

*This short form prospectus constitutes a public offering of securities only to residents of the Province of Québec. Only persons duly registered with the Autorité des marchés financiers may offer such securities for sale.*

*No securities regulatory authority has expressed an opinion about these securities. It is an offence to claim otherwise. No securities dealer has been involved in the preparation of this prospectus or performed any review of the contents of this prospectus.*

**CONTINUOUS OFFERING**

**SHORT FORM PROSPECTUS**

**JULY 19, 2021**



Class A Issuance and Class B Exchange common shares  
(hereinafter, collectively, the Shares or the Share)

For the capitalization period beginning March 1, 2021 and ending February 28, 2022:

	<b>CLASS A ISSUANCE</b>	<b>CLASS B EXCHANGE<sup>1</sup></b>
Amount authorized for issuance	\$140,000,000	\$50,000,000
Minimum subscription	\$500	\$500 <sup>2</sup>
Maximum subscription	\$3,000	\$15,000 <sup>2</sup>
Provincial tax credit granted to the shareholder	30%	10%

<sup>1</sup> The issuance of Class B Exchange shares or fractional shares neither increases nor decreases net assets.

<sup>2</sup> Class B Exchange shares or fractional shares may be subscribed for only by exchanging an equal number of Class A Issuance shares or fractional shares held for at least seven (7) years starting from the subscription acceptance date, subject to the conditions set out in section 9.1. The minimum value for requesting an exchange of Class A Issuance shares for Class B Exchange shares is \$500 and the maximum exchange value is \$15,000 per capitalization period. Each Class A Issuance share or fractional share surrendered as payment for the exchange will be cancelled.

**MORE INFORMATION ABOUT CRCD MAY BE OBTAINED:**

**BY PHONE:** 1 888 522-3222 | **BY FAX:** 514 281-7808

**BY MAIL:** 2 Complexe Desjardins, P.O. Box 760, Desjardins Station, Montréal, Québec H5B 1B8

**BY E-MAIL:** [capital.regional@desjardins.com](mailto:capital.regional@desjardins.com) | **BY INTERNET:** [capitalregional.com](http://capitalregional.com)

## DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this short form prospectus from documents filed with the Autorité des marchés financiers.** Copies of the documents incorporated herein by reference may be obtained on request from CRCD's Shareholder Services, at CRCD's office, 2 Complexe Desjardins, P.O. Box 760, Desjardins Station, Montréal, Québec H5B 1B8, or by telephone at 1 888 522-3222 or on the SEDAR website at [www.sedar.com](http://www.sedar.com).

The following documents have been filed with the Autorité des marchés financiers and are incorporated by reference into, and form an integral part of, this short form prospectus:

- 1) CRCD's Annual Information Form dated July 19, 2021;
- 2) CRCD's audited separate financial statements as at December 31, 2020 and 2019 together with the independent auditor's report thereon, including the separate balance sheets and the separate statements of comprehensive income and changes in net assets and the separate statements of cash flows for the years then ended;
- 3) the audited schedule of cost of investments impacting the Québec economy as at December 31, 2020, as well as the related independent auditor's report;
- 4) the statement of other investments as at December 31, 2020 (unaudited);
- 5) the index of the Company's share in investments made by specialized funds and partner funds, at cost, as at December 31, 2020 (unaudited);
- 6) the annual management's discussion and analysis for the year ended December 31, 2020;
- 7) the notice of meeting for the Annual General Meeting of CRCD dated February 11, 2021.

**Any documents of the same type referred to above or any other documents to be incorporated by reference in a prospectus filed by CRCD under Regulation 44-101 respecting Short Form Prospectus Distributions after the date of this short form prospectus and prior to the termination of the offering are deemed to be incorporated by reference in this short form prospectus.**

**Any statement contained in this prospectus or in any document incorporated or deemed to be incorporated by reference in this prospectus shall be deemed to be modified or superseded for the purposes of this prospectus, to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to form an integral part of this prospectus. The new statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document or statement that it modifies or supersedes. The disclosure of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.**

Investors should rely only on information contained or incorporated by reference in this short form prospectus. CRCD has not authorized any other person to provide investors with different information. Investors should not rely on different or inconsistent information provided by any person other than CRCD. CRCD is not offering its common Shares for sale in any jurisdiction where their offer or sale is not permitted.

In this short form prospectus, unless specified otherwise, all dollar amounts are in Canadian dollars.

*This document is a translation of the official prospectus for the offering of shares of CRCD. It is provided for information purposes only and does not have legal substance. To obtain a copy of the official version (French), visit [www.sedar.com](http://www.sedar.com) or ask CRCD's Shareholder Services.*

<b>TABLE OF CONTENTS</b>
--------------------------

1. BASIC INFORMATION ON SHARES.....	5
2. THE COMPANY.....	6
2.1 GENERAL DESCRIPTION.....	6
2.2 ORGANIZATION AND MANAGEMENT DETAILS.....	6
3. DESCRIPTION OF BUSINESS.....	7
3.1 GENERAL DESCRIPTION.....	7
3.2 INVESTMENTS.....	7
3.2.1 Investment policies and standards.....	7
3.2.2 Eligible entities.....	8
3.2.3 Policies of the Board of Directors.....	8
3.2.3.1 Financial asset management.....	8
3.2.3.2 Investments impacting the Québec economy portfolio.....	9
4. SHARE CAPITAL AND CAPITALIZATION LIMITS.....	9
5. USE OF PROCEEDS.....	9
5.1 USE OF PROCEEDS OF THE OFFERING.....	9
5.2 DISTRIBUTION POLICY.....	10
6. CHARGES.....	10
6.1 ADMINISTRATIVE FEES PAYABLE BY SHAREHOLDERS.....	10
6.2 OPERATING EXPENSES.....	10
7. REGISTERED RETIREMENT SAVINGS PLAN, REGISTERED RETIREMENT INCOME FUND AND TAX-FREE SAVINGS ACCOUNT	10
8. PLAN OF DISTRIBUTION FOR CLASS A ISSUANCE SHARES.....	10
8.1 SUBSCRIPTION FOR CLASS A ISSUANCE SHARES.....	10
8.2 OFFERING PROCESS FOR CLASS A ISSUANCE SHARES.....	11
8.2.1 Class A Issuance share pre-subscription application.....	11
8.2.2 Selection process for Class A Issuance shares.....	11
8.2.2.1 Demand for shares higher than the \$140,000,000 authorized amount for the capitalization period.....	11
8.2.2.2 Demand for shares lower than the \$140,000,000 authorized amount for the capitalization period.....	11
8.2.3 Class A Issuance share subscription application.....	12
8.2.4 Appointments in person or by telephone.....	12
8.3 PRIOR CLASS A ISSUANCE SALES OR OFFERINGS.....	12
9. PLAN OF DISTRIBUTION FOR CLASS B EXCHANGE SHARES.....	12
9.1 SUBSCRIPTION FOR CLASS B EXCHANGE SHARES.....	12
9.2 OFFERING PROCESS FOR CLASS B EXCHANGE SHARES.....	13
9.2.1 Class B Exchange share subscription application.....	13
9.2.2 Details of distribution for Class B Exchange shares.....	13
9.2.2.1 Demand for shares higher than the \$50,000,000 authorized amount for the capitalization period.....	13
9.2.2.2 Demand for shares lower than the \$50,000,000 authorized amount for the capitalization period.....	13
9.3 PRIOR CLASS B EXCHANGE SALES OR OFFERINGS.....	14
10. TERMS AND CONDITIONS OF REDEMPTION OR PURCHASE BY AGREEMENT.....	14
10.1 GENERAL RULES.....	14
10.2 REDEMPTION UNDER THE ACT.....	14
10.2.1 Redemption criteria.....	14
10.2.2 Redemption timeframe.....	16
10.3 PURCHASE BY AGREEMENT.....	16
10.3.1 Purchase-by-agreement criteria.....	16

10.3.2	Management of purchase-by-agreement policy .....	16
10.3.3	Purchase-by-agreement timeframe .....	17
10.4	SHARE PRICE ON REDEMPTION OR PURCHASE BY AGREEMENT .....	18
<b>11.</b>	<b>SHARE TRANSFER.....</b>	<b>18</b>
11.1	CAN SHARES BE TRANSFERRED TO ANOTHER PERSON?.....	18
11.2	CAN SHARES BE TRANSFERRED INTO AN RRSP, A RRIF OR A TFSA? .....	18
<b>12.</b>	<b>TAX CONSIDERATIONS FOR SHAREHOLDERS.....</b>	<b>18</b>
12.1	GENERAL .....	18
12.2	REVOCAION OF TAX CREDIT FOLLOWING REDEMPTION OR PURCHASE BY AGREEMENT .....	19
12.3	TAX CONSIDERATIONS OF EXCHANGING SHARES.....	19
12.4	TAX CONSIDERATIONS OF REDEMPTION OR PURCHASE BY AGREEMENT .....	19
12.5	RECOVERY OF TAX CREDIT .....	19
<b>13.</b>	<b>SHAREHOLDERS' RIGHTS.....</b>	<b>20</b>
<b>14.</b>	<b>HOW IS A SHARE OF CRCD VALUED? .....</b>	<b>21</b>
<b>15.</b>	<b>RISK FACTORS.....</b>	<b>21</b>
<b>16.</b>	<b>SHAREHOLDER INFORMATION .....</b>	<b>23</b>
<b>17.</b>	<b>SHAREHOLDER PERSONAL INFORMATION .....</b>	<b>23</b>
<b>18.</b>	<b>EXEMPTIONS.....</b>	<b>23</b>
<b>19.</b>	<b>RIGHTS OF WITHDRAWAL AND RESCISSION.....</b>	<b>24</b>
<b>20.</b>	<b>CERTIFICATE OF CRCD.....</b>	<b>24</b>
<b>21.</b>	<b>CERTIFICATE OF THE MANAGER .....</b>	<b>25</b>

## 1. BASIC INFORMATION ON SHARES

Despite the provisions of the *Act constituting Capital régional et coopératif Desjardins* (the Act) in respect of the capitalization of CRCD, the Minister of Finance of Québec in his 2021–2022 Budget tabled on March 25, 2021 authorized CRCD to raise an annual maximum of \$140,000,000 as Class A Issuance shares for its capitalization period beginning March 1, 2021 and ending February 28, 2022.

CRCD was also authorized to exchange Class A Issuance shares for Class B Exchange shares up to an annual maximum of \$50,000,000 for its capitalization period beginning March 1, 2021 and ending February 28, 2022 (see SHARE CAPITAL AND CAPITALIZATION LIMITS).

The Board of Directors determines the Share price twice a year, on dates six (6) months apart. It may also determine other prices at other times in the year. The Share price is set as at the end date of each six-month period, being June 30 or December 31, and must be published within 90 days after the end of that six-month period. It takes effect as of the publication date, which is generally within 40 to 50 days after June 30 or December 31 of each year. The new Share price is announced in a press release. It is also posted on CRCD's website and included in the statement of account made available twice a year to all shareholders. Shares may be subscribed for, redeemed or purchased by agreement at the Share price in effect at the time the transaction request is accepted, unless CRCD elects to process requests received at the next price to be determined and published by the Board of Directors. At all times throughout the year, the issuance (including exchange), redemption and purchase-by-agreement price of Shares and fractional Shares is identical for both classes of shares (see HOW IS A SHARE OF CRCD VALUED?).

For Class A Issuance shares, the minimum amount of the initial subscription for each capitalization period is \$500 and, for that capitalization period, each additional subscription must be a multiple of \$100. The maximum amount for each capitalization period is \$3,000. Class A Issuance shares are sold through AccèsD Internet for investors who have signed up for that service and by authorized employees at participating Desjardins caisses in Québec (the Caisses), mandated for that purpose by CRCD, for investors who do not have AccèsD Internet (see PLAN OF DISTRIBUTION FOR CLASS A ISSUANCE SHARES). In all cases, investors may visit a Caisse for support or financial advice.

Class B Exchange shares or fractional shares may be subscribed for only by exchanging an equal number of Class A Issuance shares or fractional shares held for at least seven (7) years starting from the subscription acceptance date, subject to the conditions set out in section 9.1. The minimum value for requesting an exchange of Class A Issuance shares for Class B Exchange shares is \$500 and the maximum allowable exchange value is \$15,000 per capitalization period (see PLAN OF DISTRIBUTION FOR CLASS B EXCHANGE SHARES).

Only a natural person may acquire CRCD Shares.

CRCD is a development capital investment fund. The proceeds of this offering will be allocated for investment in eligible small- and medium-sized enterprises (SME) and cooperatives or for extending unsecured loans to such businesses. In addition, CRCD invests in various partner funds with a shared vision for economic development. Information concerning CRCD's objectives in respect of the proceeds it is authorized to raise under this offering, per capitalization period, is provided in INVESTMENTS and USE OF PROCEEDS OF THE OFFERING. CRCD has entrusted the management of its operations, including the management of its Investments impacting the Québec economy portfolio and its Other investments portfolio, to Desjardins Capital Management Inc. (Desjardins Capital).

**The CRCD Shares do not constitute an eligible investment and cannot therefore be acquired by or transferred into a Registered Retirement Savings Plan (RRSP), a Registered Retirement Income Fund (RRIF) or a Tax-Free Savings Account (TFSA), among others.**

**In view of the special characteristics and inherent risks of this offering, prospective investors should carefully review the information contained herein before making an investment decision. The Shares offered hereunder are subject to certain risk factors (see RISK FACTORS).**

**THE ACQUISITION OF A SHARE OF CRCD SHOULD GENERALLY BE REGARDED AS A LONG-TERM INVESTMENT. There is currently no market for the sale of CRCD's Shares and none is anticipated, except as regards the right of redemption provided for by the Act, purchases by agreement, subject to certain conditions set out in a policy to that effect, or transfers authorized by CRCD to beneficiaries through an estate (see SHARE CAPITAL AND CAPITALIZATION LIMITS and TERMS AND CONDITIONS OF REDEMPTION OR PURCHASE BY AGREEMENT).**

**CRCD Shares are not deposits within the meaning of the *Deposit Insurance Act* (Québec) and are therefore not insured under that act or any equivalent statute adopted by any other legislative authority.**

Legal and tax matters in connection with this offering are reviewed by the in-house legal counsel and tax specialists of the Fédération des caisses Desjardins du Québec (the Federation).

An investment in CRCD should provide certain tax benefits. For more information on such benefits and the tax considerations of the redemption or purchase by agreement of Shares, refer to TAX CONSEQUENCES FOR SHAREHOLDERS.

New shareholders must pay administrative fees of \$50 (including taxes) on opening an account. There is also an administrative fee of \$50 (including taxes) required on closing an account. No fees are payable by the shareholder on the acquisition, exchange or sale of CRCD Shares (see ADMINISTRATIVE FEES PAYABLE BY SHAREHOLDERS). Including management fees, shareholder services expenses and operating expenses, CRCD's total operating expense and common Share issue expense ratio, as stated in the annual management discussion and analysis as at December 31, 2020, was 1.8% of CRCD's net assets for the year then ended.

## 2. THE COMPANY

### 2.1 GENERAL DESCRIPTION

CRCD is a legal person with share capital, constituted on July 1, 2001 on the initiative of Desjardins Group. The *Act constituting Capital régional et coopératif Desjardins*, CQLR c. C-6.1, was assented to by the Assemblée nationale du Québec on June 21, 2001 and came into force on July 1, 2001.

CRCD also operates under the name Desjardins Capital régional et coopératif. Its head office is located at 100 rue des Commandeurs, Lévis, Québec G6V 7N5.

CRCD is an investment company devoted mainly to fostering investment in the resource regions of Québec and meeting the capital needs of cooperatives.

To achieve its objective, CRCD issues a share offering to the Québec public.

CRCD is not a finite-life entity.

### 2.2 ORGANIZATION AND MANAGEMENT DETAILS

In connection with its operations, CRCD uses the services of various entities, the majority of which form part of Desjardins Group. All services rendered to CRCD by such entities are provided at or below their fair market value.

<b>FUND MANAGER</b>	CRCD has entrusted the management of its operations, including the management of its Investments impacting the Québec economy portfolio and its Other investments portfolio, to Desjardins Capital Management Inc. (Desjardins Capital or the Manager), a Desjardins Group corporation, pursuant to the terms of a management agreement concluded between them. Under this agreement, CRCD pays Desjardins Capital management fees equivalent to a maximum rate of 1.75% of CRCD's annual average assets' value, after deduction of any amounts payable related to Investments impacting the Québec economy and Other investments. An adjustment is made to the management fees to avoid double billing relative to CRCD's interest in other investment funds, either in the Investments impacting the Québec economy portfolio or in the Other investments portfolio. The Manager and CRCD have agreed that, for a given fiscal year, an adjustment could also be made to allow CRCD to benefit from economies of scale realized by Desjardins Capital in particular in relation to the growth in CRCD's assets.
<b>PORTFOLIO ADVISORS</b>	The Manager engages external portfolio advisors for the day-to-day operation of a significant portion of CRCD's Other investments portfolio. Firstly, the Manager has engaged Desjardins Global Asset Management Inc. as portfolio advisor to implement fixed-income securities strategies, as well as for money market instrument and foreign exchange hedge management. The Manager has also engaged Desjardins Global Asset Management Inc. for monitoring investments in funds managed by external managers, as well as for overall financial asset portfolio changes and market monitoring. Secondly, the Manager has engaged Connor, Clark & Lunn Investment Management as portfolio advisor to implement market neutral equity strategies.
<b>REGISTRAR AND TRANSFER AGENT</b>	CRCD has appointed Desjardins Trust Inc. (Desjardins Trust), a Desjardins Group corporation, as its registrar and as its agent for Shares transferred through an estate. Desjardins Trust also acts as intermediary for the mailing of certain communications to shareholders and provides support for the processing of requests for redemption and purchase by agreement on behalf of CRCD.
<b>CUSTODIAN</b>	Desjardins Trust also serves as custodian under a custody and administration agreement.

<b>SUB-CUSTODIAN</b>	CRCD also deals with the Federation as a sub-custodian under a sub-custodian agreement to which Desjardins Trust is also a party. Desjardins Trust Inc. has also appointed Desjardins Securities Inc. and State Street Corporation as sub-custodians under the custody and administration agreement.
<b>DISTRIBUTION OF SHARES</b>	CRCD has appointed the Federation to distribute its Shares through the Caisses and via AccèsD Internet and has entrusted the Caisses with the activities related to the distribution of its Shares (see PLAN OF DISTRIBUTION FOR CLASS A ISSUANCE SHARES and PLAN OF DISTRIBUTION FOR CLASS B EXCHANGE SHARES).
<b>SCRUTINEER</b>	CRCD has entrusted the mandate as scrutineer, with responsibility for communicating information relating to the 2021 Annual General Meeting of Shareholders to Computershare Investor Services Inc.
<b>AUDIT</b>	<p>PricewaterhouseCoopers LLP audits the separate financial statements of CRCD to ensure that they present fairly, in all material respects, the financial position of CRCD, its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The financial statements disclose the Share price. The firm also audits the schedule of cost of Investments impacting the Québec economy in accordance with the provisions of Article 18 of the <i>Regulation respecting Development Capital Investment Fund Continuous Disclosure</i>.</p> <p>The auditor is independent within the meaning of the <i>Code of Ethics of Chartered Professional Accountants (Québec)</i>.</p>

CRCD also transacts with the Federation in its capacity as dealer in foreign exchange contracts.

For more information concerning organization and management details, see CRCD's Annual Information Form.

### 3. DESCRIPTION OF BUSINESS

#### 3.1 GENERAL DESCRIPTION

Under the Act, the main functions of CRCD are:

- to raise development capital for the benefit of the resource regions and the cooperative sector;
- to promote the economic development of the resource regions through investments in eligible entities operating in those regions. These resource regions are: Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte-Nord, Gaspésie-Îles-de-la-Madeleine, Mauricie, Nord-du-Québec and Saguenay-Lac-Saint-Jean;
- to support the cooperative movement throughout Québec by investing in eligible cooperatives;
- to support eligible entities in their start-up and development stages;
- to stimulate the Québec economy through investments in all parts of the territory of Québec.

#### 3.2 INVESTMENTS

##### 3.2.1 Investment policies and standards

Pursuant to the Act, CRCD may make investments, and this includes any financial assistance granted in the form of a loan, guarantee, security, the acquisition of bonds or other debt securities, an interest in share capital, capital stock or any other form.

One of CRCD's priorities is to make investments dedicated to the resource regions of Québec and to meet the financing needs of cooperatives. CRCD invests in economically viable partnerships, legal persons and cooperatives offering a potential return proportionate to perceived risk.

CRCD's eligible investments, as defined in the Act, must represent on average at least 65% of CRCD's average net assets for the preceding year. Furthermore, a portion representing at least 35% of that percentage must be made in entities situated in the resource regions of Québec or in eligible cooperatives, as defined in the Act. Note that investments made in certain territories facing economic difficulties named in the Act are considered made in resource regions.

For the purposes of these standards, average net assets for a fiscal year are mainly determined by adding net assets at the beginning of the year in question to net assets at the end of the year in question, and dividing the resulting amount by two. Average eligible investments for a fiscal year are determined substantially the same way, namely by adding these eligible investments at the beginning of the year in question to eligible investments at the end of the year in question, but with certain

statutory adjustments, and dividing the resulting amount by two. Net assets do not include movable or immovable property used by CRCD to carry on its operations.

In the event of failure to comply with either of these requirements, a reduction of the amount of capital authorized for issue during the capitalization period following the end of the fiscal year will be imposed.

### 3.2.2 Eligible entities

For the purposes of the Act, “eligible entity” means either of two (2) enterprise types:

- 3.2.2.1** an eligible cooperative, that is, a legal person governed by the *Cooperatives Act* (CQLR, c. C-67.2) or a legal person governed by the *Canada Cooperatives Act* (Statutes of Canada, 1998, chapter 1), having its head office in Québec, or in respect of which half of the salaries paid to its employees, during its fiscal year ended before the date on which the investment is made, were paid to the employees of an establishment situated in Québec, and the legal persons controlled by one or several cooperatives or controlled by one or several cooperatives and CRCD;
- 3.2.2.2** a partnership or a legal person actively operating an enterprise, the majority of whose employees are resident in Québec and whose assets are less than \$100,000,000 or whose net equity is less than \$50,000,000, other than an eligible cooperative or a partnership or legal person whose activities consist mainly in investing. In this connection, the assets or net equity of an eligible entity are the assets or net equity shown in its financial statements for the fiscal year ended before the date on which the investment is made, minus the write-up surplus of its property and intangible assets. In the case of an entity that has not completed its first fiscal year, a chartered accountant must confirm in writing to CRCD that, immediately before the investment, the entity’s assets or net equity, as the case may be, are under the limits prescribed by the Act.

For more information concerning the investment requirements set out in the Act and eligible investments, investors should refer to section 2.1. of the Annual Information Form.

### 3.2.3 Policies of the Board of Directors

#### 3.2.3.1 Financial asset management

CRCD’s financial assets, consisting primarily of investments impacting the Québec economy and other investments, are managed in accordance with a global financial asset management policy adopted by CRCD’s Board of Directors. This policy is designed to facilitate achievement of CRCD’s mission and objectives while satisfying the criteria for eligible investments. CRCD invests in a conservative manner, focused on healthy diversification and reasonable overall risk in the best interests of its shareholders. To this end, the financial asset management strategy is as follows:

- CRCD’s financial assets are managed in an integrated, comprehensive manner, which means that target asset allocation must be structured to reduce the risk inherent to certain asset classes in the investment portfolios through diversification;
- the objective is to optimize the after tax risk/return ratio of CRCD’s financial assets in compliance with its role as an economic development agent, ensuring that the Shares remain attractive to shareholders with due consideration to the tax credit they enjoy;
- a sufficient portion of CRCD’s financial assets must be invested in liquid securities to meet any Share redemption requests in excess of its Class A Issuance share issues and agreed upon commitments in the Investments impacting the Québec economy portfolio, taking into account available credit facilities;
- a sufficient portion of the financial assets of CRCD must also be invested in income-generating securities to cover CRCD’s current expenses.

CRCD’s Other Investments portfolio may include international securities such as bonds or common stock, but must comply with set guidelines concerning the quality of securities and concentration risk.

CRCD’s Board of Directors has created a Financial Asset Management Committee whose primary mandate is to coordinate and match CRCD’s financial assets to optimize the risk/return balance and, in this respect, make recommendations to the Board concerning the following issues, among others:

- updates to the global financial asset management policy and the guidelines relating to the underlying investments;
- the hiring of portfolio advisors by Desjardins Capital;



- deviations, as applicable, from the policy and guidelines;
- controlling the risks the Committee is tasked with monitoring.

The Committee monitors CRCD's performance and ensures its compliance with the legislation and regulations relating to financial assets.

### **3.2.3.2 Investments impacting the Québec economy portfolio**

The investment profiles of the Investments impacting the Québec economy portfolio make up a significant portion of CRCD's financial assets. This portion should gradually increase to about 65% as the pace of Share redemptions and exchanges of Class A Issuance shares for Class B Exchange shares levels off as expected.

CRCD invests in economically viable enterprises and cooperatives offering a potential return proportionate to perceived risk. Applications are assessed according to specific criteria, including the competence of the management team, the market position and growth potential of the business, the organization, working methods and calibre of the workforce, product or service quality and price/market fit and export potential, operational and production management, financial standing and profit potential. In addition, to reduce the risk associated with its investments, CRCD aims for healthy diversification across industry sectors and Québec regions, with respect to the size of its investments, the development stage and the type of financial instruments used to make the investments.

CRCD may invest up to 5% of its assets in a single eligible entity or eligible cooperative and the investment is generally planned for a period of three (3) to twenty (20) years.

CRCD makes development capital and venture capital investments, often acquiring an interest, either as shares or preferred shares or as members' shares in an eligible entity or as unsecured loans.

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## **4. SHARE CAPITAL AND CAPITALIZATION LIMITS**

CRCD is authorized to issue Class A Issuance and Class B Exchange common shares and fractional common shares without par value. For each of the capitalization periods beginning March 1, 2021 and ending February 28, 2022, and March 1, 2022 and ending February 28, 2023, CRCD is authorized exceptionally to raise a maximum amount of \$140,000,000 as Class A Issuance shares and to exchange Class A Issuance shares for Class B Exchange shares up to a maximum of \$50,000,000. The issuance of Class B Exchange shares or fractional shares neither increases nor decreases net assets.

For capitalization periods beginning after February 28, 2023, CRCD may raise, per capitalization period, the lesser of \$150,000,000 in Class A Issuance shares and the amount corresponding to the reduction in paid-up capital attributable to all Shares and fractional Shares redeemed or purchased by agreement by CRCD during the preceding capitalization period. CRCD will no longer be authorized to exchange Class A Issuance shares for Class B Exchange shares without obtaining further permission to do so from the provincial government.

A special tax is payable by CRCD if it fails to comply with the limit applicable to Class A Issuance shares and Class B Exchange shares.

A capitalization period is a period of twelve (12) months beginning on March 1 of each year. The minimum mandatory holding period for the Shares is seven (7) years starting from the date the subscription is accepted. Shares may be redeemed or purchased by agreement by CRCD during this seven-year period under certain conditions (see REDEMPTION UNDER THE ACT and PURCHASE BY AGREEMENT). Shareholders may submit a request to CRCD for redemption of their Class A Issuance shares within thirty (30) days of their subscription date. Only a natural person may acquire or hold CRCD Shares or fractional Shares.

Further, CRCD may, at its discretion, restrict or suspend the issuance of its Shares during the offering period. In that event, CRCD reserves the right, at any time, to commence or resume the issuance of its Shares, without notice or formality other than the publication of a press release to that effect.

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## **5. USE OF PROCEEDS**

### **5.1 USE OF PROCEEDS OF THE OFFERING**

The proceeds of this offering will be allocated to investments. For the most part, the Investments impacting the Québec economy portfolio consists of interests in the share capital or partnership capital of small- and medium-sized enterprises (SME) and eligible cooperatives and of unsecured loans to such enterprises. In addition, CRCD invests in various partner funds with a shared vision for economic development. The Other investments portfolio consists primarily of bonds, money market instruments, real estate funds, and global, Canadian and market neutral equity funds.

Information regarding the proceeds CRCD is authorized to raise under this offering, by capitalization period, is covered under SHARE CAPITAL AND CAPITALIZATION LIMITS.

## **5.2 DISTRIBUTION POLICY**

CRCD has a policy of reinvesting annual income from its operations proceeds from disposals and not paying dividends to shareholders to increase its capital available for investment in eligible entities and create Share appreciation.

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## **6. CHARGES**

### **6.1 ADMINISTRATIVE FEES PAYABLE BY SHAREHOLDERS**

The only fees payable to CRCD with respect to the Shares are administrative fees of \$50 (including taxes) required on opening an account and administrative fees of \$50 (including taxes) on closing an account. However, CRCD's Board of Directors reserves the right to modify its policy with respect to fees at any time. In such an event, CRCD undertakes to advise its shareholders in writing at least thirty (30) days in advance of any change to its policy with respect to fees.

### **6.2 OPERATING EXPENSES**

CRCD pays Desjardins Capital management fees equivalent to a maximum rate of 1.75% of CRCD's annual average assets' value, after deduction of any amounts payable related to Investments impacting the Québec economy and Other investments. An adjustment is made to the management fees to avoid double billing relative to CRCD's interest in other investment funds, either in the Investments impacting the Québec economy portfolio or in the Other investments portfolio (see ORGANIZATION AND MANAGEMENT DETAILS). The Manager and CRCD have agreed that, for a given fiscal year, an adjustment could also be made to allow CRCD to benefit from economies of scale realized by Desjardins Capital in particular in relation to the growth in CRCD's assets.

CRCD also incurs shareholder services expenses made up essentially of IT development, trustee and reporting fees, as well as other operating expenses, consisting mainly of custodial and professional fees, including the annual fee payable to the Federation in connection with distribution of CRCD's shares, audit fees and directors' compensation.

Including management fees, shareholder services expenses and operating expenses, CRCD's total operating expense and common Share issue expense ratio, as stated in the annual management discussion and analysis as at December 31, 2020, was 1.8% of CRCD's net assets for the year then ended.

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## **7. REGISTERED RETIREMENT SAVINGS PLAN, REGISTERED RETIREMENT INCOME FUND AND TAX-FREE SAVINGS ACCOUNT**

The CRCD Shares do not constitute an eligible investment and cannot therefore be acquired by or transferred into a Registered Retirement Savings Plan (RRSP), a Registered Retirement Income Fund (RRIF) or a Tax-Free Savings Account (TFSA), among others.

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## **8. PLAN OF DISTRIBUTION FOR CLASS A ISSUANCE SHARES**

### **8.1 SUBSCRIPTION FOR CLASS A ISSUANCE SHARES**

CRCD shall determine the start date on which it shall accept Class A Issuance share subscriptions under this prospectus. CRCD shall advise investors of this date through a press release.

The minimum amount of the initial subscription for each capitalization period is \$500 and, for that capitalization period, each additional subscription must be a multiple of \$100. The maximum subscription amount for each capitalization period is \$3,000. New shareholders must pay administrative fees of \$50 (including taxes) on opening an account. No charges are payable by shareholders on the acquisition, exchange or sale of CRCD Shares (see ADMINISTRATIVE FEES PAYABLE BY SHAREHOLDERS).

Investors must complete the subscription form provided for that purpose, either on AccèsD Internet or at a Caisse, and pay the amount of their subscription together with the administrative fees on opening an account, in the case of a new account, in a single instalment, in cash, by cheque or by funds transfer. The Federation, which is responsible for the distribution of the Shares, will forward the subscription and payment to CRCD. CRCD reserves the right to accept or refuse, in whole or in part, any subscription application. A subscription will be accepted or refused within no more than thirty (30) days. In the event of refusal, CRCD will reimburse the price paid upon subscription and, in the case of a new account, the administrative fees paid on opening the account, without interest, within a maximum of five (5) days.

Within applicable limits, CRCD issues the subscribed Class A Issuance shares as subscriptions are accepted and Class A Issuance shares are paid for. Shares are subscribed for at the price in effect on the date the application is accepted. However, CRCD may elect to process Share subscription requests at the next price to be determined and published by the Board of Directors. This could occur, in particular, if the Board of Directors were to determine that the last published price no longer substantially represented the deemed value of CRCD's assets on the subscription acceptance date and that it was in CRCD's best interests to process such applications at the next price to be determined. Note that the difference between the last published price and the deemed value of CRCD's assets is due to the method specified in the Act for fixing the price of the Shares and may be amplified in the event of significant market volatility (see RISK FACTORS). In that event, CRCD would advise investors by way of a press release (see HOW IS A SHARE OF CRCD VALUED?).

**To subscribe for CRCD Class A Issuance shares, it is not necessary to be or to become a member of a Caisse.**

## 8.2 OFFERING PROCESS FOR CLASS A ISSUANCE SHARES

To subscribe for Class A Issuance shares, investors must have been selected (see CLASS A ISSUANCE SHARE PRE-SUBSCRIPTION APPLICATION and SELECTION PROCESS FOR CLASS A ISSUANCE SHARES).

### 8.2.1 Class A Issuance share pre-subscription application

To subscribe for CRCD Class A Issuance shares, investors must complete the pre-subscription form available on the Desjardins Group website at [www.desjardins.com/crcd](http://www.desjardins.com/crcd) or via AccèsD Internet during the three-week (3) pre-subscription period set by CRCD and published in a press release. Suitability is validated when the form is completed and only those applications that meet the suitability criteria are eligible.

When completing the form, investors must choose the desired amount of their subscription and select the Caisse with which they wish to do business. **If an amount less than the maximum allowable is chosen, it cannot be increased after the deadline.**

Depending on demand for CRCD shares, investors could be selected at random for a review of their pre-subscription from among all those who completed the form during the pre-subscription period and meet the suitability criteria. **In such a case, the probability of being selected is the same for all investors regardless of when the form is completed during the pre-subscription period, the desired amount of the subscription or the choice of Caisse. Only one form may be completed per investor. Any additional request will be refused.**

**Completing the form does not automatically guarantee acceptance of the subscription.**

Investors who do not have access to the online form must go to the Caisse of their choice where an employee will help them complete the form.

### 8.2.2 Selection process for Class A Issuance shares

#### 8.2.2.1 Demand for shares higher than the \$140,000,000 authorized amount for the capitalization period

At the end of the pre-subscription period, if demand for Class A Issuance shares is higher than the amount authorized for the capitalization period, investors will be selected at random from among all those who completed the pre-subscription form and meet the suitability criteria, under the independent supervision of the Desjardins Group Monitoring Office. This will create a random list that determines the order in which pre-subscription requests will be reviewed. Investors selected will then be contacted to make a subscription within a maximum time of five (5) weeks starting from the date on which CRCD begins to accept subscriptions.

After that time period, if an amount of Shares is still available, the next investors on the originally prepared list will be contacted in turn until the full amount authorized for the capitalization period has been reached.

Investors who have not been selected will be informed by mail or email.

#### 8.2.2.2 Demand for shares lower than the \$140,000,000 authorized amount for the capitalization period

At the end of the pre-subscription period, if demand for Class A Issuance shares is lower than the amount authorized for the capitalization period, all investors who have completed the form and meet the suitability criteria will be contacted to make a subscription within a maximum time of five (5) weeks starting from the date on which CRCD begins to accept subscriptions.

After that time period, interested new investors may apply by completing the form provided for this purpose, until the authorized amount for the capitalization period is reached, on a first-come, first-served basis.

### 8.2.3 Class A Issuance share subscription application

8.2.2 Subject to the possibility of acquiring Class A Issuance shares pursuant to section 8.2.2, investors who have signed up for AccèsD Internet will submit subscription applications via AccèsD Internet and investors who do not have access to AccèsD Internet will submit subscription applications by appointment with a Caisse. In all cases, investors may visit a Caisse for support or financial advice.

CRCD reserves the right to accept or decline, in whole or in part, any request for subscription (see SUBSCRIPTIONS FOR CLASS A ISSUANCE SHARES).

### 8.2.4 Appointments in person or by telephone

8.2.2 Subject to the possibility of acquiring Class A Issuance shares according to section 8.2.2, investors who are existing CRCD shareholders who have not signed up for AccèsD Internet may choose to make an appointment in person or by telephone at their chosen Caisse to submit their subscriptions. In cases where investors choose an appointment by telephone, an authorized employee will proceed with their subscriptions on their verbal instructions on condition that they already hold CRCD shares at the chosen Caisse and that they complete and sign their subscription forms within 14 days after the date of their appointment.

New shareholders of CRCD who do not subscribe via AccèsD Internet must make an appointment in person at their chosen Caisse to complete and sign their subscription forms.

## 8.3 PRIOR CLASS A ISSUANCE SALES OR OFFERINGS

Period	Share price	Number of Class A Issuance shares issued
February 13, 2020 to August 13, 2020	\$15.94	0
August 14, 2020 to February 11, 2021	\$15.07	9,286,251
February 12, 2021 to July 19, 2021	\$16.22	0

## 9. PLAN OF DISTRIBUTION FOR CLASS B EXCHANGE SHARES

### 9.1 SUBSCRIPTION FOR CLASS B EXCHANGE SHARES

CRCD shall determine the start date on which it shall accept Class B Exchange share subscriptions under this prospectus. CRCD shall advise investors of this date through a press release.

Only CRCD shareholders who have held Class A Issuance shares for at least seven (7) years and who, on the subscription date, have never requested a redemption (other than within thirty (30) days of subscribing) or purchased them by agreement (other than for absence of tax credit) may acquire Class B Exchange shares or fractional shares.

To subscribe for CRCD Class B Exchange shares, it is not necessary to be or to become a member of a Caisse.

Class B Exchange shares or fractional shares may only be subscribed for by exchanging an equivalent number of Class A Issuance shares or fractional shares held for at least seven (7) years at the time of acceptance of the subscription. The minimum value for requesting an exchange of Class A Issuance shares for Class B Exchange shares is \$500 and the maximum value is \$15,000 per capitalization period.

No fees are payable by shareholders on the acquisition, exchange or sale of CRCD Shares (see ADMINISTRATIVE FEES PAYABLE BY SHAREHOLDERS).

Eligible shareholders must complete the exchange subscription form provided for that purpose and consent to exchange their Class A Issuance shares for Class B Exchange shares for the maximum amount stated on their form. The exchange value accepted will be prorated to total demand for the Class B Exchange shares (see DETAILS OF DISTRIBUTION FOR CLASS B EXCHANGE SHARES).

CRCD reserves the right to accept or refuse, in whole or in part, any subscription application. A subscription will be accepted or refused before the last day of the particular capitalization period. Shares are exchanged at the price in effect on the date the application is accepted. However, CRCD may elect to process Share exchange requests at the next price to be determined and published by the Board of Directors. This could occur, in particular, if the Board of Directors were to determine that the last published price no longer substantially represented the deemed value of CRCD's assets on the exchange acceptance date and that it was in CRCD's best interests to process such applications at the next price to be determined. Note that any difference between the last price

published and the deemed value of CRCD's assets is due to the method specified in the Act for fixing the price of the Shares and may be amplified in the event of significant market volatility (see RISK FACTORS). In that event, CRCD would advise investors by way of a press release (see HOW IS A SHARE OF CRCD VALUED?).

Shareholders may request the cancellation of a subscription for Class B Exchange shares by making a written request to CRCD within thirty (30) days of the date of acceptance of their subscription. Cancellation of the subscription for Class B Exchange shares is made within a reasonable time following the date of the cancellation request. Usually this is not more than thirty (30) days following the date on which the application is made. In such a case, CRCD cancels the shareholder's Class B Exchange shares and issues to them the Class A Issuance shares originally exchanged.

## 9.2 OFFERING PROCESS FOR CLASS B EXCHANGE SHARES

### 9.2.1 Class B Exchange share subscription application

To subscribe for Class B Exchange shares, shareholders must complete the appropriate online form available on the Desjardins Group website at [www.desjardins.com/crcd](http://www.desjardins.com/crcd) using the unique personalized code sent by mail to eligible shareholders, within the prescribed deadlines published, in particular, by way of a press release. Suitability is validated when the form is completed and only those applications that meet the suitability criteria are eligible.

When completing the form, shareholders must select the desired dollar amount of the Class A Issuance shares to be exchanged for Class B Exchange shares. **If a dollar amount less than the maximum allowable is chosen, it cannot be increased after the deadline.**

If total demand for the Class B Exchange shares is higher than the authorized amount of \$50,000,000, exchange requests will be accepted on a pro rata basis.

Subscription applications are reviewed as they are received. Shares are subscribed for at the price in effect on the date the application is accepted. Pursuant to the Act, however, CRCD may elect to process Share subscription requests at the next price to be determined and published by the Board of Directors. In that event, CRCD will advise investors by way of a press release (see HOW IS A SHARE OF CRCD VALUED?).

Investors who do not have access to the online form must go to the Caisse of their choice where an employee will help them complete the form.

### 9.2.2 Details of distribution for Class B Exchange shares

#### 9.2.2.1 Demand for shares higher than the \$50,000,000 authorized amount for the capitalization period

At the end of the stated time period, if demand for Class B Exchange shares is higher than the authorized amount for the capitalization period, the shares will be distributed on a pro rata basis among all investors who completed the form and meet the suitability criteria. The Desjardins Group Monitoring Office will validate the proration determined based on total demand. **Investors will then be advised of the exchange amount allocated to them and their subscription will be accepted prorated to total demand.**

#### 9.2.2.2 Demand for shares lower than the \$50,000,000 authorized amount for the capitalization period

At the end of the stated time period, if demand for Class B Exchange shares is lower than the amount authorized for the capitalization period, all investors who completed the form and meet the suitability criteria, will be able to subscribe for the exchange value indicated on their form. **Investors will be advised accordingly that the requested amount will be allocated to them in full and their subscription will be accepted.**

Subsequently, interested new investors will be able to apply for subscription by completing the form available for that purpose until the full authorized amount for the capitalization period has been reached.

### 9.3 PRIOR CLASS B EXCHANGE SALES OR OFFERINGS

Period	Share price	Number of Class B Exchange shares issued
February 13, 2020 to August 13, 2020	\$15.94	0
August 14, 2020 to February 11, 2021	\$15.07	6,632,436
February 12, 2021 to July 19, 2021	\$16.22	0

## 10. TERMS AND CONDITIONS OF REDEMPTION OR PURCHASE BY AGREEMENT

### 10.1 GENERAL RULES

Generally, due to the minimum holding period of seven (7) years prescribed by the Act, the acquisition of CRCD Shares must be considered a long-term investment.

CRCD may either redeem the Shares in the circumstances prescribed by the Act or purchase them by agreement in the exceptional circumstances described in a policy adopted by CRCD's Board of Directors and approved by the Québec Minister of Finance. **Except in these circumstances, CRCD cannot redeem or purchase Shares by agreement.**

This short form prospectus describes the criteria and requirements applicable for redemption and purchase by agreement of Shares by CRCD. For Share redemption (other than redemption after the minimum holding period of seven (7) years), or purchase by agreement, investors must forward a signed, written request to CRCD giving the grounds for the request and including all required supporting documents. For more information on this procedure, shareholders may visit CRCD's website at [capitalregional.com](http://capitalregional.com) or contact Investor Relations at 1 888 522-3222. Applications made under the purchase-by-agreement policy will be reviewed by the Board of Directors when all required documents are submitted. In the event that a request is not sufficiently documented to permit its approval, CRCD may request additional relevant documents to ensure that the criteria requirements are met.

Administrative fees of \$50 (including taxes) are required on account closing. No fees are payable by shareholders on the acquisition, exchange or sale of CRCD Shares (see ADMINISTRATIVE FEES PAYABLE BY SHAREHOLDERS).

### 10.2 REDEMPTION UNDER THE ACT

#### 10.2.1 Redemption criteria

Under the Act, CRCD is bound to redeem all or part of Shares or fractional Shares upon request in the following circumstances:

- at the request of a person who acquired such Class A Issuance shares or fractional shares from CRCD at least seven (7) years previously, or of a person who subscribed for such Class B Exchange shares or fractional shares at least seven (7) years previously starting from the subscription acceptance date;
- at the request of a person to whom such Shares or fractional Shares devolved by succession;
- at the request of a person who acquired the Class A Issuance shares or fractional shares, if the person makes such request in writing within thirty (30) days from the subscription date; or
- at the request of a person who acquired such Shares or fractional Shares from CRCD if the person is declared, in the manner prescribed by by-law of the Board of Directors, to be suffering from a severe and permanent mental or physical disability which prevents the person from working.

For purposes of the preceding paragraph, according to the Act, a disability is severe only if by reason of the disability a person is regularly incapable of holding any substantially gainful occupation. However, in the case of a person sixty (60) years of age or over, a disability is severe if by reason thereof the person is regularly incapable of carrying on the substantially gainful occupation the person held at the time he or she ceased to work owing to the disability. A disability is permanent only if it is likely to result in death or to be of indefinite duration.

In accordance with CRCD's internal policies, the minimum value for redemption of CRCD Shares after the mandatory holding period of seven (7) years is set at \$100 per transaction, and the minimum balance of a Share account of CRCD is set at \$100. Therefore, a redemption request which would have the effect of reducing the balance of a shareholder's account to an amount of less than \$100 will entail the closing of the account and the return of any amounts owed to the shareholder.

Investors who request a redemption (other than within thirty (30) days of subscribing) cannot claim a tax credit for Share subscriptions taken during the current capitalization period or any subsequent capitalization period (see REVOCATION OF TAX

CREDIT FOLLOWING REDEMPTION OR PURCHASE BY AGREEMENT, TAX CONSIDERATIONS OF REDEMPTION OR PURCHASE BY AGREEMENT and RECOVERY OF TAX CREDIT).

The following table indicates, for each of the redemption criteria prescribed by the Act, CRCD's requirements and any proof that may be required.

<b>REDEMPTION OF SHARES OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS</b>		
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>PROOF REQUIRED</b>
Shares held for at least seven (7) years	<p>Must have acquired Class A Issuance shares or fractional shares from CRCD and have held them for at least seven (7) years, or must have subscribed for Class B Exchange shares or fractional shares at least seven (7) years previously starting from the subscription acceptance date, as applicable.</p> <p>Redemption instruction form must be completed by the shareholder via AccèsD Internet or at a Caisse and delivered to CRCD.</p>	None
Death	Redemption request must be made to CRCD.	<p>Proof of shareholder's death (attestation of death drawn up by physician, or declaration of death from funeral director or copy of act of death issued by the government).</p> <p><b>AND</b></p> <p>Original or true copy (certified photocopy) of will (search for a will and probate may be required) or marriage contract if it contains a testamentary provision or, failing the above documents, sworn declaration of transmission by death.</p>
Redemption request made within thirty (30) days of subscription date	<p>Must have acquired Shares or fractional Shares of CRCD. Request for redemption must be made to CRCD within thirty (30) days of subscription date.</p> <p>A redemption request for Class B Exchange shares (cancellation of the exchange transaction) is carried out by issuing to the shareholder the Class A Issuance shares originally exchanged.</p>	None

REDEMPTION OF SHARES OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS		
CRITERIA	REQUIREMENTS	PROOF REQUIRED
Severe and permanent mental or physical disability preventing shareholder from working	<p>Must have become disabled after Shares were issued.</p> <p>If shareholder is under 60:</p> <p>Must be regularly incapable of holding any substantially gainful occupation.</p> <p>If shareholder is 60 or over:</p> <p>Must be regularly incapable of carrying on the substantially gainful occupation held at the time the shareholder ceased working owing to the disability.</p> <p>Share redemption request must be made to CRCD.</p>	<p>Proof of substantially gainful occupation held.</p> <p><b>AND</b></p> <p>Notice of acceptance as disabled contributor by Retraite Québec (Québec Pension Board).</p> <p>Or</p> <p>Declaration signed by shareholder and shareholder's physician regarding shareholder's severe and permanent disability.</p>

### 10.2.2 Redemption timeframe

Shares will be redeemed within a reasonable time following the request for redemption. Usually this is not more than thirty (30) days following the date on which the request is made and all required documents are submitted, absent a decision of the Board of Directors to process the redemption requests at the next price to be determined and published by the Board of Directors (see SHARE PRICE ON REDEMPTION OR PURCHASE BY AGREEMENT).

Furthermore, pursuant to the *Companies Act* (Québec), CRCD must meet certain financial tests before making a payment for redeemed Shares. These tests relate to the solvency and the maintenance of CRCD's capital so that it can pay its liabilities when due. Consequently, payment of the price of the Shares may be delayed until CRCD is able to purchase them without infringing these tests. No interest will be paid by CRCD during the time that may elapse before the payment of the redeemed Shares. CRCD complies with these solvency test requirements and has never delayed a redemption due to a failure to satisfy these tests.

## 10.3 PURCHASE BY AGREEMENT

### 10.3.1 Purchase-by-agreement criteria

Shares acquired may not be disposed of or transferred to another person, by sale or otherwise, with the exception of a transfer to beneficiaries through an estate. However, CRCD may purchase a Share or fractional Share by agreement only where provided by the purchase-by-agreement policy adopted by the Board of Directors and approved by the Québec Minister of Finance.

Purchase by agreement may only be authorized if it is for the personal benefit of the shareholder.

Investors who request a purchase by agreement (other than for absence of tax credit) by CRCD cannot claim a tax credit for subscriptions taken during the current capitalization period or any subsequent capitalization period (see TAX CONSIDERATIONS OF REDEMPTION OR PURCHASE BY AGREEMENT and RECOVERY OF TAX CREDIT).

### 10.3.2 Management of purchase-by-agreement policy

The Board of Directors is charged with interpreting and applying the purchase-by-agreement policy. CRCD's decisions regarding requests for purchase by agreement are made in compliance with the principle of the permanency of CRCD's capital.

In every case, requests for purchase by agreement must be made in writing and submitted together with all relevant proof and documents. The request may be for all or a portion of the Shares. In the latter case, purchase by agreement is limited to the particular Shares. However, CRCD will convert any request for partial purchase into a request for purchase of all Shares held with a view to closing the account if acceptance of the request would result in an outstanding balance of fewer than 50 Shares. However, a request for partial purchase due to the absence of a tax credit may only be converted into a request for purchase of all Shares held with a view to closing the account with the express consent of the shareholder. Administrative



fees of \$50 (including taxes) are payable on account closing. The grounds on which CRCD may authorize the purchase by agreement of Shares and the information required to support the shareholder's request are set forth in the following table. The table forms an integral part of CRCD's purchase-by-agreement policy.

It is CRCD's intention to authorize all requests that substantiate the claimed criterion and meet the requirements and principles for applying the policy.

<b>PURCHASE BY AGREEMENT OF SHARES OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS</b>		
<b>CRITERIA</b>	<b>REQUIREMENTS</b>	<b>PROOF REQUIRED AND COMMENTS</b>
Absence of tax credit	<p>Must have subscribed for Shares without being entitled to the tax credit in respect of such Shares, provided that the shareholder's spouse has not benefited from a transfer of the unused portion of the tax credit in respect of acquisition of the Shares.</p> <p><b>OR</b></p> <p>Be subject to the alternative minimum tax in the year of acquisition of the Shares.</p>	<p>Copy of Québec income tax return and notice of assessment or other document delivered by the Ministère du Revenu du Québec indicating value of tax credit granted to shareholder for the year in which Shares were subscribed for.</p> <p><b>AND</b></p> <p>In the event that the shareholder had a spouse at the end of the year in which the Shares were subscribed for, notice of assessment or other document delivered by the Ministère du Revenu du Québec indicating the unused portion of the shareholder's tax credits used to reduce the spouse's income tax payable for the year.</p>
Emigration from Canada	Must have emigrated permanently from Canada.	<p>Visa or immigration certificate for another country.</p> <p><b>AND</b></p> <p>Copy of lease or deed of purchase of a residence outside Canada or proof of employment in another country.</p>
Terminal illness	Must be suffering from a terminal illness.	Confirmation from attending physician.
<p>Urgent need for cash to:</p> <p>Pay an extraordinary and unforeseen expense that must be incurred for the health of the shareholder or one of his or her dependents.</p> <p>Or</p> <p>Replace essential property that has been accidentally destroyed or damaged and for which the shareholder has not received any compensation.</p>	<p>Must have an urgent need for cash.</p> <p><b>AND</b></p> <p>Must have liquidated other redeemable investments (purchase of the Shares by CRCD being a last resort).</p> <p><b>AND</b></p> <p>In the case of an extraordinary and unforeseen expense, must have been obliged to incur it for the health of the shareholder or one of their dependents.</p> <p>In the case of the replacement of essential property, must have suffered a loss that destroyed or damaged the property.</p>	<p>Declaration proving the financial situation of the shareholder and, if applicable, of their spouse (family income, expenditures and net worth).</p> <p><b>AND</b></p> <p>Proof that liquid investments have been cashed.</p> <p><b>AND</b></p> <p>In the case of an extraordinary expense, proof of the expense and of its unforeseen nature and that it is needed for the health of the shareholder or, as applicable, of any of their dependents.</p> <p>In the case of the replacement of essential property, proof of the loss, essential nature of the property and absence of compensation.</p>

### **10.3.3 Purchase-by-agreement timeframe**

The purchase by agreement of Shares takes place within a reasonable time. CRCD strives to ensure that the timeframe is no more than thirty (30) days after the date the request is accepted, absent a decision of the Board of Directors to process the purchase-by-agreement requests at the next price to be determined and published by the Board of Directors (see SHARE PRICE ON REDEMPTION OR PURCHASE BY AGREEMENT).

Additionally, as in the case of a redemption, pursuant to the Companies Act (Québec), CRCD must meet certain financial tests before making a payment for Shares it has purchased. These tests relate to the solvency and the maintenance of CRCD's capital so that it can pay its liabilities when due. Consequently, payment of the price of the Shares may be delayed until CRCD is able to purchase them without infringing these tests. No interest will be paid by CRCD during the time that may elapse before the payment of Shares that are purchased by agreement. CRCD complies with these solvency test requirements and has never delayed a purchase by agreement due to a failure to satisfy these tests.

#### **10.4 SHARE PRICE ON REDEMPTION OR PURCHASE BY AGREEMENT**

The Share price as at the date of this short form prospectus is \$16.22 (see HOW IS A SHARE OF CRCD VALUED?). If qualified shareholders so request, Shares will be redeemed or purchased by agreement by CRCD at the price in effect on the date the request is received. Pursuant to the Act, however, CRCD may elect to process Share redemption or purchase-by-agreement requests at the next price to be determined and published by the Board of Directors. In that event, CRCD advises investors by way of a press release. The redemption and purchase-by-agreement price of Shares and fractional Shares is at all times identical for both classes of Shares.

If a redemption or purchase by agreement is requested between the end date of a six-month period and the Share price publication date, shareholders may elect, at the request date, to have shares redeemed or purchased by agreement at the current Share price or at the new Share price to be determined by the Board of Directors and published by CRCD, except where CRCD has announced through a press release that it will process applications received at the next price to be determined and published by the Board of Directors. If a shareholder chooses redemption or purchase by agreement at the new price, or if CRCD decides to process requests at the new price, the shareholder must wait for it to be set by the Board of Directors and published by CRCD before receiving payment, regardless of whether it is higher or lower than the price in effect at the time the request is made. No interest will be paid by CRCD during this waiting period.

However, in the case of a person who requests a redemption of Class A Issuance shares within thirty (30) days of subscribing, CRCD will reimburse to the shareholder the price paid for the Class A Issuance share subscription, together with any administrative fees paid on account opening, if any, no later than thirty (30) days following receipt of the redemption request.

Where a request for redemption of Class B Exchange shares (cancellation of the exchange) made by a shareholder within thirty (30) days of the subscription date, CRCD issues to the shareholder the Class A Issuance shares originally exchanged.

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### **11. SHARE TRANSFER**

#### **11.1 CAN SHARES BE TRANSFERRED TO ANOTHER PERSON?**

Shares may not be disposed of or transferred to any other person by sale or otherwise, with the exception of a transfer to beneficiaries through an estate.

#### **11.2 CAN SHARES BE TRANSFERRED INTO AN RRSP, A RRIF OR A TFSA?**

The CRCD Shares cannot be transferred into a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF) or a Tax-Free Savings Account (TFSA).

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### **12. TAX CONSIDERATIONS FOR SHAREHOLDERS**

The following is a summary of the principal tax considerations for shareholders. It does not constitute a tax or legal opinion for any particular investor. Tax considerations will vary based on personal situations. Consequently, prospective investors should consult a tax professional to determine the tax considerations applicable to their personal situation.

#### **12.1 GENERAL**

Both Class A Issuance and Class B Exchange share subscriptions entitle shareholders to a non-refundable tax credit, applicable against Québec income tax only, for the purchase of Shares as first purchaser. The tax credit applies to subscriptions accepted at any time during the period beginning March 1 of the given taxation year and ending on the last day of February of the subsequent taxation year.

The tax credit in respect of a Class A Issuance share subscription is equal to 30% of the total invested amounts, paid during the capitalization period. Accordingly, the maximum amount of tax savings that may be claimed for a given taxation year, for the purposes of Québec income tax only, by means of this tax credit is \$900, which corresponds to a purchase of Class A Issuance shares in the amount of \$3,000.

The tax credit in respect of an Class B Exchange share subscription is equal to 10% of the total value of the shares subscribed for on the subscription acceptance date. Accordingly, the maximum amount of tax savings that may be claimed for a given taxation year, for the purposes of Québec income tax only, by means of this tax credit is \$1,500, which corresponds to a Class B Exchange share subscription in the amount of \$15,000.

In some cases, the unused portion of the tax credit may be transferred to a spouse. Any portion of the tax credit not used in the taxation year for which the Shares were subscribed may not be claimed in subsequent years.

The tax credit in respect of a CRCD Share subscription is not taken into consideration in calculating the alternative minimum tax payable by a shareholder for a given taxation year. However, the alternative minimum tax otherwise payable may limit the tax credit to which the shareholder is entitled.

## **12.2 REVOCATION OF TAX CREDIT FOLLOWING REDEMPTION OR PURCHASE BY AGREEMENT**

In order to benefit from the tax credit in respect of a CRCD Share subscription during a given taxation year, shareholders must reside in Québec as at December 31 of the given taxation year and file an income tax return for that year in Québec. Shareholders must not have requested a Share redemption within thirty (30) days of the subscription date or have caused, prior to March 1 of the taxation year following the given taxation year, a Share of CRCD in respect of which they claimed a tax credit to be redeemed or purchased by agreement by CRCD.

Accordingly, investors who request a redemption (other than within thirty (30) days of subscribing) or a purchase by agreement of their Shares by CRCD (other than for absence of tax credit) cannot claim a tax credit for Share subscriptions taken during the current capitalization period or any subsequent capitalization period.

## **12.3 TAX CONSIDERATIONS OF EXCHANGING SHARES**

The exchange of Class A Issuance shares for an equal number of Class B Exchange shares by eligible shareholders is deemed not to constitute a disposition for Québec and federal income tax purposes and, accordingly, will not give rise to a gain or loss for eligible shareholders. This statement is based, among other things, on the Budget Speech delivered on March 27, 2018 by the Québec Minister of Finance, on Information Bulletin 2018-6, dated July 10, 2018, and on a letter of intent from the Department of Finance Canada received on October 25, 2018.

## **12.4 TAX CONSIDERATIONS OF REDEMPTION OR PURCHASE BY AGREEMENT**

**The redemption or purchase by agreement of CRCD Shares may entail certain tax considerations for shareholders who subscribed for Shares or for the person to whom Shares devolved by succession.**

The redemption or purchase by agreement of Shares (or fractional Shares) implies the disposition of the share for tax purposes. Therefore, a capital gain or loss may occur if the price obtained at the time of the redemption or purchase by agreement differs from the adjusted cost base (tax cost) of such Shares. The adjusted cost base (tax cost) is the average cost of all Shares bought and still held at the time of the disposition.

Capital gain for tax purposes is the difference between the price obtained (proceeds of disposition) and the adjusted cost base (tax cost) of the Shares at redemption or purchase by agreement. The tax credit in respect of acquisition of Shares will not reduce the adjusted cost base (tax cost) of Shares acquired for the purpose of determining the capital gain.

Capital loss for tax purposes is the difference between the price obtained (proceeds of disposition) and the adjusted cost base (tax cost) of the Shares at redemption or purchase by agreement. This loss must be reduced by the amount by which the tax credit in respect of the acquired Shares exceeds the amount of special tax paid at redemption or purchase by agreement, as the case may be (see RECOVERY OF TAX CREDIT). The adjusted capital loss, if applicable, is deemed an allowable capital loss against any capital gain in the current year, and if a balance remains, against any capital gain during the three previous taxation years and/or future taxation years.

These rules apply for both federal and Québec income tax purposes.

## **12.5 RECOVERY OF TAX CREDIT**

The tax credit in respect of the acquisition of Shares will be recovered by the Ministère du Revenu du Québec by means of a special tax, if Shares with respect to which the tax credit was claimed are held for less than seven (7) years.

More specifically, shareholders who subscribe for CRCD Shares or a person to whom Shares devolve by succession must pay a special tax on the redemption or purchase by agreement of Shares in respect of which the shareholder obtained a tax credit if the redemption or purchase by agreement occurs less than seven (7) years after the issue date of the Shares.

This special tax shall be equal to the amount determined under the following formula:

$$\frac{2,556 - A}{2,556} \times B$$

Where:

- “2,556” is the number of days the Shares should have been subscribed for by the shareholder to fulfil the minimum holding period of seven (7) years and, if applicable, by the person to whom the Shares devolved by succession;
- “A” represents the number of days for which the Shares were subscribed for by the shareholder and, if applicable, by the person to whom any such Share devolved by succession;
- For all Class A Issuance shares acquired after February 28, 2021 and eligible for the 30% tax credit, “B” represents the lesser of 30% of the amount paid by the shareholder to acquire such shares and the price paid for their redemption or purchase by agreement;
- For all Class B Exchange shares acquired after February 28, 2018 and eligible for the 10% tax credit, “B” represents the lesser of 10% of the value of the Class A Issuance shares tendered for exchange to subscribe for such shares, as of the subscription acceptance date, and the price paid for their redemption or purchase by agreement;
- For all Class A Issuance shares acquired after February 28, 2018 and before March 1, 2021 and eligible for the 35% tax credit, “B” represents the lesser of 35% of the amount paid by the shareholder to acquire such shares and the price paid for their redemption or purchase by agreement;
- For all Class A Issuance shares acquired after February 28, 2016 and before March 1, 2018 and eligible for the 40% tax credit, “B” represents the lesser of 40% of the amount paid by the shareholder to acquire such shares and the price paid for their redemption or purchase by agreement;
- For all Class A Issuance shares acquired after February 28, 2014 and before March 1, 2016 and eligible for the 45% tax credit, “B” represents the lesser of 45% of the amount paid by the shareholder to acquire such shares and the price paid for their redemption or purchase by agreement.

CRCD will withhold this special tax from the amount payable upon redemption or purchase by agreement of the Share. It will remit to Revenu Québec the amounts so withheld, on behalf of shareholders who requested the redemption or purchase by agreement of the Shares, within thirty (30) days following the redemption or purchase of the Shares.

The following table summarizes certain effects of the redemption or purchase by agreement of a Share of CRCD.

IMPACT OF REDEMPTION OR PURCHASE BY AGREEMENT OF SHARES		
REASONS FOR REDEMPTION OR PURCHASE BY AGREEMENT	TAX CREDIT ON SUBSEQUENT SUBSCRIPTION	SUBJECT TO SPECIAL TAX
<b>Redemption</b>		
▪ Held for seven (7) years	NO <sup>(1)</sup>	NO
▪ Disability	NO	YES
▪ Death	NOT APPLICABLE	YES <sup>(2)</sup>
▪ Within thirty (30) days of subscription	YES	NO
<b>Purchase by agreement</b>		
▪ Absence of tax credit	YES	NO
▪ Emigration	NO	YES <sup>(3)</sup>
▪ Terminal illness	NO	YES
▪ Urgent need for cash	NO	YES

<sup>(1)</sup> Except on Shares devolved by succession

<sup>(2)</sup> Except on Shares acquired between March 1 and December 31 in the year of death

<sup>(3)</sup> Except on Shares acquired in the year of emigration

### 13. SHAREHOLDERS' RIGHTS

The Shares confer the right to vote at any meeting of the shareholders of CRCD, to elect two (2) representatives to the Board of Directors, to receive any dividend that may be declared, to require CRCD to redeem the Shares, subject to certain conditions set forth in the Act, and to receive, in the case of winding-up or dissolution of CRCD, a share in the residual assets of CRCD.

Also, CRCD is bound to redeem Class A Issuance shares at the price at which they were acquired provided the request is made in writing within thirty (30) days of the date of the initial subscription. The price paid for the Class A Issuance share subscription is reimbursed, or the subscription for Class B Exchange shares is cancelled, as applicable, and the administrative fees paid on account opening, if any, are reimbursed in full, without interest, no later than thirty (30) days following receipt of the redemption request.

The amendment of rights in respect of Shares is subject to the provisions of the Act and the applicable provisions of the *Companies Act* (Québec). As at the date of this prospectus, it is not CRCD's intention to amend the rights in respect of Shares.

In addition, the *Securities Act* (Québec) provides shareholders with certain rights (see RIGHTS OF WITHDRAWAL AND RESCISSION).

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## 14. HOW IS A SHARE OF CRCD VALUED?

The Board of Directors determines the Share price for purposes of issuance (including exchange), redemption, other than redemption requested within thirty (30) days of the subscription date, and purchase by agreement of Shares. The issuance (including exchange), redemption and purchase-by-agreement price of Shares and fractional Shares is identical at all times for both classes of shares.

The price per Share, and fractional Share, is fixed twice a year, on dates six (6) months apart, by CRCD's Board of Directors, based on the separate audited financial statements of CRCD prepared in accordance with IFRS.

The price per Share is obtained by dividing the value of CRCD as at the valuation date by the total number of outstanding Shares as at that date.

The fact that there is an active market for certain assets and that there is no active market for certain other assets must be taken into consideration in determining the value of the various assets of CRCD.

The Board of Directors may also proceed to determine other prices of issuance (including exchange), redemption or purchase by agreement of the Shares at any other time during the year, on the basis of an internal valuation. In each such case, an independent chartered accountant must issue a special report attesting that IFRS and CRCD's valuation methods have been consistently applied.

CRCD's fiscal year begins on January 1 and ends on December 31 each year. The first half-year ends on June 30 and the second half-year ends on December 31. The price per Share is set at the end of each six-month period and published within the following ninety (90) days. It is impossible to predict the future value of CRCD Shares (see RISK FACTORS).

During the valuation period, shareholders who request redemption more than thirty (30) days after the date of their subscription for or purchase by agreement of Shares will have the option, if expressly stated in the request, of receiving the price in force at the date the request is received by CRCD or of postponing the redemption or purchase by agreement until the end of the valuation period in order to receive the new Share price when it is known. Shareholders who request redemption of their Class A Issuance shares within thirty (30) days of the subscription date will receive the price paid for the subscription.

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## 15. RISK FACTORS

Investment in CRCD Shares entails the following risks:

### **Risks related to share characteristics**

- Regardless of the merits and objectives of CRCD, investors should consider the value of the investment, bearing in mind that the amount they will receive upon redemption or purchase by agreement of the Shares may be less than the price originally paid for such Shares.
- There is no active market for the Shares and they may only be transferred with the consent of CRCD to beneficiaries through an estate. CRCD is required to redeem Shares or fractional Shares in the following cases only: (1) at the request of the person who acquired such Shares or fractional Shares from CRCD at least seven (7) years previously; (2) at the request of a person to whom such Shares or fractional Shares devolved by succession; (3) at the request of a person who acquired the Shares or fractional Shares from CRCD, if the person requests redemption by CRCD in writing within thirty (30) days after subscribing for the Shares or fractional Shares; or (4) at the request of a person who acquired the Share or fractional Shares from CRCD if the person is declared, in the manner prescribed by by-law of the Board of Directors, to be suffering from a severe and permanent mental or physical disability which prevents the person from working.
- As at December 31, 2020, the balance of Shares eligible for redemption amounted to nearly \$1,002,000,000. During fiscal 2021, additional Shares with an approximate value of \$84,600,000 will also become eligible for redemption for a potential total of approximately \$1,086,000,000. This amount was reduced by nearly \$100,000,000 in January 2021, or the amount of

subscriptions for Class B Exchange Shares accepted, and will be further reduced by the amount of Shares redeemed or purchased by agreement during the year.

- Payment of the price of the Shares could be delayed if CRCD elected to process Share redemption or purchase-by-agreement requests at the next price to be fixed and published by the Board of Directors. Moreover, pursuant to the *Companies Act* (Québec), CRCD must meet certain financial tests before paying for Shares redeemed or purchased by agreement. These tests relate to the solvency and the maintenance of CRCD's capital so that it can pay its liabilities when due. Consequently, payment of the price of the Shares may be delayed until CRCD is able to purchase them without infringing these tests.

### **Risks related to type of investment**

- The Share price varies according to fluctuations in the value of investments impacting the Québec economy and other investments made by CRCD. Investments impacting the Québec economy are made in small- or medium-sized enterprises according to investment standards and where the investment risk is generally higher (see DESCRIPTION OF BUSINESS).
- In pursuing its Investments impacting the Québec economy mission, CRCD is exposed to credit and counterparty risks related to potential financial losses if a partner company fails to fulfill its commitments or experiences a deterioration of its financial position. By diversifying its investments by investment profile and financial instrument type and by limiting the potential risk of each partner company, CRCD has limited portfolio volatility due to negative events. CRCD does not generally require guarantees to limit credit risk on its loans. Requiring guarantees would contravene the eligibility rules for investments impacting the Québec economy.
- CRCD is exposed to concentration risk arising from the possibility that a significant portion of the Investments impacting the Québec economy portfolio or its Other investments portfolio might become concentrated in a single entity, industry, region or financial product, which could render CRCD vulnerable to any financial difficulties experienced by such entity, industry, region or financial product. CRCD applies legislation, policies, guidelines and various analyses to limit or monitor its concentrations. However, by way of its economic development mission, CRCD will always be significantly influenced by the economic environment of Québec and its resource regions.
- Interest rate fluctuations have an impact on the market value of fixed-income securities and real estate funds held in the portfolio for which fair value is determined based on market conditions (interest rate risk). The Investments impacting the Québec economy portfolio is also exposed to interest rate risk arising from the loans held. For fixed income securities, a rise in interest rates would have a negative impact on the fair value of these stocks while declining interest rates would lead to an increase in their fair value. Given that CRCD matches the maturities of bonds and liquid instruments held in its portfolio with the average maturity of expected cash outflows, the long-term effect of interest rates on results should be limited. For real estate funds, there is no direct correlation between changes in interest rates and changes in fair value of this asset class.
- Stock market trends have a twofold impact on CRCD. In addition to the direct impact on the market values of publicly traded stocks, the valuations of some private portfolio companies may also be affected. To broaden the diversification of the Other investments portfolio, CRCD holds investments in global, Canadian and market neutral equity funds.
- Changes in currency values have an impact on the activities of a number of CRCD's partner businesses. The net effect of an appreciation in the Canadian dollar is not necessarily always negative for these companies, nor is a depreciation necessarily positive. However, rapid fluctuations in the Canadian dollar heighten the difficulties faced by these companies. Currency fluctuations impact the fair value of assets initially measured in a foreign currency and subsequently translated into Canadian dollars at the prevailing rate of exchange. CRCD aims to systematically hedge currency risk for assets measured in foreign currency, unless that is an element of the expected long-term return of an asset class (global equities), which thereby limits the effects of foreign currency fluctuations.

### **Risks arising from CRCD's current operations**

- Since CRCD is required to meet certain financial tests, but nevertheless has the freedom to suspend, at its discretion, the issuance of common Shares or to make all of its investments in the form of non-liquid investments that cannot be sold on short notice, there may be delays in the payment of the redemption price or the price of purchase by agreement of Shares for which a request for redemption or purchase by agreement has been made to CRCD (liquidity risk). It is impossible to determine in advance the precise length of such delays. However, this risk is reduced by CRCD's strategy of matching the average term of its anticipated cash outflows with the average maturity of its bonds and liquid instruments. Furthermore, credit facilities have been put in place to provide greater cash management flexibility.
- As CRCD's Shares are generally valued semi-annually and Share subscription, redemption or purchase by agreement transactions are typically executed at the last published price at any time during the six-month period, it should be noted that that price is not necessarily representative of the deemed value of CRCD's assets on the transaction acceptance date. Any difference is due to the method specified in the Act for fixing the price of the Shares and may be amplified in the event of significant market volatility.

- CRCD may accept or refuse a subscription in whole or in part. As a general rule, a Class A Issuance share subscription will be accepted or refused within no more than thirty (30) days. If an application for Class A Issuance shares is refused, all sums that the investor has paid in respect of the application will be returned to the subscriber without interest, within a maximum of five (5) days. Class B Exchange share subscriptions will be accepted or refused before the last day of the particular capitalization period.

### **Regulatory risks**

- CRCD is subject to provincial and federal laws, rules, standards, regulations and policies as well as internal rules, regulations and policies that provide a framework for its operations. The risk stems from CRCD's ability to adapt to any regulatory amendment or tightening of policies already in effect.

Investors can find further information on risk factors in the annual management discussion and analysis as at December 31, 2020.

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## **16. SHAREHOLDER INFORMATION**

Within a few days following a transaction, shareholders receive confirmation in writing of the transaction.

Moreover, shareholders are entitled to receive a confirmation in writing of the number of Shares or fractional Shares that they own and of the amount they have paid for such Shares. Such confirmation is provided to shareholders free of charge, at least once a year, in the form and according to the procedure prescribed by by-law of CRCD. Desjardins Trust has been appointed by CRCD as registrar, with the task of delivering such written confirmation to shareholders.

If a method of confirmation other than a share certificate is prescribed, the document delivered to shareholders replaces a certificate issued in accordance with section 53 of the *Companies Act* (Québec).

Each year, CRCD sends all shareholders a notice of the Annual General Meeting of Shareholders together with a business reply card allowing shareholders, inter alia, to obtain free of charge at any time after the meeting and within a reasonable delay, a copy of the audited separate annual financial statements and a copy of the interim audited separate financial statements within ninety (90) days after the end of the interim period of CRCD.

The *Regulation respecting Development Capital Investment Fund Continuous Disclosure*, which came into effect on June 1, 2008, establishes most of the continuous disclosure obligations that apply to CRCD.

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## **17. SHAREHOLDER PERSONAL INFORMATION**

The personal information provided to CRCD by shareholders is kept in secure computerized records repositories. This information mainly allows CRCD to maintain and manage all of the administrative activities required in the normal course of business. CRCD records the information it holds in a file to start, maintain, develop and terminate a relationship with each of its shareholders. This personal information is used for several purposes, mainly to open accounts, issue Shares and maintain records, and also for redemptions and purchases by agreement. This information may be communicated to any entity of Desjardins Group so that shareholders can be informed about its products and services.

The personal information contained in shareholder files is treated as confidential. Access to this information is limited to personnel of CRCD and of the Caisses and agents of CRCD who require access to such information to perform their duties.

Shareholders are entitled to consult files containing their personal information and to obtain copies if they wish. They also have the right to have the information corrected and completed if necessary. They may make a request in writing to CRCD to obtain access to their file. Generally, CRCD expects to be able to respond to such requests within thirty (30) days of receiving them.

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## **18. EXEMPTIONS**

CRCD has been exempted by the Autorité des marchés financiers from having to list its securities on a stock market to qualify for the short form prospectus regime.

CRCD has also been exempted from the requirement to pay a fee on the distribution of Class B Exchange shares.

CRCD, the Federation and the Desjardins caisses in Québec, together with their officers and permanent and temporary employees, are exempt from the requirement to register as a dealer and dealing representative for the offering of CRCD shares only.

Mutual fund dealers duly registered in Québec and their representatives are also exempt from the requirement to register as a dealer and dealing representative for the offering of CRCD shares only.

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## 19. RIGHTS OF WITHDRAWAL AND RESCISSION

The *Securities Act* (Québec) provides shareholders with the right of rescission. This right must be exercised within two (2) business days following the actual or deemed receipt of the short form prospectus and its amendments. Such legislation further provides shareholders with remedies for rescission, price revision or damages where the short form prospectus contains false or misleading information, or was not delivered to shareholders. Such remedies should be exercised by shareholders within the statutory time limit. Shareholders should refer to any applicable provisions for the particulars of these remedies or consult a lawyer, as the case may be.

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## 20. CERTIFICATE OF CRCD

Dated July 19, 2021

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered under this short form prospectus as required by the securities legislation of Québec.

By: (signed) Linda Labbé  
Linda Labbé, CPA, CA  
Desjardins Group Relations Director

By: (signed) Yves Calloc'h  
Yves Calloc'h, CPA, CA  
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF  
**CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS**

By: (signed) Bernard Bolduc  
Bernard Bolduc, BBA Finance  
Chair of the Board of Directors

By: (signed) Jean-Guy Sénécal  
Jean-Guy Sénécal, FCPA, FCA, BBA  
Director



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## 21. CERTIFICATE OF THE MANAGER

Dated July 19, 2021

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered under this short form prospectus as required by the securities legislation of Québec.

By: (signed) Marie-Hélène Nolet  
Marie-Hélène Nolet, CFA, BComm  
Chief Operating Officer

By: (signed) Yves Calloc'h  
Yves Calloc'h, CPA, CA  
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF  
**DESJARDINS CAPITAL MANAGEMENT INC.**

By: (signed) Yvan-Pierre Grimard  
Yvan-Pierre Grimard  
Chair of the Board of Directors

By: (signed) Martin Brunelle  
Martin Brunelle  
Vice-Chairman of the Board of Directors