

Goodmans^{LLP} Update

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Income Funds

January 26, 2005

Income Trusts To Be Included In S&P/TSX Composite Index

On January 26, 2005, Standard & Poor's announced that income trusts will qualify for inclusion in the S&P/TSX Composite Index (the "Composite"), Canada's premier equity index. The Composite, including income trusts, will be regarded as the broad benchmark index for the Toronto Stock Exchange. It is expected that income trusts will be added to the Composite by mid-year.

Currently, income trusts are listed in three separate indices: the S&P/TSX Capped Income Trust Index, the S&P/TSX Capped Energy Trust Index and the S&P/TSX Capped REIT Index. S&P will continue to provide a parallel index, identical to the current Composite, that will exclude income trusts.

This long-awaited decision by S&P follows the recent implementation of limited liability legislation in Ontario that clarified that investors in publicly traded trusts are not exposed to claims against the trust. The absence of limited liability legislation was considered by many to be one of the primary hurdles to the inclusion of income trusts in the Composite. With limited liability legislation now in force in Ontario, Alberta and Quebec, approximately 88% of all income trusts are currently afforded statutory protection.

It is expected that the inclusion of income trusts in the Composite will attract even more institutional investors to the sector in 2005, thereby significantly increasing demand and liquidity for income trust units. The inclusion of income trusts will also increase the diversification of the benchmark.

Income trusts are the fastest growing segment of the Canadian equity market. As at December 31, 2004, there were 175 income trusts listed on the TSX, with a market capitalization of over \$118 billion. Income trusts now represent 8% of the total market capitalization of the TSX.

For further information, please contact Stephen Pincus at 416.597.4104 or spincus@goodmans.ca or any other member of Goodmans' REITs and Income Funds Group listed on the next page.

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