



What is an EMD ? What are “Exempt Securities” ?

In Canada securities commissions regulate the flow of investments. Each province has a security commission, although various national instruments (NIs) exist to create some overall harmony between the provinces and territories in Canada. Specifically, [NI 45-106](#) regulates how securities can be issued using an exemption.

The exemption NI 45-106 is referring to is the exemption from issuing a prospectus.

A prospectus is a detailed disclosure form used for taking companies public and it has to be approved by the security commission. An offering memorandum (OM) has to just be filed with the security commission; although both state the nature of the business, the principals of the firm, the fees, the risks and both have audited statements. Our OM is over 200 pages and is available on request by us or from Exempt Market Dealers (EMDs) that sell our product.

NI 45-106 allows a number of exemptions, such as

- a) Friends, family or close business associates
- b) Accredited Investors (those with financial assets over \$1,000,000 or an annual income over \$200,000 per year or over \$300,000 as a couple)
- c) Minimum Investment of over \$150,000
- d) Offering Memorandum (OM)

Prestigious Properties relies primarily on the fourth exemption, and to this effect has issued OMs since 2005. Securities that are issued under any of these exemptions are referred to as “Exempt Securities” or “Private Equity” as they are not publicly traded like stocks. The benefit is that they are not as volatile as publicly traded stocks, but they are not as liquid. Liquidity costs money, namely a large regulatory overhead, and it allows easier manipulation by insiders, short-sellers or high frequency traders, thus creating possible large volatility based on news, rumours or market sentiment. Prestigious Properties securities have liquidity restrictions as outlined in our OM and as such, you should not consider an investment in Prestigious Properties if liquidity prior to the 5-7 year recommended minimum hold period is required.

Another National Instrument, namely [NI 31-103](#) stipulates that firms that are in the business of issuing securities must be registered. Firms that are in the business of issuing securities or provide individual investment or financial advice must be registered. These firms are referred to as Exempt Market Dealers (EMDs), and a financial advisor that sells securities is referred to as Exempt Market Representative (EMRs) or Dealing Representative (DR).

Currently (as of 2015) Prestigious Properties currently uses five EMDs that provide financial advice and sell our products, namely Triview, Sloane Capital, Pangea, Ascendo and Royal.

Although Prestigious Properties ultimately issues the securities - LP units, bonds or shares – to you, Prestigious Properties is not in the business of issuing securities, nor in the financial or investment advisory business. We are in the real estate business. Of course, we do have opinions on the world at

large, on investment choices and the role of real estate within it, and share these opinions freely on blogs, newspaper articles, occasional seminars or websites. We do not however offer individual investment or financial advice that is specific to each individual. That is done by a DR that is licensed via an EMD. A DR typically asks you to fill out a KYC (Know Your Client) form and then has an in-depth discussion about your needs and financial situation, and the role of Prestigious Properties' or other firms' securities within this to achieve a degree of diversity within this potentially lucrative, but less liquid private equity (i.e. exempt market) space.

Prestigious Properties is an Exempt Market Product Issuer based on residential real estate. We are in the residential real estate business, i.e. finding apartment buildings and mobile home communities or more recently, land parcels, analyzing them, buying them, upgrading them, leveraging them through a mortgage, managing them, improving them and eventually disposing of them.

If you wish to invest with us, we will refer you to one of these EMDs to assess suitability before securities are issued to you.