

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

March 21, 2019



"Issuance" class and "Exchange" class common shares
(hereinafter, collectively, the "Shares" or the "Share")

For the capitalization period beginning March 1, 2019 and ending February 29, 2020:

	ISSUANCE CLASS	EXCHANGE CLASS¹
Amount authorized for issuance	\$140,000,000	\$100,000,000
Minimum subscription	\$500	\$500 ²
Maximum subscription	\$3,000	\$15,000 ²
Provincial tax credit granted to the shareholder	35%	10%

¹ The Exchange class of shares will be created upon the coming into force of certain legislative amendments (see SHARE CAPITAL AND CAPITALIZATION LIMITS). The issuance of Exchange class shares or fractional shares neither increases nor decreases capitalization.

² Exchange class shares or fractional shares may be subscribed for only by exchanging an equal number of Issuance class 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 exchange value of Issuance class shares for Exchange class shares is \$500 and the maximum exchange value is \$15,000 per capitalization period. Each Issuance class 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 | **BY INTERNET:** 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 Secretary, 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.

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 March 21, 2019;
2. CRCD's audited separate financial statements for the year ended December 31, 2018 together with the independent auditor's report thereon, including the separate balance sheets, and the statements of comprehensive income, changes in net assets and cash flows for the year then ended;
3. the audited schedule of cost of investments impacting the Québec economy as at December 31, 2018, as well as the related independent auditor's report;
4. the statement of other investments as at December 31, 2018 (unaudited);
5. the index of the Company's share in investments made by specialized funds and partner funds, at cost, as at December 31, 2018 (unaudited);
6. the annual management's discussion and analysis for the year ended December 31, 2018;
7. the notice of meeting for the Annual General Meeting of CRCD dated February 14, 2019.

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 or ask CRCD's Secretary.

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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 Budget Speech of March 27, 2018 authorized CRCD exceptionally to raise an annual maximum of \$140,000,000 as Issuance class shares for its capitalization periods beginning March 1, 2018 and ending February 28, 2019, beginning March 1, 2019 and ending February 29, 2020 and beginning March 1, 2020 and ending February 28, 2021.

In that same budget, the Minister of Finance also authorized CRCD to exchange Issuance class shares for Exchange class shares up to an annual maximum of \$100,000,000 for its capitalization periods beginning March 1, 2018 and ending February 28, 2019, beginning March 1, 2019 and ending February 29, 2020 and beginning March 1, 2020 and ending February 28, 2021. The Exchange class of shares will be created upon the coming into force of legislative amendments (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 sent twice a year to all shareholders. The Share price will be that in effect on the subscription acceptance date (see HOW IS A SHARE OF CRCD VALUED?). 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.

For Issuance class 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. Issuance class 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 ISSUANCE CLASS SHARES). In all cases, investors may visit a Caisse for support or financial advice.

Exchange class shares or fractional shares may be subscribed for only by exchanging an equal number of Issuance class 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 exchange value of Issuance class shares for Exchange class shares is \$500 and the maximum exchange value is \$15,000 per capitalization period (see PLAN OF DISTRIBUTION FOR EXCHANGE CLASS 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.

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 PURCHASE 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.

Any new shareholder must pay administrative charges 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, 2018, was 1.6% 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.

FUND MANAGER AND PORTFOLIO ADVISOR	<p>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", formerly known as Desjardins Venture Capital Inc.), 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 some funds. 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 relation to the growth in CRCD's assets as well as the increase in the balance of CRCD Shares eligible for redemption in recent years.</p> <p>The Manager engages external portfolio advisors for the day-to-day operation of a significant portion of CRCD's 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.</p>
REGISTRAR AND TRANSFER AGENT	<p>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.</p>
CUSTODIAN	<p>Desjardins Trust also serves as custodian under a custody and administration agreement.</p>
SUB-CUSTODIAN	<p>CRCD also deals with the Federation as a sub-custodian under a sub-custodian agreement to which Desjardins Trust is also a party.</p>

DISTRIBUTION OF SHARES	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 ISSUANCE CLASS SHARES and PLAN OF DISTRIBUTION FOR EXCHANGE CLASS SHARES).
SCRUTINEER	CRCD has entrusted the mandate as scrutineer, with responsibility for communicating information relating to the Annual General Meeting of Shareholders to Computershare Investor Services Inc.
AUDIT	<p>PricewaterhouseCoopers LLP audits the financial statements of CRCD to ensure that they present fairly, in all material respects, the financial position of CRCD, the results of its operations and its cash flows in accordance with International Financial Reporting Standards (“IFRS”). 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 exclusively in economically viable partnerships, legal persons and cooperatives offering a potential return proportionate to perceived risk.

As of the fiscal year that began on January 1, 2006, and during each subsequent fiscal year, CRCD’s eligible investments, as defined in the Act, must represent on average at least 60% of CRCD’s average net assets for the preceding year. As of the fiscal year beginning January 1, 2016, this percentage is gradually increased by 1% per year to reach 65% for the fiscal years beginning after December 31, 2019. For fiscal 2019, the percentage is 64%.

Furthermore, a portion representing at least 35% of that percentage (60% to 65% depending on the year) 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 objectives are: (i) to optimize the after-tax risk/return ratio of CRCD’s financial assets while fulfilling its role as an agent of economic development; (ii) to limit volatility in semi-annual Share price; and (iii) to secure reasonable returns for shareholders;
- a sufficient portion of CRCD’s financial assets must be invested in liquid securities to fund Share redemptions;
- 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 Issuance class shares for Exchange class shares levels off as expected.

CRCD invests exclusively 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 five (5) to twenty (20) years.

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

4. SHARE CAPITAL AND CAPITALIZATION LIMITS

In the Budget Speech delivered on March 27, 2018 and adopted by the Assemblée nationale du Québec on April 17, 2018, the Minister of Finance announced that amendments to the Act and to the tax legislation would be made to create a new class of shares (Exchange class shares) that creates entitlement, for a particular period, to a non-refundable tax credit for the exchange of Issuance class shares that an eligible shareholder has held for at least seven (7) years starting from the subscription acceptance date, subject to the conditions set out in section 9.1.

As these amendments to the Act and the tax legislation have not yet been enacted, the Minister of Finance has approved transitional measures allowing eligible shareholders to benefit from a tax credit starting from the capitalization period beginning March 1, 2018.

In connection with these transitional measures, CRCD's Board of Directors adopted a by-law approving the creation of the new class of shares and its characteristics. On the basis of this by-law, Exchange class shares may be created as soon as the amendments to the Act come into force. For more information concerning the characteristics of Exchange class shares, investors should refer to section 4.1. of the Annual Information Form.

Accordingly, CRCD's capital shall comprise two classes of shares: the current class of shares, including all shares issued and outstanding prior to the capitalization period beginning March 1, 2018, designated as Issuance class shares, and the new class of shares to be created following the coming into force of the amendments to the Act, designated as Exchange class shares (collectively, the "shares" or the "share").

CRCD will then be authorized to issue Issuance class and Exchange class common shares and fractional common shares without par value. CRCD is authorized to raise a maximum amount of \$150,000,000 as Issuance class shares per capitalization period, as long as CRCD has not reached, for the first time, at the end of a capitalization period, at least \$1,250,000,000 in paid-up capital in respect of Issuance class shares and fractional shares issued and outstanding. As of the capitalization period following the one at the end of which CRCD first reaches capitalization of at least \$1,250,000,000, CRCD shall raise, per capitalization period, the lesser of \$150,000,000 in Issuance class 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.

As at February 28, 2014, CRCD had reached its capitalization limit.

Despite the provisions of the Act in respect of the capitalization of CRCD, the Minister of Finance of Québec in his Budget Speech of March 27, 2018 authorized CRCD exceptionally to raise an annual maximum of \$140,000,000 as Issuance class shares for its capitalization periods beginning March 1, 2018 and ending February 28, 2019, beginning March 1, 2019 and ending February 29, 2020 and beginning March 1, 2020 and ending February 28, 2021.

In that same budget, the Minister of Finance also authorized CRCD to exchange Issuance class shares for Exchange class shares to an annual maximum of \$100,000,000 for its capitalization periods beginning March 1, 2018 and ending February 28, 2019, beginning

March 1, 2019 and ending February 29, 2020 and beginning March 1, 2020 and ending February 28, 2021. The issuance of Exchange class shares or fractional shares neither increases nor decreases capitalization.

A special tax is payable by CRCD if it fails to comply with the limit applicable to Issuance class shares and, as stated in the Budget Speech, a similar special tax will be applicable to Exchange class 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 Issuance class 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 this effect.

5. USE OF PROCEEDS

5.1 USE OF PROCEEDS OF THE OFFERING

The proceeds of this offering will be allocated to investments. The Investments impacting the Québec economy portfolio consists primarily 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 and Canadian 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 and not paying dividends to shareholders to increase its capital available for investment in eligible entities and create Share appreciation.

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 some funds (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 relation to the growth in CRCD's assets as well as the increase in the balance of CRCD Shares eligible for redemption in recent years.

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 other 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, 2018, was 1.6% of CRCD's net assets for the year then ended.

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.

8. PLAN OF DISTRIBUTION FOR ISSUANCE CLASS SHARES

8.1 SUBSCRIPTION FOR ISSUANCE CLASS SHARES

CRCD shall determine the start date on which it shall accept Issuance class 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 the 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 Issuance class shares as subscriptions are accepted and Issuance class shares are paid for.

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

8.2 OFFERING PROCESS FOR ISSUANCE CLASS SHARES

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

8.2.1 Issuance class shares pre-subscription application

To subscribe for CRCD Issuance class shares, investors must complete the pre-subscription form available on the Desjardins Group website at www.desjardins.com/investcrcd or via AccèsD Internet during the three-week (3) pre-subscription period set by CRCD and published in a press release.

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. **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 form must go to the Caisse of their choice where an employee will help them complete the form.

8.2.2 Selection process for Issuance class 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, in the event that demand for Issuance class 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, 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 six (6) 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, in the event that demand for Issuance class shares is lower than the amount authorized for the capitalization period, all investors who have completed the form will be contacted to make a subscription within a maximum time of six (6) 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. **Obtaining an appointment with a Caisse does not automatically mean that CRCD will accept a subscription.**

8.2.3 Issuance class share subscription application

Subject to the possibility of acquiring Issuance class shares pursuant to section 0, 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 the 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 ISSUANCE CLASS SHARES).

8.2.4 Appointments in person or by telephone

Subject to the possibility of acquiring Issuance class shares according to section 0, 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 the chosen Caisse to submit their subscriptions. In cases where investors choose an appointment by telephone, the 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 ISSUANCE CLASS SALES OR OFFERINGS

Period	Share price	Number of Issuance class shares issued
February 16, 2018 to August 16, 2018	\$14.09	0
August 17, 2018 to February 14, 2019	\$14.67	9,539,632
February 15, 2019 to March 21, 2019	\$15.34	0

9. PLAN OF DISTRIBUTION FOR EXCHANGE CLASS SHARES

9.1 SUBSCRIPTION FOR EXCHANGE CLASS SHARES

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

Only CRCD shareholders who have held Issuance class 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 Exchange class shares or fractional shares.

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

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

At the time of subscription, eligible shareholders must irrevocably waive the seven (7) year redemption right for the Issuance class shares they wish to exchange for payment, and irrevocably allow CRCD to cancel the Issuance class shares tendered for exchange upon the issuance of an equivalent number of Exchange class shares. Upon the expiry of a period of thirty (30) days following the subscription, CRCD will issue this number of Exchange class shares and, at the same time, will cancel the Issuance class shares tendered for exchange. Exchange class shares may only be issued in exchange for an equivalent number of Issuance class shares. Shareholders who have subscribed for Exchange class shares may claim the applicable tax credit in the year of subscription even if the Exchange class shares are not issued in the same year.

Shareholders may request the cancellation of a subscription for Exchange class 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 Exchange class shares shall be 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. Upon cancellation of the subscription, shareholders will be released from their irrevocable waiver of the redemption right based on a seven (7) year holding period for the Issuance class shares tendered for exchange, from their obligation to exchange their Issuance class shares for payment and from their commitment and obligation to subscribe for the Exchange class shares.

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

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.

Transitional measures

Under the transitional measures approved by the Minister of Finance, CRCD may issue tax statements for the capitalization period from March 1, 2019 to February 29, 2020, and for any subsequent capitalization period for which the transitional measures may be required, to eligible shareholders whose application for Exchange class shares has been accepted. Concurrently with such subscription, eligible shareholders must irrevocably waive the seven (7) year redemption right for the Issuance class shares they wish to exchange for payment, and irrevocably allow CRCD to cancel the Issuance class shares tendered for exchange upon the issuance of an equivalent number of Exchange class shares. CRCD concurrently irrevocably agrees to issue the same number of Exchange class shares upon their creation and at the same time to cancel the Issuance class shares issued. Exchange class shares may only be issued in exchange for an equivalent number of Issuance class shares.

Upon the effective date of the amendments to the Act and the other measures required to create the Exchange class shares, the Exchange class shares will automatically be issued and the Issuance class shares tendered for exchange will be automatically cancelled.

Shareholders who have subscribed for Exchange class shares may claim the applicable tax credit in the year their subscription is accepted even if the Exchange class shares are not issued in the same year. If the Exchange class shares are not issued within seven (7) years of the subscription acceptance date, the shareholders' subscription and undertakings made at such date will be cancelled.

9.2 OFFERING PROCESS FOR EXCHANGE CLASS SHARES

To subscribe for CRCD Exchange class shares, shareholders must have been selected (see EXCHANGE CLASS SHARE SUBSCRIPTION APPLICATION and SELECTION PROCESS FOR EXCHANGE CLASS SHARES).

9.2.1 Exchange class share subscription application

To subscribe for Exchange class shares, shareholders must complete the appropriate online form available on the Desjardins Group website at www.desjardins.com/investcrhd or the paper form sent by mail to eligible shareholders, within the prescribed deadlines published, in particular, by way of a press release.

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

Depending on total demand for CRCD Exchange class shares, a random selection may be made from all investors who completed the form. **In such a case, the probability of being selected is the same for all shareholders.**

Subscription applications are reviewed as they are received. Only suitable applications will be considered for random selection, if applicable.

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

9.2.2 Selection process for Exchange class shares

9.2.2.1 Demand for shares higher than the \$100,000,000 authorized amount for the capitalization period

At the end of the stated time period, if demand for Exchange class shares is higher than the authorized amount for the capitalization period, investors will be selected at random from among all those who completed the form and for whom the transaction is suitable, under the independent supervision of the Desjardins Group Monitoring Office. **Investors so selected will then be advised and the subscription will be accepted.**

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

9.2.2.2 Demand for shares lower than the \$100,000,000 authorized amount for the capitalization period

At the end of the stated time period, if demand for Exchange class shares is lower than the amount authorized for the capitalization period, all investors who completed the form and for whom the transaction is suitable, will be able to subscribe. **Investors will be advised accordingly and the subscription will be accepted.**

Subsequently, interested new investors will be able to apply for subscription by completing the form available for that purpose at www.desjardins.com/investcrhd or the Caisse, until the full authorized amount for the capitalization period has been reached.

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 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 Issuance class shares or fractional shares from CRCD at least seven (7) years previously, or of a person who subscribed for such Exchange class 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 Issuance class 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.

REDEMPTION OF SHARES OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS		
CRITERIA	REQUIREMENTS	PROOF REQUIRED
Shares held for at least seven (7) years	<p>Must have acquired Issuance class shares or fractional shares from CRCD and have held them for at least seven (7) years, or must have subscribed for Exchange class 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 Caisse, signed by the shareholder, and delivered to CRCD.</p>	None

REDEMPTION OF SHARES OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS		
CRITERIA	REQUIREMENTS	PROOF REQUIRED
Death	Request for redemption must be made to CRCD.	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). AND 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.
Request for redemption made within thirty (30) days of subscription date	Must have acquired Issuance class shares or fractional shares from CRCD. Request for redemption must be signed by shareholder and addressed to CRCD within thirty (30) days of subscription date.	None
Severe and permanent mental or physical disability preventing shareholder from working	Must have become disabled after shares were issued. If shareholder is under 60: Must be regularly incapable of holding any substantially gainful occupation. If shareholder is 60 or over: Must be regularly incapable of carrying on the substantially gainful occupation held at the time the shareholder ceased working owing to the disability. Request for redemption must be made to CRCD.	Proof of substantially gainful occupation held. AND Notice of acceptance as disabled contributor by Retraite Québec (Québec Pension Board). Or Declaration signed by shareholder and shareholder's physician regarding severe and permanent disability.

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. However, pursuant to the *Companies Act* (Québec), CRCD must meet certain financial tests before paying 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, the redemption 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 of Shares by agreement 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.

PURCHASE BY AGREEMENT OF SHARES OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS		
CRITERIA	REQUIREMENTS	PROOF REQUIRED AND COMMENTS
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>OR</p> <p>In the seventh year, have carried forward the alternative minimum tax, cancelling the tax credit of CRCD in the tax year.</p> <p>OR</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>AND</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> <p>AND</p> <p>On request and in cases of need, an authorization or power of attorney by the shareholder and the shareholder's spouse, as applicable, with respect to the disclosure of information in order to authorize CRCD to communicate with Revenu Québec.</p>
Emigration from Canada	Must have emigrated permanently from Canada.	<p>Visa or immigration certificate for another country.</p> <p>AND</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.

PURCHASE BY AGREEMENT OF SHARES OF CAPITAL RÉGIONAL ET COOPÉRATIF DESJARDINS		
CRITERIA	REQUIREMENTS	PROOF REQUIRED AND COMMENTS
Urgent need for cash to: Pay an extraordinary and unforeseen expense that must be incurred for the health of the shareholder or one of his or her dependents. Or Replace essential property that has been accidentally destroyed or damaged and for which the shareholder has not received any compensation.	Must have an urgent need for cash. AND Must have liquidated other redeemable investments (purchase of the Shares by CRCD being a last resort). AND 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 his or her dependents. In the case of the replacement of essential property, must have suffered a loss that destroyed or damaged the property.	Declaration proving the financial situation of the shareholder and, if applicable, of his or her spouse (family income, expenditures and net worth). AND Proof that liquid investments have been cashed. AND 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 one of his or her dependents. In the case of the replacement of essential property, proof of the loss, essential nature of the property and absence of compensation.

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. However, as in the case of a redemption, pursuant to the *Companies Act* (Québec), CRCD must meet certain financial tests before paying 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 must 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 \$15.34 (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. 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. If the choice is redemption or purchase by agreement at the new Share price, shareholders will be obliged to wait until the new Share price has been determined by the Board of Directors and published by CRCD before receiving payment, regardless of whether that amount is higher or lower than the prevailing price at the time the request was made. No interest will be paid by CRCD during this waiting period.

However, in the case of a person who requests a redemption of Issuance class shares within thirty (30) days of subscribing, CRCD will reimburse to the shareholder the price paid for the Issuance class 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.

10.5 SHARE TRANSFER

10.5.1 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.

10.5.2 Can shares be transferred into an RRSP, a RRIF or a TFSA?

The CRCD Shares cannot be transferred into an RRSP, a RRIF or a TFSA.

10.6 TAX CONSEQUENCES FOR SHAREHOLDERS

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

10.6.1 General

Both Issuance class and Exchange class 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 an Issuance class share subscription is equal to 35% 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 \$1,050, which corresponds to a purchase of Issuance class shares in the amount of \$3,000.

The tax credit in respect of an Exchange class 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 an Exchange class share subscription in the amount of \$15,000.

In some cases, the unused portion of the tax credit may be transferred to a spouse. The portion of such tax credit that was unused 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.

10.6.2 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.

10.6.3 Tax considerations of exchanging shares

Acceptance of a subscription application for Exchange class shares made by eligible shareholders under the terms of the transitional measures approved by the Minister of Finance will not, in and of itself, constitute a disposition for Québec and federal income tax purposes of Issuance class shares held by shareholders until such acceptance. Accordingly, such application will not give rise to a capital gain or loss for eligible shareholders.

The exchange of Issuance class shares for an equal number of Exchange class 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 and 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.

10.6.4 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.

10.6.5 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 the Share devolved by succession;
- For all Issuance class shares acquired after February 28, 2018 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 Exchange class shares acquired after February 28, 2018 and eligible for the 10% tax credit, “B” represents the lesser of 10% of the value of the Issuance class 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 Issuance class 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 Issuance class 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;
- For all Issuance class shares acquired before March 1, 2014 and eligible for the 50% tax credit, “B” represents the lesser of 50% 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 the Québec Minister of Revenue 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
Redemption		
▪ Held for seven (7) years	NO ⁽¹⁾	NO
▪ Disability	NO	YES
▪ Death	NOT APPLICABLE	YES ⁽²⁾
▪ Within thirty (30) days of subscription	YES	NO
Purchase by agreement		
▪ Absence of tax credit	YES	NO
▪ Emigration	NO	YES ⁽³⁾
▪ Terminal illness	NO	YES
▪ Urgent need for cash	NO	YES

⁽¹⁾ Except on Shares devolved by succession

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

⁽³⁾ Except on Shares acquired in the year of emigration

10.7 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 Issuance class 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 Issuance class share subscription is reimbursed, or the subscription and the undertakings related to the Exchange class share subscription are cancelled, as applicable, and the administrative fees paid on account opening, if any, are reimbursed in full 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).

11. 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 set twice a year, on dates six (6) months apart, by CRCD's Board of Directors, based on the separate audited financial statements of CRCD according to 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 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 within thirty (30) days of the subscription date will receive the price paid for the Issuance class share subscription.

12. 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 of the date of this prospectus, the amendments to the Act required to create the Exchange class shares have not come into force. If these legislative amendments do not come into force within seven (7) years of the acceptance of a subscription for Exchange class shares, the shareholder's subscription and the undertakings made upon subscription will be cancelled.
- As at December 31, 2018, the balance of Shares eligible for redemption amounted to over \$1,040,000,000. During fiscal 2019, additional Shares with an approximate value of \$206,000,000 will also become eligible for redemption for a potential total of approximately \$1,246,000 000. However, this balance will be reduced by \$100,000,000 in 2019 as the shareholders selected during the share exchange process have made commitments to defer for seven years the right to redeem their Issuance shares.
- Pursuant to the *Companies Act* (Québec), CRCD must meet certain financial tests before paying 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.

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 and Canadian 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.
- CRCD may accept or refuse a subscription in whole or in part. As a general rule, an Issuance class share subscription will be accepted or refused within no more than thirty (30) days. If an application for Issuance class 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. Exchange class 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, 2018.

13. 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 annual financial statements and a copy of the interim 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.

14. SHAREHOLDER PERSONAL INFORMATION

The personal information provided to CRCD by shareholders is kept in CRCD's records under "Financial Services; Subscription; Redemption and Purchase by Agreement and Shareholder Records Management". 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.

15. 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, 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.

16. 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.

17. CERTIFICATE OF CRCD

Dated March 21, 2019

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) Bruno Morin
Bruno Morin
General Manager

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) Sylvie Lalande
Sylvie Lalande, ASC, C.Dir.
Chair of the Board of Directors

By: (signed) Chantal Bélanger
Chantal Bélanger, FCPA, FCGA
Vice-Chair of the Board of Directors

18. CERTIFICATE OF THE MANAGER

Dated March 21, 2019

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) Luc Ménard
Luc Ménard, Eng, MBA
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) Hubert Thibault
Hubert Thibault
Chairman of the Board of Directors

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