Preliminary Short Form Shelf Prospectus Dated July 9, 1997

This is a preliminary short form prospectus relating to these securities, a copy of which has been filed with the securities commission or other regulatory authority in each of the provinces and territories of Canada, but which has not yet become final for the purpose of a distribution or a distribution to the public. Information contained herein is subject to completion or amendment. These securities may not be sold to, nor may offers to buy be accepted from, residents of such jurisdictions prior to the time a receipt for the final short form prospectus is obtained from the appropriate securities commission or other regulatory authority.

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This prospectus has been filed under procedures in the provinces and territories of Canada which permit certain information with respect to the securities to be determined after the prospectus has become final and permit the omission from this prospectus of such information. Such procedures require the delivery to purchasers of a prospectus or a prospectus supplement containing this omitted information within a specified period of time after agreeing to purchase any of these securities.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of RealFund at 90 Adelaide Street West, Suite 600, Toronto, Ontario M5H 3V9 (Telephone (416) 865-9143). For the purposes of the province of Québec, this simplified prospectus contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the secretary of RealFund at the above-mentioned address and telephone number.

REALFUND

$500,000,000

Debt Securities

(Senior Unsecured)

RealFund may from time to time during the two-year period that this short form prospectus, including any amendments, remains valid, offer for sale and issue debt securities of RealFund (the "Debt Securities") in an aggregate principal amount of up to $500 million (or the equivalent amount if any Debt Securities are denominated in a currency other than Canadian dollars), or if any Debt Securities are offered at an original issue discount, such greater amount as will result in an aggregate offering price of up to $500 million (or the equivalent in other currencies). The Debt Securities may be offered in one or more series in registered or bearer form or in the form of temporary or global securities, in amounts, at prices and on terms to be determined at the time of sale. The specific designation, aggregate principal amount, denominations, currency, maturity, rate (which may be fixed or variable) and time of payment of interest, any terms for redemption at the option of RealFund or the holder, any terms for sinking fund payments, any listing on a securities exchange, any conversion or exchange terms, the public offering price (or the manner of determination thereof if offered on a non-fixed price basis) and any other terms in connection with the offering and sale of a series of Debt Securities in respect of which this short form prospectus is being delivered will be set out in a prospectus supplement relating thereto (a "Prospectus Supplement").

RealFund may sell Debt Securities to or through underwriters or dealers or to purchasers directly or through agents. See "Plan of Distribution". A Prospectus Supplement will set out the names of any underwriters, dealers or agents involved in the sale of the Debt Securities, the principal amount (if any) to be purchased by underwriters and the compensation of such underwriters, dealers or agents. Unless otherwise indicated in a Prospectus Supplement, an offering of Debt Securities will be subject to approval of certain legal matters on behalf of RealFund by Tory Tory DesLauriers & Binnington.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents of RealFund, which have been filed with the securities commission or similar authority in each of the provinces and territories of Canada, are specifically incorporated by reference into this short form prospectus:

(a) the annual information form (the "AIF") dated May 7, 1997 for the fiscal year ended December 31, 1996;

(b) the audited comparative financial statements and the notes thereto for the financial year ended December 31, 1996, together with the auditors' report thereon, found at pages 19 through 27 of the 1996 Annual Report of RealFund;

(c) the unaudited comparative interim financial statements for the three-month period ended March 31, 1997;

(d) the information circular dated May 14, 1997 relating to the annual and special meeting of unitholders of RealFund held on June 16, 1997, except for the sections entitled "Report on Executive Compensation" and "Performance Graph";

(e) the material change report dated May 16, 1997 filed by RealFund in respect of its public offering of 6,200,000 units ("Units"); and

(f) management's discussion and analysis, found at pages 11 through 18 of the 1996 Annual Report of RealFund.

Any documents of the type referred to in the preceding paragraphs (a) through (e) filed by RealFund with securities commissions and other similar regulatory authorities in Canada after the date of this short form prospectus and before the termination of the offering of Debt Securities under this short form prospectus will be deemed to be incorporated by reference into this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference into this short form prospectus will be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained in this short form prospectus or in any other subsequently filed document that also is or is deemed to be incorporated by reference into this short form prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

Upon a new annual information form and the related annual financial statements being filed by RealFund with, and, where required, accepted by the applicable securities regulatory authorities during the currency of this short form prospectus, the previous annual information form, the previous annual financial statements and all interim financial statements, material change reports and annual filings or information circulars filed before the commencement of RealFund's fiscal year in which the new annual information form is filed will be deemed no longer to be incorporated by reference into this short form prospectus for purposes of future offers and sales of Debt Securities under this short form prospectus.

A Prospectus Supplement containing the specific terms in respect of any series of Debt Securities, updated disclosure of interest coverage ratios (if applicable) and other information in relation to any series of Debt Securities will be delivered to purchasers of such Debt Securities, together with this short form prospectus, and will be deemed to be incorporated into this short form prospectus as of the date of such Prospectus Supplement, but only for purposes of the offering of such Debt Securities. If RealFund updates its disclosure of interest coverage ratios by Prospectus Supplement, such Prospectus Supplement will be delivered to purchasers of Debt Securities together with this short form prospectus and will be deemed to be incorporated into this short form prospectus by reference as of the date of the Prospectus Supplement. Similarly, any Prospectus Supplement supplying any additional or updated information RealFund may elect to include (provided that such information does not describe a material change that has not already been the subject of a material change report or a prospectus amendment) will be delivered to purchasers of Debt Securities together with this short form prospectus and will be deemed to be incorporated into this short form prospectus as of the date of the Prospectus Supplement.

REALFUND

RealFund is a trust created in accordance with the laws of the Province of Ontario by declaration of trust dated November 12, 1982, as amended and restated (the "Declaration of Trust"). In June 1993, RealFund ceased operating as a mutual fund and became a closed-end trust, the Units of which are traded on The Toronto Stock Exchange under the symbol "RFN.UN".

The purpose of RealFund is to provide investors with a favourable yield on their investment in Units through participation in a diversified portfolio of primarily income-producing real property investments, principally located in Canada. RealFund currently owns a diverse portfolio of primarily retail properties, located across a broad geographic base in Canada and in the United States. RealFund believes that this geographic and sectional diversification helps to ensure a stable income return which will not be disproportionately affected by economic factors affecting one particular property type or geographic region. As of the date of this short form prospectus, RealFund owns 39 properties located across six provinces and one property in the United States.

RealFund's asset focus is open, community and regional shopping centres which have a dominant position in their communities. These shopping centres are generally anchored by food supermarkets and have tenants that provide basic or convenience-oriented goods.

The operations of RealFund, including the management of its investments, are subject to the control and direction of Trustees who are chosen on the basis of their experience in real property investment or related areas. The Declaration of Trust provides that the maximum aggregate amount of indebtedness which RealFund may incur at any time is restricted to 50% of Aggregate Assets, where "Aggregate Assets" means the total assets of RealFund, plus accumulated depreciation, calculated in accordance with generally accepted accounting principles. Notwithstanding this 50% limit, the Trustees of RealFund have adopted a policy that, in the ordinary course of business, RealFund will maintain a threshold of indebtedness not in excess of 40% of Aggregate Assets.

The level of RealFund's aggregate indebtedness was approximately 37.2% of Aggregate Assets as of March 31, 1997.

The day-to-day management of RealFund is undertaken by its officers and employees. The following table sets forth the names and municipalities of residence of the operating officers of RealFund and their positions and offices with RealFund.

Name of Operating Officer	Office with RealFund
CHRISTOPHER J. DINGLE Toronto, Ontario	President and Chief Executive Officer
THOMAS S. KOFMAN Toronto, Ontario	Vice-President, Finance and Chief Financial Officer and Treasurer
ALAN D. WINER North York, Ontario	Vice-President, Acquisitions and Equity Investments and Secretary
LORI L. ROBINSON Oakville, Ontario	Director of Property Management
ELIZABETH SCHNULL Mississauga, Ontario	Controller

RealFund currently has seven Trustees, all of whom are described in the AIF.

The principal office of RealFund is located at 90 Adelaide Street West, Suite 600, Toronto, Ontario M5H 3V9. RealFund is not a mutual fund and is not subject to the requirements of Canadian securities laws relating to mutual funds.

USE OF PROCEEDS

The use of proceeds from the sale of Debt Securities will be described in the accompanying Prospectus Supplement. RealFund may use net proceeds from the sale of Debt Securities to repay indebtedness outstanding from time to time, to fund the purchase of real property and other investments as permitted by the Declaration of Trust, for capital expenditures and for other corporate purposes.

INTEREST COVERAGES

The interest on RealFund's consolidated debt for the 12 months ended March 31, 1997 (unaudited) was $14.0 million. Consolidated net income for such 12-month period, before deducting interest expense and income taxes, was $31.5 million, which is 2.2 times the interest on such debt for such period.

The interest on RealFund's consolidated debt for the 12 months ended December 31, 1996 was $13.7 million. Consolidated net income for such 12-month period, before deducting interest expense and income taxes, was $27.8 million, which is 2.0 times the interest on such debt for such period.

These coverages have been calculated using the consolidated financial statements of RealFund, which have been prepared in accordance with accounting principles accepted in Canada and are incorporated by reference in this short form prospectus and described under the heading "Documents Incorporated by Reference". The coverages do not give pro forma effect to any offering of Debt Securities or any change in indebtedness not reflected in the unaudited consolidated interim financial statements of RealFund for the three-month period ended March 31, 1997.

DESCRIPTION OF DEBT SECURITIES

The Debt Securities will be issued under a trust indenture (the "Trust Indenture") dated as of July ● , 1997 between RealFund and CIBC Mellon Trust Company (the "Indenture Trustee"). The Trust Indenture will authorize RealFund to issue up to an aggregate principal amount of $500 million of Debt Securities (or the equivalent amount if any Debt Securities are denominated in a currency other than Canadian dollars) in one or more series. Each such issue will be made by way of a supplement to the Trust Indenture (a "Supplemental Indenture") which will set out the terms of each series of Debt Securities. The following summary of the material terms of the Debt Securities does not purport to be complete. For full particulars of such terms, reference should be made to the Trust Indenture and the relevant Supplemental Indenture.

General

A Prospectus Supplement relating to a particular series of Debt Securities will describe the terms of such Debt Securities including, where applicable, the following:

(a) the specific designation of the Debt Securities;

(b) any limit on the aggregate principal amount of the Debt Securities;

(c) the authorized denominations of the Debt Securities;

(d) the currency in which the Debt Securities may be purchased and the currency in which principal and interest is payable;

(e) the date or dates (if any) on which the Debt Securities will mature and the portion (if less than all of the principal amount) of the Debt Securities to be payable on declaration of acceleration of maturity;

(f) the rate or rates per annum (which may be fixed or variable) at which the Debt Securities will bear interest (if any), the date or dates on which any such interest will be payable and the record dates (if any) for any interest payable on the Debt Securities which are registered securities;

(g) any mandatory or optional redemption or sinking fund provisions, including the period or periods within which, the price or prices at which and the terms and conditions on which the Debt Securities may be redeemed or purchased at the option of RealFund or otherwise;

(h) any conversion or exchange terms;

(i) the percentage of the principal amount (including any premium) at which the Debt Securities may be issued;

(j) whether the Debt Securities will be issuable in registered or bearer form or both or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;

(k) each office or agency where the principal of, premium (if any) on and interest on the Debt Securities will be payable, and each office or agency where the Debt Securities may be presented for registration of transfer or exchange; and

(l) any other terms of the Debt Securities, including covenants and events of default relating solely to the applicable series of Debt Securities or any covenants or events of default generally applicable to the Debt Securities which are not to apply to the applicable series of Debt Securities.

Debt Securities may be issued bearing no interest or interest at a rate below the prevailing market rate at the time of issuance and may be offered and sold at a discount below their stated principal amounts.

Denominations, Registration and Transfer

Unless otherwise provided for in a Supplemental Indenture (and indicated in the applicable Prospectus Supplement) with respect to a particular series of Debt Securities, Debt Securities will be issued in fully registered form without coupons attached in either global or definitive form and in denominations and integral multiples as set out in the applicable Prospectus Supplement. Other than in the case of book-entry only securities, Debt Securities may be presented for registration or transfer (with the form of transfer endorsed thereon duly executed) at the corporate trust office of the Indenture Trustee in Toronto, Ontario or at the office of any transfer agent designated by RealFund for such purpose with respect to any Debt Securities referred to in a Prospectus Supplement. Reasonable service charges may be levied for certain transfers, conversions or exchanges of the Debt Securities. RealFund may require payment of a sum to cover any tax or other governmental charge payable in connection therewith. The Indenture Trustee or such transfer agent, as the case may be, will effect such transfer, conversion or exchange only when satisfied with the documents of title and the identity of the person making the request. If a Prospectus Supplement refers to any transfer agents in addition to the Indenture Trustee initially designated by RealFund with respect to any series of Debt Securities, RealFund may at any time rescind the designation of any such transfer agent or approve any change in the location through which such transfer agent acts.

In the case of book-entry only securities, a global certificate or certificates (a "Global Security") representing such Debt Securities will be held by a designated depository (the "Depository") for its participants. These Debt Securities may be purchased or transferred only through such participants, which include securities brokers and dealers, banks and trust companies. The Depository will establish and maintain book-entry accounts for its participants acting on behalf of holders of such Debt Securities. The interests of holders of such Debt Securities will be represented by entries in the records maintained by the participants. Holders of Debt Securities issued in book-entry only form will not be entitled to receive a certificate or other instrument evidencing their ownership thereof, except in limited circumstances. Each such holder will receive a customer confirmation of purchase from the participant from which the Debt Securities are purchased in accordance with the practices and procedures of that participant.

Payment

Unless otherwise specified in the applicable Prospectus Supplement, payment of principal of and premium (if any) on a Debt Security will be made in Canadian currency against surrender of the Debt Security at the corporate trust office of the Indenture Trustee in Toronto. Unless otherwise indicated in the applicable Prospectus Supplement, payment of any instalment of interest on a Debt Security will be made by cheque to the person in whose name such Debt Security is registered at the close of business on the record date for such interest.

Rank

The Debt Securities will be direct senior unsecured obligations of RealFund and will rank equally and rateably with one another and with all other unsecured and unsubordinated Indebtedness of RealFund, except to the extent prescribed by law.

Maintenance of Properties

RealFund will maintain and keep or cause to be maintained and kept in good condition, repair and working order all of the properties owned by it or any of its Subsidiaries used in its business or in the business of any of its Subsidiaries. RealFund will make or cause to be made all necessary renewals and replacements of and repairs and improvements to these properties as in its judgment may be necessary to carry on its business properly and prudently. Notwithstanding the foregoing, RealFund and its Subsidiaries will not be prohibited from selling or transferring their properties in the ordinary course of business.

Insurance

RealFund will maintain and will cause its Subsidiaries to maintain property insurance as would be maintained by a prudent owner.

Events of Default

The Trust Indenture will provide that each of the following events will constitute an event of default (an "Event of Default") under each separate series of Debt Securities:

(a) default in payment of principal when due;

(b) default in payment of any interest when due where such default continues for a period of three days after the relevant interest payment date;

(c) a breach of or default in the performance of any other covenant of RealFund under the Debt Securities or the Trust Indenture where such default or breach continues for a period of 30 days after the Indenture Trustee has given notice in writing to RealFund specifying such breach or default and requiring RealFund to put an end to such breach or default unless the Indenture Trustee (having regard to the subject matter of such breach or default) agrees to a longer period and, in such event, within the period agreed to by the Indenture Trustee;

(d) certain events of bankruptcy, insolvency, winding up or dissolution related to RealFund or a Material Subsidiary as set out in the Trust Indenture;

(e) the rendering of a final judgment (not subject to appeal) against RealFund or any Material Subsidiary in an aggregate amount in excess of $25 million by a court of competent jurisdiction, which remains undischarged and unstayed for a period of 60 days after the date on which the right to appeal has expired; and

(f) default by RealFund or any Material Subsidiary under the terms of any Indebtedness (other than any Non-Recourse Indebtedness) where that default results in the acceleration of that Indebtedness (after expiration of any applicable grace period) unless such acceleration is waived or rescinded, provided that the aggregate of all such Indebtedness which is accelerated exceeds $25 million.

Subject to the provisions of the Trust Indenture relating to the duties of the Indenture Trustee, in case an Event of Default applicable to a series of Debt Securities occurs and is continuing, the Indenture Trustee will not be under any obligation to exercise any of its rights or powers under the Trust Indenture at the request or direction of any of the holders of Debt Securities of such series, unless such holders have offered to indemnify the Indenture Trustee to its reasonable satisfaction. Subject to such provisions for the indemnification of the Indenture Trustee, the holders of a majority in aggregate principal amount of the outstanding Debt Securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee or exercising any trust or power conferred on the Indenture Trustee in respect of the Debt Securities of such series.

If an Event of Default (other than an Event of Default described in paragraph (d) above), occurs and is continuing with respect to a particular series of Debt Securities, either the Indenture Trustee or the holders of at least 25% in aggregate principal amount of the outstanding Debt Securities of such series may accelerate the maturity of all Debt Securities of such series; provided that, notwithstanding any other provision of the Trust Indenture, after such acceleration, but before a judgement or decree based on acceleration, the holders of a majority in aggregate principal amount of outstanding Debt Securities of that series may rescind and annul such acceleration in certain circumstances described in the Trust Indenture. See "Modification and Waiver". If an Event of Default specified in paragraph (d) above occurs, the outstanding Debt Securities will become immediately due and payable without any declaration or other act on the part of the Indenture Trustee or any holder of Debt Securities.

Additional Events of Default may be prescribed in a Supplemental Indenture for the benefit of holders of the applicable series of Debt Securities.

Redemption by RealFund

A Prospectus Supplement may outline the circumstances under and the basis on which RealFund, at any time and from time to time at its option, may redeem all or any principal amount of the Debt Securities of any series before its stated maturity.

Purchase for Cancellation

Subject to the terms of any Supplemental Indenture, RealFund, at any time and from time to time, may purchase for cancellation all or any principal amount of Debt Securities of any series in the market, by private contract or by tender at any price.

Defeasance

The Trust Indenture will contain provisions requiring the Indenture Trustee to release RealFund from its obligations under any Supplemental Indenture and the Trust Indenture relating to a particular series of Debt Securities provided that, among other things, RealFund satisfies the Indenture Trustee that it has deposited funds or made due provision for the payment of the expenses of the Indenture Trustee and for payment of all principal and interest and other amounts due or to become due in respect of such series of Debt Securities.

Modification and Waiver

The rights of the holders of Debt Securities issued under the Trust Indenture and any Supplemental Indenture may be modified if authorized by Extraordinary Resolution. The term "Extraordinary Resolution" will be defined in the Trust Indenture to mean, with respect to modifications which affect the Debt Securities generally, instruments in writing signed by the holders of 66⅔% of the outstanding principal amount of Debt Securities present and voting on a basis of one vote per $1,000 of Debt Securities at meetings of holders of Debt Securities for which, in the first instance, the quorum will be holders representing 50% of the aggregate principal amount of Debt Securities outstanding and, failing such quorum, at an adjourned meeting where those holders of Debt Securities who are present will be deemed to constitute a quorum, all upon compliance with the procedures specified in the Trust Indenture. If the proposed modification affects the rights of the holders of a separate series of Debt Securities issued under a Supplemental Indenture, rather than all of the Debt Securities, the approval of a like proportion of the holders of such separate series of Debt Securities outstanding under such Supplemental Indenture will be required.

Notwithstanding the above, the approval of holders of 75% of the outstanding principal amount of Debt Securities of any series will be required (a) to change the stated maturity of the principal, the redemption price of, or any instalment of interest on, any Debt Securities of such series, (b) to reduce the principal amount of, or interest or premium (if any) on, any Debt Securities of such series, (c) to change the place or currency of payment of the principal of, premium (if any) on redemption price of or interest on, any Debt Securities of such series, (d) to amend the percentage of Debt Securities of such series necessary to modify or amend the Trust Indenture or (e) to reduce the percentage of the outstanding principal amount of Debt Securities of such series necessary for waiver of compliance with certain provisions of the Trust Indenture or for waiver of certain Events of Default.

The holders of a majority of the outstanding principal amount of the Debt Securities of a series, on behalf of all holders of Debt Securities of that series, may waive compliance by RealFund with certain restrictive provisions of the Trust Indenture. Subject to certain rights of the Indenture Trustee as provided in the Trust Indenture, the holders of a majority of the outstanding principal amount of the Debt Securities of a series, on behalf of all holders of Debt Securities of such series, may waive certain Event of Default under the Trust Indenture with respect to such series of Debt Securities.

Financial Information

RealFund will covenant in the Trust Indenture to deliver to the Indenture Trustee its audited annual financial statements and unaudited interim financial statements at such time as such statements are delivered to Canadian securities regulators.

DEFINITIONS

For the purpose of the foregoing provisions, the Trust Indenture will define the following terms substantially as follows.

"Capital Lease Obligation" of any person means the obligation of such person, as lessee, to pay rent or other payment amounts under a lease of real or personal property which is required to be classified and accounted for as a capital lease or a liability on a consolidated balance sheet of such person in accordance with generally accepted accounting principles.

"generally accepted accounting principles" means generally accepted accounting principles in effect as of the date hereof.

"Indebtedness" of any person means (without duplication) (i) any obligation of such person for borrowed money, (ii) any obligation of such person incurred in connection with the acquisition of property, assets or businesses, (iii) any obligation of such person issued or assumed as the deferred purchase price of property, (iv) any Capital Lease Obligation of such person and (v) any obligation of the type referred to in clauses (i) through (iv) of another person, the payment of which such person has guaranteed or for which such person is responsible or liable; provided that, for the purpose of clauses (i) through (iv), an obligation will constitute

Indebtedness only to the extent that it would appear as a liability on the consolidated balance sheet of such person in accordance with generally accepted accounting principles.

"Material Subsidiary" means at any date any Subsidiary which constitutes more than 10% of the aggregate of the amount of Unitholders' equity of RealFund and the amount of accumulated depreciation recorded in the books and records of RealFund, calculated as at such date, determined in accordance with generally accepted accounting principles.

"Non-Recourse Indebtedness" means any Indebtedness of a Subsidiary of RealFund which is a single purpose company or any Subsidiary of RealFund whose principal assets and business are constituted by a particular project and pursuant to the terms of such Indebtedness payment is to be made from the revenues arising out of such project with recourse for such payment being available only to the revenues or the assets of such single purpose company.

"Subsidiary" has the meaning ascribed to it in the *Business Corporations Act* (Ontario).

PLAN OF DISTRIBUTION

General

RealFund will sell Debt Securities to or through underwriters or dealers or purchasers directly or through agents.

A Prospectus Supplement will set forth the terms of the offering, including the name or names of any underwriters, dealers or agents, the purchase price or prices of the Debt Securities, the proceeds to RealFund from the sale of the Debt Securities, any initial public offering price (or the manner of determination thereof if offered on a non-fixed price basis), any underwriting discount or commission and any discounts, concessions or commissions allowed or reallowed or paid by any underwriter to other dealers. Any initial public offering price and any discounts, concessions or omissions allowed or reallowed or paid to dealers may be changed from time to time.

The Debt Securities may be sold from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Each series or issue of Debt Securities will be a new issue of securities with no established trading market. Unless otherwise specified in a Prospectus Supplement relating to an issue of Debt Securities, the Debt Securities will not be listed on any securities or stock exchange. In connection with any offering of Debt Securities, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Debt Securities offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. Any underwriters or agents to or through whom Debt Securities are sold by RealFund may make a market in the Debt Securities, but they will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that a trading market in any of the Debt Securities will develop or as to the liquidity of any trading market for the Debt Securities.

Underwriters, dealers and agents who participate in the distribution of the Debt Securities may be entitled under agreements to be entered into with RealFund to indemnification by RealFund against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which they may be required to make in respect thereof. Such underwriters, dealers and agents may be customers of, engage in transactions with or perform services for RealFund in the ordinary course of business.

RECENT DEVELOPMENTS

The information below is a summary of material developments in the business and affairs of RealFund since the date of the AIF referred to under "Documents Incorporated by Reference". Unless otherwise indicated, all square footages are approximate.

Bellfront Shopping Centre

In June 1997, RealFund purchased Bellfront Shopping Centre, located in Belleville, Ontario. This shopping centre comprises 108,200 square feet of leasable area and is 100% leased. Major tenants include a 30,000 square-foot Loeb's food store and a 12,000 square-foot Mark's Work Wearhouse store. The purchase price of this centre was $11,200,000 subject to adjustment.

Portfolio Centres

In June 1997, RealFund purchased from six vendors, all of whom are related (the "Related Vendors") and a vendor related to CIBC Development Corporation an undivided 50% interest in a shopping centre located in Barrie, Ontario and a 100% interest in five other shopping centres, of which three are located in Ontario and two are located in Quebec (the "Portfolio Centres"). Six of the vendors are related to First Professional Management Group Inc. (the "Manager"), the manager of the Portfolio Centres. Each of these six vendors owns an undivided 80% interest in one Portfolio Centre; CIBC Development Corporation is the beneficial owner of the remaining undivided 20% interest of each Portfolio Centre. RealFund paid an aggregate of $74,682,726, subject to adjustment, for the Portfolio Centres on closing.

The following is more detailed information relating to each Portfolio Centre purchased by RealFund.

400 Barrie Power Centre, Barrie, Ontario (50% interest): This centre contains an aggregate of 310,000 square feet of leasable area. It is anchored by a 126,200 square-foot Wal-Mart store, a Sobey's food store and a Liquor Control Board of Ontario outlet. An additional 48,550 square feet of leasable area may be developed, constructed and leased on this site at the vendor's sole cost and expense. The Manager will continue to manage this centre on customary commercial terms.

Belleville Wal-Mart Centre, Belleville, Ontario: This centre contains an aggregate of 159,900 square feet of leasable area and is anchored by a 127,450 square-foot Wal-Mart store and a 31,000 square-foot Office Place. An additional 64,500 square feet of leasable area may be developed, constructed and leased on this site at the vendor's sole cost and expense. The Manager will continue to manage this centre on customary commercial terms.

Goderich Wal-Mart Centre, Goderich, Ontario: This centre contains an aggregate of 147,150 square feet of leasable area and is anchored by a 76,150 square-foot Wal-Mart store and a 60,000 square-foot Zehr's store. In addition, Canadian Tire owns and operates a store adjacent to, and operating as a part of, this centre. An additional 42,500 square feet of leasable area may be developed, constructed and leased on this site at the vendor's sole cost and expense. The Manager will continue to manage this centre on customary commercial terms.

Lachute Wal-Mart Centre, Lachute, Quebec: This centre currently contains a 75,950 square-foot Wal-Mart store. In addition, the vendor has entered into an agreement to sell a parcel of land adjacent to the centre to a national food store chain, which will own and operate a store adjacent to, and operating as a part of, this centre. RealFund has been advised by the vendor that the national food store is expected to open to the public in mid-1998. An additional 23,900 square feet of leasable area may be developed, constructed and leased on this site at the vendor's sole cost and expense. The Manager will continue to manage this centre on customary commercial terms.

New Liskeard Wal-Mart Centre, New Liskeard, Ontario: This centre contains an aggregate of 77,700 square feet of leasable area and is anchored by a 75,350 square-foot Wal-Mart store. In addition, Canadian Tire owns and operates a store adjacent to, and operating as a part of, this centre. An additional 14,500 square feet of leasable area may be developed, constructed and leased on this site at the vendor's sole cost and expense. The Manager will continue to manage this centre on customary commercial terms.

St. Hyacinthe Wal-Mart Centre, St. Hyacinthe, Quebec: This centre contains an aggregate of 113,350 square feet of leasable area and is anchored by a 104,150 square-foot Wal-Mart store and a Canadian chartered bank. In addition, Canadian Tire owns and operates a store adjacent to the centre. An additional 78,700 square feet of leasable area may be developed, constructed and leased on this site at the vendor's sole cost and expense. The Manager will continue to manage this centre on customary commercial terms.

Investment Properties

In conjunction with the purchase of the Portfolio Centres, RealFund provided financing to three borrowers to enable them to acquire and improve three properties (the "Investment Properties"), two of which are located in Ontario and one of which is located in Quebec. Each borrower is related to the Related Vendors.

The loans in respect of the Investment Properties are secured by seven-year mortgages which may be subordinated to additional financing for the properties. The loans bear interest at 10% per year, which will accrue to the extent that there is insufficient cash flow from the proposed centre to pay the interest. In addition, RealFund has an option to purchase a 50% interest in each of these Investment Properties as described in the AIF.

The following is more detailed information relating to each Investment Property.

Ajax Wal-Mart Centre, Ajax, Ontario: This vacant land is adjacent to Durham Centre, which was acquired by RealFund in 1996. It comprises approximately 39.42 acres, on which 442,300 square feet of leasable area is expected to be built. Once all improvements are completed, RealFund intends that this property and Durham Centre will operate as an integrated retail centre containing over 1,000,000 square feet of leasable area. Wal-Mart Canada Inc. ("WM") has agreed to lease space in the proposed centre once construction has been completed. RealFund has been advised by the borrower that the Wal-Mart store is expected to open to the public in late 1997. RealFund has loaned to the borrower $12,493,962 and has agreed (subject to satisfaction of certain conditions precedent) to loan to the borrower an additional $1,175,000 to acquire and improve this property.

Orangeville Fairgrounds Shopping Centre, Orangeville, Ontario: This vacant land comprises approximately 36.27 acres on which a shopping centre is expected to be built. When completed, the proposed centre is expected to include 226,600 square feet of leasable area. WM and a national food store have agreed to lease space in the proposed centre once construction has been completed. RealFund has been advised by the borrower that the Wal-Mart store is expected to open to the public in the spring of 1998. In addition, Canadian Tire has entered into an agreement to purchase lands adjacent to, and operate a store as part of, the proposed centre. RealFund has loaned to the borrower $11,152,000 to improve this property.

Ste. Foy Wal-Mart Centre, Ste. Foy, Quebec: This vacant land comprises approximately 44.11 acres. When completed, the proposed centre is expected to include 400,100 square feet of leasable area. WM has agreed to lease in excess of 100,000 square feet of leasable area in the proposed centre once construction has been completed. RealFund has been advised by the borrower that the Wal-Mart store is expected to open to the public in late 1997. RealFund has loaned to the borrower $4,695,387 to improve this property.

Orangeville Mall

In conjunction with the purchase of the Portfolio Centres and the investment in the Investment Properties, RealFund agreed to loan to a fourth borrower related to the Related Vendors up to $10,000,000 to acquire and improve Orangeville Mall. This loan will mature on the fourth anniversary of its advance and will be secured by a participating mortgage, all as described in the AIF. This loan has not yet been advanced. Orangeville Mall contains 158,000 square feet of leasable area. Major tenants include a Dominion store, K-Mart, Shopper's Drug Mart and a Canadian financial institution.

Kennedy Commons

In June 1997, RealFund entered into an agreement to purchase a 50% interest in an approximately 40-acre parcel of vacant land located at Highway #401 and Kennedy Road in Toronto, Ontario, on which a shopping centre is expected to be built. The purchase price for this interest will be 50% of the costs to develop the property and will be paid on the earlier of June 2000 and substantial completion of the centre. RealFund has paid a deposit of $1.5 million in connection with entering into this agreement. In conjunction with this payment, RealFund loaned to the owner of the property an aggregate of $15 million. This loan has a 10-year term and is secured by a mortgage bearing interest at 10.25% per year, which may be subordinated to construction financing. This property is expected to contain an aggregate of 440,000 square feet of leasable area. Major tenants are expected to include a Sears Whole Home store and a national food store.

Durham Centre

In June 1997, RealFund granted to a party related to the Manager an option, exercisable on or before August 30, 1997, to purchase a 50% interest in Durham Centre (as described in the AIF). The purchase price of this 50% interest will be satisfied for consideration of $1 million and the assumption by the Manager of 50% of the costs associated with this centre incurred to the date of the exercise of the option.

Financing

In June 1997, a Canadian chartered bank provided to RealFund a $60 million revolving loan facility, of which $22.7 million has been drawn to finance in part the acquisition of the Portfolio Centres. The loan is secured by a mortgage on each Portfolio Centre. The loan bears interest at the bank's prime rate plus ½% and will mature in April 1998.

Option Plan

RealFund has a Unit Option Plan which is intended to encourage equity participation in RealFund by Trustees, officers and employees of RealFund and, in addition, to provide for an effective means of compensation to such persons based on the market value of Units from time to time. At the annual and special meeting of Unitholders held on June 16, 1997, Unitholders approved an amendment to the Unit Option Plan to increase from 500,000 to 1,250,000 the number of Units reserved for issuance under this plan.

AUDITORS

RealFund's auditors are Deloitte & Touche, Chartered Accountants, Suite 1400, 181 Bay Street, Toronto, Ontario M5J 2V1.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in several of the provinces and territories provides a purchaser with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE

Dated: July 9, 1997

The foregoing, together with the documents incorporated herein by reference as of the date of each supplement hereto, will constitute full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus and such supplement as required by the securities laws of all the provinces and territories of Canada and will not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed.

(Signed) CHRISTOPHER J. DINGLE
President and
Chief Executive Officer

(Signed) THOMAS S. KOFMAN
Vice-President, Finance and
Chief Financial Officer and Treasurer

On behalf of the Trustees

(Signed) ARTHUR H. CROCKETT
Trustee

(Signed) WILLIAM J. DESLAURIERS
Trustee