

**FORM 51-102F3  
MATERIAL CHANGE REPORT**

**Item 1. Reporting Issuer**

CAPITAL BLF INC.  
7250, boul. Taschereau, Bureau 200  
Brossard, Québec  
J4W 1M9

**Item 2. Date of Material Change**

August 20, 2013.

**Item 3. Press Release**

The attached press release was released on August 21, 2013 through Canada News Wire Service.

**Item 4. Summary of Material Change**

Arrangement of Capital BLF inc. with BLF Real Estate Investment Trust ("BLF REIT"), listing of BLF REIT on the TSX Venture Exchange and 40 shares to 1 unit consolidation.

**Item 5. Full Description of Material Change**

**5.1 Full Description of Material Change**

For a full description of the material change, see the news release attached hereto as Schedule A.

**5.1 Disclosure for Restructuring Transactions**

N/A

**Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

N/A

**Item 7. Omitted Information**

N/A

**Item 8. Executive officer**

Mr. Mathieu Duguay  
President and Chief Executive Officer  
450-766-2400

**Item 9. Date of Material Change Report**

August 22, 2013



## **SCHEDULE A**

*FOR IMMEDIATE RELEASE*

### **BLF REIT ANNOUNCES COMPLETION OF THE ARRANGEMENT OF CAPITAL BLF INC. (TSXV:BLF), LISTING OF BLF REIT ON THE TSX VENTURE EXCHANGE AND 40 SHARES TO 1 UNIT CONSOLIDATION**

**Brossard, Québec**, August 21, 2013 —BLF Real Estate Investment Trust (“**BLF REIT**”), officially began operations today as a real estate investment trust with the same management team and business plan as that of Capital BLF Inc. (the “**Corporation**”). The news follows the completion by the Corporation of its previously announced reorganization under a plan of arrangement effective as of close of markets on August 20, 2013 (the “**Arrangement**”) into a real estate investment trust, as described in the management information circular dated July 2, 2013. Shareholders of the Corporation (the “**Shareholders**”) unanimously approved the Arrangement at a meeting held on August 1, 2013, and the Corporation obtained all necessary approvals to complete the Arrangement, including the Québec Superior Court of Justice final order on August 16, 2013, the certificate of arrangement dated August 20, 2013 and final approval of the TSX Venture Exchange (the “**Exchange**”).

“We are proud to be the first Québec based REIT focused exclusively on the multi-family residential asset class. We intend to take advantage of the many attractive opportunities we see in the Québec market going forward in order to create value for our unitholders”, said Mathieu Duguay, President and Chief Executive Officer of BLF REIT.”

#### **The Arrangement**

Pursuant to the Arrangement, among other things, the 132,155,999 issued and outstanding common shares of the Corporation (“**Shares**”) were exchanged for 2,072,339 units of BLF REIT (the “**Units**”) and 1,231,560 Class B Limited Partnership Units of BLF Limited Partnership, a subsidiary of BLF REIT (the “**Class B LP Units**”) on a one for 40 basis (one Unit or Class B LP Unit for every 40 Shares) (the “**Consolidation**”). Class B LP Units are intended to be, to the extent possible, the economic equivalent of the Units and will be exchangeable for Units on a one (1) for one (1) basis. Each Class B LP Unit is accompanied by one special voting unit of BLF REIT (a “**Special Voting Unit**”). However, the Class B LP Units will not be listed on the Exchange or on any other stock exchange or quotation system.

Each Special Voting Unit will initially have one vote per unit at meetings of the unitholders of BLF REIT, but otherwise will have only a nominal economic interest in BLF REIT. In particular, the Special Voting Units will not entitle their holders to any distributions of income or capital of BLF REIT, whether in the ordinary course as determined by the trustees of BLF REIT or on a liquidation of the BLF REIT. In addition, the holders of Special Voting Units will have no legal or beneficial interest in the assets of the BLF REIT.

BLF REIT meets all of the minimum listing requirements for a Tier 2 Real Estate Issuer on the Exchange. As a result of the Arrangement and effective at the opening of markets on Friday, August 23, 2013, the Units will commence trading on the Exchange, and the Shares will be delisted.

### **Unit Option Plan**

The Shareholders approved the “rolling” stock option plan on June 10, 2013 pursuant to which the number of issuable options is set at 10% of the aggregate number of Shares (Units and Class B LP Units) issued and outstanding from time to time (the “**Options**”). Pursuant to the Arrangement, the Options have identical terms and conditions. With the implementation of the Consolidation, the exercise price and number of Units issuable upon payment of the exercise price of outstanding Options has been proportionally adjusted.

### **REIT Distributions**

In continuation of the Corporation’s existing distribution policy, the monthly cash distribution for the month of August 2013 is \$0.0307 per Unit, payable on September 16, 2013 to each unitholder of BLF REIT and holder of Class B LP Units on record as at August 31<sup>st</sup>, 2013.

### **About BLF REIT**

The principal business of the BLF REIT and affiliates is acquiring, holding, developing, maintaining, improving, leasing, managing or otherwise dealing with income-producing multi-unit residential properties located throughout Canada, primarily in the province of Québec. BLF REIT currently owns seven properties located in the greater Montréal area, Québec City and Sherbrooke totaling 752 apartment units.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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### **For more information, please contact:**

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Chief Financial Officer  
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