

Date: August 25, 2016

**IN THE MATTER OF THE SECURITIES LEGISLATION OF
NEWFOUNDLAND AND LABRADOR, ONTARIO AND SASKATCHEWAN**

AND

**IN THE MATTER OF THE
PROCESS FOR EXEMPTIVE RELIEF**

APPLICATIONS IN MULTIPLE JURISDICTIONS

AND

**IN THE MATTER OF
INVESCO CANADA LTD.**

(the Filer)

DECISION

Background

The securities regulatory authority or regulator in:

- (a) Ontario has received a passport application from the Filer for a decision under the securities legislation of Ontario for discretionary relief to permit the Filer in the case of Transactions (as defined below) to cease delivering Confirmations (the **Confirmation Requirement**) and Statements (the **Statement Requirement**) to its Clients (the **Passport Exemption**);
- (b) each of Ontario, Newfoundland and Labrador (**Newfoundland**) and Saskatchewan (the **Coordinated Exemption Decision Makers**) have received a coordinated application from the Filer for a decision under the securities legislation of those provinces for discretionary relief in the case of Transactions from the Confirmation Requirement (the **Coordinated Exemption**); and
- (c) Newfoundland has received an application from the Filer for a decision under the securities legislation of that jurisdiction for discretionary relief in the case of Transactions from the Statement Requirement (the **Newfoundland Exemption**).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a passport and coordinated review application):

- (a) the Ontario Securities Commission is the principal regulator (the **Principal Regulator**) for this application;
- (b) the Filer has provided notice under section 4.7(1) of Multilateral Instrument 11-102 *Passport System* (**MI 11-102**) that the Passport Exemption is

intended to be relied upon in British Columbia, Alberta, Saskatchewan, Manitoba, Québec, New Brunswick, Prince Edward Island, Nova Scotia, Newfoundland, the Northwest Territories, Nunavut and the Yukon Territory;

- (c) the decision with respect to the Coordinated Exemption evidences the decision of each Coordinated Exemption Decision Maker; and
- (d) the decision with respect to the Newfoundland Exemption evidences the decision of the regulatory authority or regulator in Newfoundland.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined herein.

Client and collectively, **Clients** means an investor residing in a Canadian jurisdiction where the Filer acts as dealer for Client's Transactions.

Confirmations means written confirmations of transactions required pursuant to section 14.12(1) of NI 31-103 and securities legislation of the Coordinated Exemption Decision Makers to be delivered to a client following a transaction.

Contract Note means a notice issued by a Luxembourg RE Fund which contains all information required for Confirmations other than the information set out in representation 22.

Europe Core RE Fund means Invesco Real Estate – European Fund.

LP Agreement means the Amended and Restated Limited Partnership Agreement of the US Core RE Fund dated November 3, 2011, as amended; the Amended and Restated Limited Partnership Agreement of the US Income RE Fund dated November 27, 2013, as amended; and the Restated Limited Partnership Agreement of the UK Residential RE Fund dated December 18, 2015.

Luxembourg RE Funds means collectively, the Europe Core RE Fund and the UK Residential RE Fund and **Luxembourg RE Fund** means any one of the Luxembourg RE Funds.

NAV Statement means a statement of net asset value issued by a US RE Fund which contains all information required for Statements other than the information set out in representation 23.

NAVPS means net asset value per security.

NI 31-103 means National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

RE Funds means collectively, Europe Core RE Fund, UK Residential RE Fund, US Income RE Fund or US Core RE Fund and **RE Fund** means any one of the RE Funds.

Register means a statement issued by a Luxembourg RE Fund which contains all information required for Statements.

Statements means statements with certain information required pursuant to sections 14.14(1) and 14.14(2) of NI 31-103 and the securities legislation of Newfoundland to be delivered at least once every three months, or at the end of a month if the Client has requested statements on a monthly basis or if a transaction is effected in a client's account during the month.

Trade Detail Report means a report issued by a US RE Fund which contains all information required for Confirmations other than the information set out in representation 22.

Transactions means purchases or redemptions of securities of an RE Fund by a Client.

UK Residential RE Fund means Invesco Real Estate – UK Residential Fund.

US Core RE Fund means Invesco Core Real Estate – U.S.A., L.P.

US Income RE Fund means Invesco U.S. Income Fund, L.P.

US RE Funds means collectively, the US Core RE Fund and US Income RE Fund and **US RE Fund** means any one of the US RE Funds.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer:
 - a) is a corporation amalgamated under the laws of Ontario;
 - b) is an indirect wholly-owned subsidiary of Invesco Ltd., a global investment manager;
 - c) has its head office located in Toronto, Ontario;
 - d) is registered as an adviser in the category of portfolio manager in all provinces of Canada, a dealer in the category of exempt market dealer in all provinces of Canada and an investment fund manager in Ontario, Quebec and Newfoundland; and
 - e) has not otherwise been found to be in default of applicable securities legislation in any jurisdiction other than the default as described in representation 2.
2. The Filer obtained an order, *In the Matter of Invesco Canada Ltd.* dated April 5, 2013, which exempted the Filer from the requirement to deliver Confirmations and Account Statements for the US Core RE Fund on terms and conditions substantially similar to those outlined in this decision (the **Existing Order**). The Existing Order inadvertently described the prior structure and name of the US Core RE Fund (the **Error**). The Filer relied on the Existing Order despite the Error.
3. Each of the US RE Funds:
 - a) is a Delaware partnership whose general partner is IRI Core I, L.P. (in the case of US Core RE Fund) and IRI Income I, L.P. (in the case of US Income RE Fund);
 - b) is managed and advised by Invesco Advisers, Inc.;

- c) is an open-end investment vehicle established under the laws of Delaware on September 30, 2004 (in the case of US Core RE Fund) and April 16, 2013 (in the case of US Income RE Fund);
 - d) had assets under management of approximately USD\$6 billion (in the case of US Core RE Fund) and USD\$356 million (in the case of US Income RE Fund) as of December 31, 2015;
 - e) is primarily offered to investors that are not residents of Canada;
 - f) is available for distribution only to "accredited investors" (as defined in Regulation D under the U.S. Securities Act of 1933, as amended) and "qualified purchasers" (as defined in section 3(c)(7) of the U.S. Investment Company Act of 1940, as amended (the **Investment Company Act**)) or "knowledgeable employees" (as defined in Rule 3c-5 under the Investment Company Act); and
 - g) is not in default of securities legislation in the United States.
3. The Europe Core RE Fund:
- a) is a fonds commun de placement – fonds d'investissement spécialisé;
 - b) is managed by Invesco Real Estate Management S.à.r.l. and advised by Invesco Asset Management Limited;
 - c) is an open-end investment vehicle established pursuant to the laws of Luxembourg on August 1, 2008;
 - d) had assets under management of €1.8 billion as of December 31, 2015;
 - e) is primarily offered to investors that are not residents of Canada;
 - f) is available for distribution only to eligible investors pursuant to Article 2 of the Luxembourg law of 13th February 2007 on specialised investment funds, as amended and who has expressly declared himself to be aware of, to accept and to be able to bear the risks attaching to an investment in the fund and who has acknowledged that any recourse he may have is limited, in substance, to the assets of the fund (**Eligible Investors**); and
 - g) is not in default of securities legislation in Luxembourg.
4. The UK Residential RE Fund:
- a) is a société en commandite spéciale whose unlimited partner is Invesco Real Estate – UK Residential Fund S.à.r.l.;
 - b) is managed by Invesco Real Estate Management S.à.r.l. and advised by Invesco Asset Management Limited;
 - c) is an open-end investment vehicle established pursuant to the laws of Luxembourg on October 19, 2015;
 - d) is newly formed and has not yet called capital from its partners but has capital commitments of £188 million as of December 31, 2015;

- e) is primarily offered to investors that are not residents of Canada;
 - f) is available for distribution only to Eligible Investors; and
 - g) is not in default of securities legislation in Luxembourg.
5. Invesco Advisers, Inc. is:
- a) a corporation formed under the laws of the State of Delaware, United States of America;
 - b) registered as an investment adviser with the United States Securities and Exchange Commission and is anticipated to be exempt from registration with the U.S. Commodity Futures Trading Commission (the **CFTC**) as a commodity pool operator with respect to the US RE Funds;
 - c) not registered in any Canadian jurisdiction; and
 - d) not in default of securities legislation in the United States.
6. Invesco Asset Management Limited is:
- a) a corporation incorporated under the laws of England and Wales;
 - b) authorized and regulated by the Financial Services Authority in the United Kingdom;
 - c) not registered in any Canadian jurisdiction; and
 - d) not in default of securities legislation in the United Kingdom.
7. The Filer is or will act as dealer in Transactions with a Client.
8. Each Client is:
- a) a "permitted client" within the meaning of section 1.1 of NI 31-103;
 - b) an institutional investor and not an individual investor; and
 - c) assisted by a third party consultant and may have internal investment advisors that provide advice to the Client with respect to its investments.
9. As of March 31, 2016, more than 50% of the US RE Funds' and the Europe Core RE Fund's investors by number and investment amount are not Clients or other residents of Canada.
10. As of March 31, 2016, more than 50% of the UK Residential RE Fund's prospective investors by number and investment commitments are not Clients or other residents of Canada.
11. Prior to a Client's purchase of securities of an RE Fund, representatives of the RE Fund and the Filer are required to submit a request for proposal (**RFP**) and conduct various in-person presentations with the Client that include information relating to the investment objectives and strategies of the RE Fund, fees and the settlement process (the **RFP Process**). The Client also receives an offering memorandum pertaining to the Fund (the **OM**).

12. Each Client is required to:
 - a) enter into a subscription agreement (which in the case of the US RE Funds, amongst other things, binds the Client to the applicable LP Agreement);
 - b) complete a Know-Your-Client form and waiver relating to suitability pursuant to section 13.3(4) of NI 31-103; and
 - c) make a minimum investment of at least USD\$10 million in the case of the US RE Funds, €5 million in the case of the Europe Core RE Fund and £10 million in the case of the UK Residential RE Fund unless the manager of the applicable RE Fund, in its discretion, agrees to a lower minimum investment amount.
13. When a Client enters into a Transaction, a US RE Fund will issue Trade Detail Reports and a Luxembourg RE Fund will issue Contract Notes.
14. Each quarter, a US RE Fund will issue NAV Statements and a Luxembourg RE Fund will issue a Register.
15. The LP Agreements for the US RE Funds and the UK Residential Fund and the Management Regulations for the Europe Core RE Fund:
 - a) disclose the management fees payable by the Client;
 - b) in the case of the US RE Funds, require that management fees be paid quarterly in arrears and permit the general partner to net such fees against quarterly distributions paid by the US RE Funds; and
 - c) set out any other terms and conditions for the Client's account.
16. Each US RE Fund calculates a NAVPS once a calendar quarter on the last business day of such calendar quarter. This NAVPS is used to calculate the number of securities issued to or redeemed by a Client in the following calendar quarter. Transactions for the US RE Funds are usually processed on the first business day of a calendar quarter. Purchases are usually settled on the first business day of a calendar quarter. Redemptions are partially settled on the first business day of a calendar quarter, and are usually fully settled within 10 business days of the start of a calendar quarter. No other trading activity occurs during a calendar quarter. Accordingly, the US RE Funds do not issue NAV Statements intra-quarter.

Other than under the rare circumstances described below, each Luxembourg Fund calculates a NAVPS once a calendar quarter on the last business day of such calendar quarter. This NAVPS is used to calculate the number of securities issued to or redeemed by a Client in the following calendar quarter. Purchases and redemptions are usually processed within the first 20 business days of the start of a calendar quarter. Transactions are settled on the date of receipt of the contribution from the Client or payment of the proceeds to the Client, as the case may be.

Payment of distributions by the Luxembourg Funds occur within 6 weeks of the start of a calendar quarter and reinvestment of distributions are processed at the last NAVPS (discounted by the distribution per security paid) calculated by the manager.

The Luxembourg Funds may calculate a NAVPS more than once in a quarter if the manager determines, in its sole discretion, that the calculation of additional NAVPS is desirable and that transactions should be processed using the additional NAVPS. For

example, if the Luxembourg Fund unexpectedly closes a real estate acquisition transaction intra-quarter, it may calculate a NAVPS and issue securities to fund that transaction. In these situations, the Luxembourg Fund will issue a Contract Note on the issuance of the securities to the Client. The Register will be issued at the end of the applicable calendar-quarter.

17. The Filer provides certain client servicing functions to the Client, for example providing information on a RE Fund's performance, portfolio holdings or attributes to the Client, upon request, and facilitating any Transactions by the Client (**Client Servicing Functions**). Other than the provision of the Client Servicing Functions, the Filer does not provide record-keeping, bookkeeping, custody or other administrative functions (collectively, **Account Services**) for the Clients. Such Account Services (other than custody as these services are provided by the Clients' custodian) are provided by the applicable RE Fund with respect to the Client's interest in such RE Fund.
18. The Filer does not receive any money or securities directly from the Client. The Client pays and receives any cash pursuant to Transactions directly to or from the applicable RE Fund.
19. The Filer receives copies of the Trade Detail Reports and NAV Statements (in the case of the US RE Funds) and Contract Notes and Registers (in the case of the Luxembourg RE Funds) which are issued to the Client by the applicable RE Fund. Each quarter, the Filer will reconcile any notices of Transactions received from the Client with the Trade Detail Reports and NAV Statements received from the US RE Funds and Contract Notes and Registers received from the Luxembourg RE Funds.
20. Other than Client Servicing Functions, the manager of the applicable RE Fund has or will have the primary relationship with a Client and is contractually responsible for overall trade monitoring, reporting trade confirmations and sending out statements.
21. Pursuant to:
 - a) certain legislative provisions of the Coordinated Exemption Decision Makers, the Filer is required to issue Confirmations to a Client;
 - b) certain legislative provisions of the regulatory authority or regulator in Newfoundland, the Filer is required to issue Statements to a Client;
 - c) section 14.12(1) of NI 31-103, the Filer is required to issue Confirmations to a Client which Confirmations must include certain mandated information; and
 - d) sections 14.14(1) and 14.14(2) of NI 31-103, the Filer is required to issue Statements to a Client which Statements must include certain mandated information.
22. The Trade Detail Reports and Contract Notes do not contain the following information required for a Confirmation:
 - a) whether the Filer is acting as agent or principal in a transaction;
 - b) the name of the dealing representative in the transaction;
 - c) the settlement date of the transaction; and
 - d) the fact that the applicable RE Fund is a connected issuer to the Filer.

23. The NAV Statements do not contain the following information required for a Statement:
- a) the date of every Transaction during the period;
 - b) the number of securities purchased, redeemed or reinvested pursuant to each Transaction during the period when management fees are netted from dividend reinvestments; and
 - c) the NAVPS at the time of the Transaction.

24. The provision of Confirmations to Clients by the Filer is:

- a) duplicative and confusing as the Trade Detail Reports issued by the US RE Funds and the Contract Notes issued by the Luxembourg RE Funds contain all pertinent information requested by Clients; and
- b) not necessary to establish an audit trail of purchases and redemptions made by a Client with an RE Fund

because:

- (i) prior to the purchase of any securities of an RE Fund and for the duration of a Client's investment in an RE Fund, the dealing representatives of the Filer are in contact with the Client, so the Client will be aware of the name of the dealing representative and the Filer's role in the Transactions; and
- (ii) the RE Fund's name and the Filer's name both start with the word "Invesco", so a Client will not be confused as to the nature of the relationship between the Filer and the RE Fund.

25. The provision of Statements to Clients by the Filer is:

- a) duplicative and confusing as the NAV Statements issued by the US RE Funds and the Registers issued by the Luxembourg RE Funds contain all pertinent information requested by Clients; and
- b) not necessary to establish an audit trail of purchases and redemptions made by a Client with an RE Fund

because in the case of:

- (i) the Luxembourg RE Funds, all of the mandated information in a Statement is contained in the Register; and
- (ii) the US RE Funds, all of the mandated information in a Statement is contained in the NAV Statements other than:
 - (I) the trade dates and settlement dates of the Transactions. These dates occur on the dates set out in representation 16 so a Client will not be confused as to when Transactions are traded and settled;

- (II) the number of securities purchased, redeemed or reinvested pursuant to each Transaction during the period when management fees are netted from dividend reinvestments. This fact is disclosed in the NAV Statement, so a Client will be aware of the number of securities issued after netting, though not of the individual transactions; and
- (III) the NAVPS at the time of the Transaction. This is disclosed in the NAV Statement, though not immediately next to the Transaction, so a Client will be aware of the NAVPS.

26. Current Clients of the Filer invested in US Core RE Fund have requested that the Confirmations and Statements be suppressed.

Decision

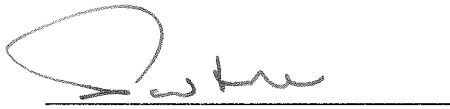
Each of the Principal Regulator, the Coordinated Exemption Decision Makers and the regulatory authority or regulator in Newfoundland is satisfied that the decision meets the test set out in the legislation of the jurisdiction for the relevant securities regulatory authority or regulator to make the decision.

The decision of the Principal Regulator under the legislation of Ontario is that the Passport Exemption is granted, the decision of the Coordinated Exemption Decision Makers under the legislation of the Coordinated Exemption Decision Makers is that the Coordinated Exemption is granted and the decision of the securities regulatory authority or regulator in Newfoundland under the legislation of that jurisdiction is that the Newfoundland Exemption is granted, provided that:

- (a) the Filer provides to each prospective Client an OM or a notice pursuant to Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* which must include:
 - (i) a statement that the Filer will not provide Confirmations and Statements;
 - (ii) a listing of the information relating to trades and the Client's holdings in the applicable RE Fund that will be contained in Trade Detail Reports and NAV Statements issued by a US RE Fund or Contract Notes and Register issued by a Luxembourg RE Fund; and
 - (iii) a listing of the information that will be omitted from the Trade Detail Reports and NAV Statements (in the case of US RE Funds) and the Contract Notes and Registers (in the case of Luxembourg RE Funds) that would otherwise be found in Confirmations and Statements;
- (b) each new Client waives in writing the right to receive Confirmations and Statements, and if a Client subsequently requests Confirmations or Statements, the Filer immediately commences issuing Confirmations or Statements, as the case may be, to that Client;
- (c) in Transactions, the Filer acts as dealer only for Clients that are "permitted clients" within the meaning of section 1.1 of NI 31-103 and not individual investors;
- (d) the applicable RE Fund issues Trade Detail Reports and NAV Statements or Contract Notes and Registers which include the information required for

Confirmations and Statements, as the case may be, except for the information set out in representations 22 and 23; and that the Trade Detail Reports and NAV Statements are substantially similar to those delivered by the RE Fund to other investors in the RE Fund;

- (e) The US RE Funds are managed in the United States and are primarily offered to investors that are not residents of Canada;
- (f) The Luxembourg RE Funds are managed in Luxembourg and are primarily offered to investors that are not residents of Canada;
- (g) The RE Funds generally only transact purchases or redemption trades on a quarterly basis; and
- (h) the minimum investment for purchases of securities of an RE Fund by a Client is set out under representation 12(c).



Commissioner



Commissioner

Director Relief under Section 15.1 of NI 31-103
In the Matter of Invesco Canada Ltd.

The Director is satisfied that the Decision meets the test set out in the securities legislation of Ontario (the **Legislation**) for the Director to make the Decision.

The Decision of the Director under the Legislation is that the Passport Exemption is granted.



Deputy Director, Compliance and Registrant Regulation
Ontario Securities Commission