractual rights of action identical to those being made available to purchasers resident in the Province of Ontario.

5. The Bonds will be issued by The Canada Trust Company, in its capacity as sole trustee of the Issuer in order to raise money for the Project and will be direct, unconditional obligations of the Issuer, secured by, among other things, a first ranking charge on the Project and an assignment of the UHN Lease.

6. The Issuer intends to offer the Bonds on the above basis to securities advisors or investment dealers registered as portfolio managers ("Portfolio Managers") on behalf of fully managed investment portfolio accounts of clients established in writing and pursuant to which the Portfolio Manager has the discretion to make investment decisions to trade securities of the account without requiring the client's express consent to a particular transaction ("Managed Accounts").

7. Portfolio Managers subscribing for Bonds on behalf of such Managed Accounts would thereafter distribute such Bonds among the various portfolio accounts over which they have the discretion to make investment decisions, however, such trades would not fall within the prospectus and registration exemptions contained in Sections 58(1) and 19(3) of the Act.

8. Each such Managed Account, will at the time of the purchase of Bonds hold assets having an aggregate net value or an aggregate acquisition cost of not less than \$97,000.

9. The Portfolio Managers will be solely responsible for the management of the Managed Accounts, with full power, authority and discretion to, *inter alia*, buy, sell or otherwise effect transactions in securities as agents for the Managed Accounts.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

**1. THAT**, pursuant to subsection 20(1) of the Act, all trades in the Bonds in Manitoba in connection with the Offering to a Portfolio Manager acting as agent for Managed Accounts are exempt from Section 37 of the Act, provided that:

(a) each Portfolio Manager, at the time of purchase of the Bonds has full power, authority and discretion to buy, sell or otherwise effect transactions in securities as agent for the Managed Accounts managed by it and the aggregate acquisition cost of the Bonds to the Portfolio Manager as agent for the Managed Accounts managed by it will not be less than \$500,000;

(b) each such Managed Account will, at the time of purchase of the Bonds, hold assets having an aggregate net value or an aggregate acquisition cost of not less than \$97,000;

(c) on or before the closing of the Offering, the Portfolio Managers which purchase the Bonds shall have been provided with a copy of this Order and the Issuer shall have received written confirmation from the Portfolio Managers, on behalf of their respective Managed Accounts, that they are aware of the limitation imposed by this order on dispositions of the Bonds by Managed Accounts; and

(d) within 10 days of the closing of the Offering, the Issuer shall file, or cause to be filed with the Commission a report, in duplicate, in respect of each such Managed Account which is in Form 8 of the Regulations, or which includes substantially the same information as is required in a report prepared in accordance with Form 8 of the Regulations, and in conjunction therewith the Issuer shall pay the fee which would be payable on the filing of such report.

**2. THAT** the fee for this order shall be \$1,000.00.

BY ORDER OF THE COMMISSION

Deputy Director - Legal