

December 6, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF MANITOBA, NOVA SCOTIA AND NEWFOUNDLAND AND LABRADOR
(the "Jurisdictions")**

AND

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

AND

**IN THE MATTER OF PSPIB DESTINY INC.
(the "Applicant")**

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Applicant for a decision (the "**Requested Relief**") under the securities legislation of the Jurisdictions (the "Legislation") that the Applicant be exempt in all of the Jurisdictions from the requirement under the Legislation that a take-over bid circular that is required by the Legislation where it is anticipated by the Offeror that a going private transaction will follow the take-over bid, contain a summary of a formal valuation of the offeree issuer (the "**Valuation Requirement**").

2. Under the Mutual Reliance Review System for Exemptive Relief Applications (the "**MRRS**"):

(a) the Manitoba Securities Commission is the principal regulator for this application, and

(b) this MRRS decision document evidences the decision of each Decision Maker.

Representations

3. This decision is based on the following facts represented by the Applicant:

(a) On October 23, 2006, the Applicant made an offer (the "**Offer**") to purchase for cash all of the issued and outstanding units of Retirement Residences Real Estate Investment Trust ("**Retirement REIT**") and the associated rights issued and outstanding under the unitholder rights plan (collectively, the "**Units**") including Units that might become outstanding prior to the expiry of the Offer, at a price of \$8.35 per Unit.

(b) The Applicant commenced its Offer by mailing the Offer and a take-over bid circular (the "**Circular**"), prepared in compliance with the Legislation, and the securities legislation of the provinces of Canada other than the Jurisdictions, to all holders of Units.

(c) The Applicant is a corporation incorporated under the *Canada Business Corporations Act* (the "**CBCA**"). The Applicant has not carried on any material business or activity other than in connection with the making of the Offer. The Applicant is a wholly-owned subsidiary of the Public Sector Pension Investment Board ("**PSPIB**"), a crown corporation established by the Parliament of Canada.

(d) The Applicant and PSPIB deal at arm's length with Retirement REIT and currently own, directly or indirectly 133,434 Units and have not been provided with the relevant information that would enable the Applicant and PSPIB to satisfy the Valuation Requirement.

(e) The Offer represents a 7.2% premium over the closing price of the Units on the TSX of \$7.79 per Unit on October 5, 2006, which was the last trading day prior to the announcement of the Offer, and a premium of 10.9% the volume weighted average price of the Units on the TSX for the 30 trading days prior to the announcement of the Offer of \$7.53.

(f) If the conditions of the Offer are satisfied and the Applicant takes up and pays for Units validly deposited under the Offer and the right of a compulsory acquisition transaction, pursuant to the provisions of Retirement REIT's Declaration of Trust, is not available for any reason, or if the Applicant elects not to pursue such right, the Applicant currently intends to proceed with the acquisition of the balance of the Units as soon as practicable by way of a subsequent acquisition transaction, which may include, without limitation: (a) the transfer by Retirement REIT of its beneficial interest in Canadian real property to, and the assumption of liabilities of Retirement REIT by, the Applicant or one or more affiliates of the Applicant, (b) the redemption of all of the outstanding Units (other than those held by the Applicant, PSPIB or their affiliates) at the offer price of \$8.35 per Unit, (c) amendments to the Declaration of Trust to facilitate the implementation of such transactions and consequential matters (including amendments to permit the redemption of the Units at the option of Retirement REIT and at the option of the Unitholders and to permit redemptions in cash or in kind), and (d) a meeting of Unitholders to approve such transactions, the amendments to the Declaration of Trust and consequential matters (a "Subsequent Acquisition Transaction").

(g) Under the Legislation, a take-over bid circular filed with the securities regulatory authorities where it is anticipated by the offeror that a going private transaction will follow the take-over bid must contain the Valuation Requirement.

(h) The Applicant's intended Subsequent Acquisition Transaction is technically a "going private transaction" for the purposes of the Legislation, and therefore subjects the Applicant's take-over bid circular to the Valuation Requirement.

(i) In connection with any Subsequent Acquisition Transaction, the Applicant intends to rely on the exemption available under subparagraph 4.4(1)5 of OSC Rule 61-501 from the formal valuation requirement, in that:

(i) the business combination in respect of Retirement REIT will be effected by the Applicant or an affiliate of the Applicant following the formal bid constituted by the Offer and will be in respect of Units that will be the subject of the bid contemplated by the Offer;

(ii) the business combination will be completed no later than 120 days after the expiry of the Offer;

(iii) the consideration per Unit paid by the Applicant or an affiliate of the Applicant in the business combination will be

(A) at least equal in value to the consideration per Unit that is being paid by the Applicant under the Offer, and

(B) in cash, which is the same form as the consideration per Unit being paid by the Applicant under the Offer;

(iv) the intent of the Applicant to effect a business combination is disclosed in the Offer and Circular; and

(v) the Offer and Circular disclose:

(A) that if the Applicant acquires Units under the Offer, the Applicant intends to acquire the remainder of the outstanding Units under a compulsory acquisition transaction, pursuant to the provisions of Retirement REIT's Declaration of Trust, or pursuant to a Subsequent Acquisition Transaction, and

(B) the expected tax consequences of the Offer and the Subsequent Acquisition Transaction, to the extent the Applicant knows them.

(j) Other than the Jurisdictions and Ontario, the other provinces in Canada that have a formal valuation requirement under their respective securities legislation

are Quebec, Alberta, Saskatchewan and British Columbia. An exemption from the formal valuation requirement, similar to that which is available in connection with any Subsequent Acquisition Transaction under subparagraph 4.4(1)5 of OSC Rule 61-501, as described above, is also available under the securities laws in each of the provinces of Quebec, Alberta, Saskatchewan and British Columbia.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers pursuant to the Legislation is that the Requested Relief is granted provided that the Applicant complies with the other requirements in the Legislation applicable to formal take-over bids.

" Doug Brown"
Doug Brown
Director - Legal

Manitoba Securities Commission