



December 15, 2020

BY EMAIL

Alberta Securities Commission
Autorité des marchés financiers
British Columbia Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
Financial and Consumer Services Commission, New Brunswick
Manitoba Securities Commission
Nova Scotia Securities Commission
Nunavut Securities Office
Office of the Superintendent of Securities, Newfoundland and Labrador
Northwest Territories Office of the Superintendent of Securities,
Office of the Yukon Superintendent of Securities
Ontario Securities Commission
Superintendent of Securities, Department of Justice and Public Safety, Prince Edward Island

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Dear Sirs/Mesdames:

Re: CSA Notice and Request for Comment – Proposed Amendment to National Instrument Policy 45-106
Prospectus Exemptions (“Proposed Amendments”)

The Skyline Group of Companies appreciates the opportunity to comment on the Proposed Amendments.

We have outlined our comments on specific aspects of the Proposed Amendments below.

A. Annex C – Proposed Amendments to NI 45-106

Real Estate Activity (19.6) Triggers

Proposed subsection 2.9 (19.5)(a) states that “*if any of the following apply: (a) the issuer proposes to acquire, or **has acquired**, an interest in real property from a related party.*” The CSA may wish to

consider providing further guidance on the period for which this disclosure is intended to apply as it relates to previously acquired properties. A plain reading of subsections 2.9(19.5)(a) and 19.6 together suggests that for all interests in real property previously acquired from related parties would require an updated appraisal of such property each time an OM is delivered and that such appraisal provide a value as of a date within 6 months prior to delivery of the appraisal.

Proposed subsection 2.9 (19.5)(c) states that *“if any of the following apply: (c) the issuer proposes to use a material amount of the proceeds of the offering to acquire an interest in real property.”* The CSA may wish to consider providing further guidance on when the proceeds of the offering relate to multiple acquisitions and whether in such a case the proceeds amount would be considered material for all acquisitions being considered under the offering memorandum (“OM”).

Independent Appraisal

We are generally supportive of the new requirements relating to the Offering Memorandum Exemption under section 2.9 of NI 45-106. Proposed subsection 2.9(19.6) will require an issuer to deliver to a purchaser an appraisal by a qualified appraisal that is independent of the issuer of the interest in the property that values the property as at a date that is within 6 months preceding the date that the appraisal is delivered. The CSA may wish to reconsider the timing of providing an independent appraisal from ‘at the same time or before the issuer delivers an OM to a time ‘shortly thereafter’ as the timing of when an appraisal is requested is generally preceding the acquisition. Typically, when the OM is created for the acquisition, it is generally done well in advance of the acquisition, therefore, the appraisal would not be available at the time of the delivery of the OM. The CSA may also wish to consider amending the timing in Section 29(19.6)(d) to refer to a date that is within 6 months preceding the date that the property is proposed to be or was acquired such that multiple appraisals are not required for the same property if a property is required to be included in multiple iterations of the OM.

Subsection 2.9(19.7) will outline the requirements for an issuer engaged in real estate activities relying on an exemption set out in subsection (1), (2) or (2.1) to disclose any communication pertaining to a representation or an opinion as to the value of a property other than the fair market value. One such requirement is disclosure of the material factors or assumptions used to determine the value. We are of the view that such disclosure may not adequately address the risk. We suggest that investors should also be made aware of the limitations of the valuation method used, in order to better understand the value that is disclosed. To achieve this, we believe the disclosure should also contain a description of the inherent risks and limitations of the assumptions relied upon.

B. Schedule 1 – Additional Disclosure Requirements for an Issuer Engaged in Real Estate Activities

4. Appraisal

In section (1)(c) of Item 4, the Schedule will require that the appraisal is delivered to the purchaser at the same time or before the OM is delivered. Given that these appraisals can be lengthy and the OM could be related to multiple acquisitions, in addition to the comment above regarding timing of delivery, we recommend that there be an option to allow the Issuer to provide a link within this Schedule to a landing page where the purchase could view the appraisals associated to the offering.

We wish to thank you for this opportunity to comment on the proposed amendments and we will be pleased to discuss them further with you, if you wish.

Sincerely



Wayne Byrd
Chief Financial Officer
Skyline Group of Companies