

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. See Item 8- "Risk Factors". The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. You could lose all the money you invest. This Offering Memorandum constitutes an offering of securities only in those jurisdictions and to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities. This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted regarding this Offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

## FORM 45-106F2

### OFFERING MEMORANDUM FOR NON-QUALIFYING ISSUERS

<b>Date:</b>	<b>July 14, 2017</b>
<b>The Issuer:</b>	<b>NORTH RIVER TRUST</b> <b>4203 Roper Road, Edmonton, Alberta T6B 3S5</b> <b>Phone: (780) 461-2679 Fax: (780) 461-2699</b> <b>E-mail: subscription@northrivertrust.ca</b>

<b>Currently Listed or Quoted:</b>	<b>No. These securities do not trade on any exchange or market.</b>
<b>Reporting Issuer:</b>	No.
<b>SEDAR Filer:</b>	No.

#### THE OFFERING

<b>Securities Offered:</b>	Up to <b>510,000</b> Class B Units of the Issuer (the " <b>Offered Securities</b> ").
<b>Price per Security:</b>	<b>\$9.805</b> per Class B Unit to be sold in blocks of 50 Class B Units (each a " <b>Class B Block</b> ").
<b>Description of Units</b>	The Issuer is offering up to 10,200 Class B Blocks at \$490.25 per Class B Block.
<b>Minimum Subscription Amount:</b>	The minimum subscription amount for Class B Units is \$4,902.50 (500 Class B Units or 10 Class B Blocks). The Trustees may, in their sole discretion, reduce the minimum amount per Subscribers for Class B Units.
<b>Maximum Offering:</b>	\$5,000,550 (510,000 Class B Units or 10,200 Class B Blocks).
<b>Minimum Offering:</b>	<b>There is no minimum offering for these Offered Securities. You may be the only Subscriber. Funds available under the Offering may not be sufficient to accomplish our proposed objectives.</b>
<b>Payment Terms:</b>	Each Subscriber (as defined herein) must deliver to the Issuer, at 4203 Roper Road, Edmonton, Alberta T6B 3S5, Attention: Paul Belter, a certified cheque, cheque (with adequate time to clear account), bank draft or money order payable to " <b>North River Trust</b> " for the aggregate subscription price.
<b>Proposed Closing Date:</b>	The initial Closing is scheduled for July 14, 2017, or such later date as the Trustees (as defined herein) may determine in their sole discretion. The Issuer shall continue to conduct Closings until the Maximum Class B Unit Offering (as defined herein) has been reached or until the Trustees determine.
<b>Income Tax Consequences:</b>	There are important tax consequences to these securities. See Item 6 – "Certain Canadian Income Tax Consequences and RRSP Eligibility."
<b>Selling Agent:</b>	It is not expected that any eligible market participants will receive a commission or finder's fee relating to sales made by such eligible market participants pursuant to this Offering Memorandum. See Item 7 – "Compensation Paid to Sellers and Finders."

#### RESALE RESTRICTIONS

You will be restricted from selling your securities for an indefinite period. See Item 10 – "Resale Restrictions."

#### PURCHASER'S RIGHTS

**You have two (2) business days to cancel your agreement to purchase the Offered Securities. If there is a Misrepresentation in this Offering Memorandum, you have the right to either sue for damages or to cancel the agreement. See Item 11– "Purchasers' Rights". You will not be able to sell the Offered Securities except in very limited circumstances. You may never be able to resell the Offered Securities. See Item 10- "Resale Restrictions."**

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 - " Risk Factors."

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## **SCHEDULES**

The following schedules are attached to, and form part of, this offering memorandum:

Schedule A - Glossary of Terms.

Schedule B - Declaration of Trust;

Schedule C - North River Limited Partnership – Partnership Agreement;

Schedule D - Financials for North River Trust and Partnership; and

Schedule E - Property Land and Building Details and Financials.

Schedule F - Property Rent Roll (Permitted Leases).

Schedule G - Asset Portfolio Details.

### **Additional Cautionary Information**

**The information contained in this Offering Memorandum is intended only for the Persons to whom it is transmitted for the purposes of evaluating the Offered Securities offered hereby. Prospective Subscribers should only rely on the information in this Offering Memorandum. No Persons are authorized to give any information or make any representation in respect of the Issuer or the Offered Securities offered herein and any such information or representation must not be relied upon.**

**Prospective Subscribers should consult their own legal and tax advisors regarding their circumstances.**

### **FORWARD-LOOKING INFORMATION**

Certain statements in this Offering Memorandum as they relate to the Issuer and its operations are "forward-looking statements". Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or achieved) are not statements of historical fact and may be "forward-looking statements". The forward-looking statements are based on our beliefs, assumptions and expectations, of our future performance, considering information currently available to us at the time the statements are made. These forward-looking statements involve several risks and uncertainties. See Item 8 - Risk Factors. These beliefs, assumptions and expectations can change because of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity, results of operations and potential return to Subscribers may vary materially from those expressed in our forward-looking statements.

This Offering Memorandum contains forward-looking information pertaining to the following matters, among others:

- Ability to raise sufficient capital to fund the second acquisition of the Property (as defined herein);
- Economic growth in Canada and the United States and the implications on the industrial and commercial land development and rental/lease industry of the Capital Region (as defined herein);
- Population and employment growth in the Capital Region;
- Demand for, supply of, and relative pricing of industrial and commercial property in the Capital region;
- The belief that commercial and industrial growth in the Capital Region will be desired in and around the area where the Property is located and that the Property will be desired

as commercial viable and advantageous locations for commercial leases and let in and around that region;

- The price of the Property as the Asset Manager (as defined herein) anticipates negotiating, and receiving for the purchase, lease, and eventual sale of commercial/industrial lands, properties or buildings;
- The ability of the Asset Manager to purchase, lease, and ultimately sell the commercial property;
- Views regarding the real estate market, relating to the prices and trends;
- The expectation that the Property will meet the Partnership's investment objectives and strategy;
- The anticipated costs to be incurred by the Partnership to manage and administer the Asset Portfolio (as defined herein);
- The prospects for obtaining certain approvals and the timing of these approvals;
- Financing available on reasonable terms;
- The expectation that the Property will be suitable for profitable returns; and
- The creditworthiness of the tenants.

Important factors that could cause the Issuer's actual results and performance in future periods to differ materially from the Issuers expectations include, among other things, tenant occupancy in the Property and the properties within the Asset Portfolio, the prices at which space within the Property can be leased, general economic and market factors, including interest rates, a decline in the real estate market, changes in government policies and regulation or in tax laws and changes in municipal and/or regional planning strategies, in addition to those factors discussed or referenced under the heading Item 8 – "Risk Factors",

The Partnership's and therefore the Issuer's actual results could differ materially from those anticipated in these forward-looking statements due to, among other things, the risk factors set in this Offering Memorandum under Item 8 – "Risk Factors", including those under the following headings:

- No Guarantee That Investment in Offered Securities Will Be Successful;
- Operating History;
- Limited Number of Assets in Asset Pool/Portfolio;
- Leasing Risk;
- Risks of Real Property Development and Ownership;
- Builder Contract Risk; and
- General Real Estate Risks.

All forward-looking statements contained herein are made as of the date of this Offering Memorandum. Except as required by applicable law, the Issuer does not undertake any obligations to publicly update or revise any forward-looking statements, whether because of new information, future events or otherwise. Considering these risks, uncertainties and assumptions, the events described by the Issuer's forward-looking statements might not occur. The Issuer

qualifies all its forward-looking statements by these cautionary factors. Please keep this cautionary note in mind as you read this Offering Memorandum.

#### **RELIANCE**

Prospective Subscribers should rely only on information contained in the Offering Memorandum. The Issuer has not authorized any other person to provide prospective Subscribers with different information. If a prospective Subscriber is provided with different or inconsistent information, the prospective Subscriber should not rely on such information. The Issuer is not making an offer to sell in any jurisdiction where an offer or sale is not permitted.

#### **INDUSTRY AND MARKET DATA**

The Issuer obtained industry and market data used throughout this Offering Memorandum from surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Although the Issuer believes that each of these studies and publications is reliable, the Issuer has not independently verified such data and does not make any representations as to the accuracy of such information.

#### **INVESTMENT NOT LIQUID**

The Offered Securities offered hereunder will be subject to several resale restrictions, including a restriction on trading. Until the restriction on trading expires, if ever, a Subscriber will not be able to trade their Offered Securities unless it complies with very limited exemptions from the prospectus and registration requirements under applicable securities legislation. As the Issuer has no intention of becoming a reporting issuer in any jurisdiction in Canada, these trading restrictions will not expire. Consequently, a Subscriber may not be able to liquidate their Offered Securities in a timely manner, if at all, or pledge their Offered Securities as collateral for loans. See Item 10- "Resale Restrictions".

## Item 1 Use of Funds

### 1.1 Funds

- (a) The following table sets forth the anticipated and estimated use of proceeds of this Class B Unit Offering. The use of net proceeds of the Class B Unit Offering reflects the intention of the Issuer based on information presently available and on current circumstances, economic and otherwise and may be subject to change at the discretion of the Trustees. It is the current intention of the Issuer that the available proceeds from this Offering will be used as follows:

		Assuming min. offering	Assuming max. offering
A.	Amount to be raised by this offering <sup>(1)</sup>	\$ 0	\$ 5,000,550
B.	Selling commissions and fees	\$ 0	\$ 0
C.	Estimated offering costs (e.g., legal, accounting, audit.)	\$ 38,000	\$ 38,000
D.	Available funds: $D = A - (B+C)$	\$ (38,000.00)	\$ 4,962,550
E.	Additional sources of funding required <sup>(2)</sup>	\$ 9,800,000	\$ 9,800,000
F.	Working capital deficiency	\$ 0	\$ 0
G.	Total: $G = (D+E) - F$	\$ 9,762,000	\$ 14,762,550

Notes:

- (1) The price to the public under this Class B Unit Offering was determined by the Trustees. The Issuer may terminate the Class B Unit Offering, in its sole discretion, at any time, irrespective of the amounts raised under this Class B Unit Offering prior to that time. See Item 8 – "Risk Factors".
- (2) This figure represents the sum of the Mortgage Advance expected from the Lender to the Partnership.

### 1.2 Use of Available Funds

- (a) Upon closing, the total Available Funds set out in 1.1(a) shall be allocated to the purchase of Partnership Units in the Partnership. The Partnership will use this Capital Contribution to finance the Property.
- (b) The Available Funds will be used by the Issuer as follows:

The Issuer: Description of Intended Use of Gross Issuer Proceeds Listed in Order of Priority		Assuming min. offering	Assuming max. offering
A.	Provide Capital Contribution to the Partnership for the Partnership to purchase the Property	\$ 0	\$ 4,962,550
B.	Total: Equal to G in the "Funds" table above	\$ 9,762,000	\$ 14,762,550

- (c) As the Available Funds will be paid to a related party, once received, the intended use of the funds received by the related party are as follows:

The Partnership: Description of Intended Use of Gross Issuer Proceeds Listed in Order of Priority <sup>(1)</sup>		Assuming min. offering	Assuming max. offering
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A.	Receive Contribution from the Issuer	\$ (38,000)	\$ 4,962,550
B.	ADD: Mortgage from Lender	\$ 9,800,000	\$ 9,800,000
C.	LESS: Bank Mortgage App & Assignment Fee	\$ 25,950	\$ 25,950
E.	LESS: Selling commission and fees	\$ 0	\$ 0
F.	LESS: Management, acquisition and marketing fee (Legal on Closing)	\$ 12,000	\$ 12,000
G.	LESS: Purchase of the Property and related taxes/fees	\$ 14,750,000	\$ 14,750,000
H.	+/-: Adjustment for damage deposits, rents, etc.	\$77,199	\$ 77,199
I.	Remaining available funds	\$(4,948,751)	\$ 51,799

Notes:

(1) The Issuer is a related party to the Partnership, by way of it being the Limited Partner.

### 1.3 Reallocation

(a) The Issuer intends to spend the proceeds of the Offering as stated. However, the Issuer will only reallocate funds only for sound business reasons.

## Item 2 Business of North River Trust

### 2.1 Structure:

(a) The Issuer:

- (i) The Issuer is a trust, formed by way of declaration of trust ("Declaration of Trust") dated and settled October 14, 2015 in the Province of Alberta.
- (ii) The Issuer currently has Class A (voting) and Class B (non-voting) Units.
- (iii) The Issuer was created to raise money through the offering of Class B Units.
- (iv) The Issuer is directed by the Trustees, also holders of the Class A Units.
- (v) The Issuer sells Class B Units then uses the proceeds to make the Capital Contribution to the Partnership. The Issuer is the Limited Partner, in the Partnership with the asset managing company, which acts as the General Partner.
- (vi) The Partnership will use the Capital Contribution to finance the purchase of the Property.
- (vii) The Property is added to the Issuer's Asset Portfolio, which is (as mentioned) managed by the General Partner.

(b) Trustees:

- (i) Paul Belter, Terry Kemp and Paul Gaudreau currently act as the Trustees of the Issuer. The Trustees are responsible for the general control and direction of the Issuer and will oversee the Issuer's activities. The Trustees, in their capacity as Trustees, will not receive Class B Unit Distributions. The Class B



Unit Distributable Income shall be distributed to the Class B Unitholders pursuant to the Declaration of Trust. More details regarding the Trustees can be found at Item 3.2 – “Management Experience”.

The Trustees may be reached at: telephone (780) 461-2679; fax: (780) 461-2699; email: [subscription@northrivertrust.ca](mailto:subscription@northrivertrust.ca).

(c) The Partnership

- (i) The Partnership is a limited partnership operating under the name of North River Limited Partnership. It was registered under the Partnership Act on October 21, 2015, by the filing of the certificate of limited partnership at the corporate registry.
- (ii) The Initial Limited Partner was issued one Class A Partnership Unit at a price of \$10.00 per Class A Partnership Unit to set up the Partnership. Immediately following, the Issuer reimbursed the initial Class A Partnership Unit at a purchase price of \$10.00 and issued Class A Partnership Units to the Issuer as the only Limited Partner of the Partnership.
- (iii) The Partnership is governed pursuant to the terms of the Partnership Agreement dated October 21, 2015, attached hereto as Schedule “C”.
- (iv) Pursuant to the Partnership Agreement, the General Partner has the general power and authority to manage the business and affairs of the Partnership which includes the ability to enter into agreements with third parties to provide services for the Partnership.
- (v) The Partnership entered into the Management Agreement with the General Partner on October 21, 2015. The General Partner provides administrative and management services for the each of the properties within the Asset Portfolio and will provide similar services for the Property. The General Partner receives an Asset Management Fee of 1% per annum based on the base rent collected from the each of the properties within the Asset Portfolio and will receive a similar fee in respect of the Property.
- (vi) The Issuer, and the relationship among the Issuer, the Trustees and the Unitholders are governed by the Declaration of Trust.

The office of the Partnership is located at 4203 Roper Road, Edmonton, Alberta T6B 3S5; telephone: (780) 461-2679; fax: (780) 461-2699; email: [subscription@northrivertrust.ca](mailto:subscription@northrivertrust.ca).

(d) The Partnership – The General Partner

- (i) The General Partner was incorporated in Alberta as 1405399 Alberta Ltd. on June 04, 2008, and renamed as North River Properties Inc. on October 1, 2015, under the Business Corporations Act (Alberta) to manage the business of the Partnership. All of the issued and outstanding voting shares of the General

Partner are directly, or indirectly, owned and controlled by those entities listed in Item 3.1- "Compensation and Securities Held".

- (ii) The General Partner will oversee and administer the Partnership's investment in the Property. The General Partner will receive (subject to certain restrictions), as General Partner, the Asset Management Fee. The General Partner shall cause the Partnership to distribute the Class A Unit Partnership Distributable Income among the Limited Partners in accordance with the Partnership Agreement. The General Partner shall apportion the Class A Partnership Distributable Income to the Class A Partnership Unitholders proportionately to the number of Class A Partnership Units held by each Class A Partnership Unitholder to the total number of Class A Partnership Units outstanding.

The General Partner's registered office is located at 800, 9707 - 110 Street NW, Edmonton, Alberta, T5K 2L9; telephone (780) 652-1311; fax: (780) 652-1312; email: [info@albertacounsel.com](mailto:info@albertacounsel.com).

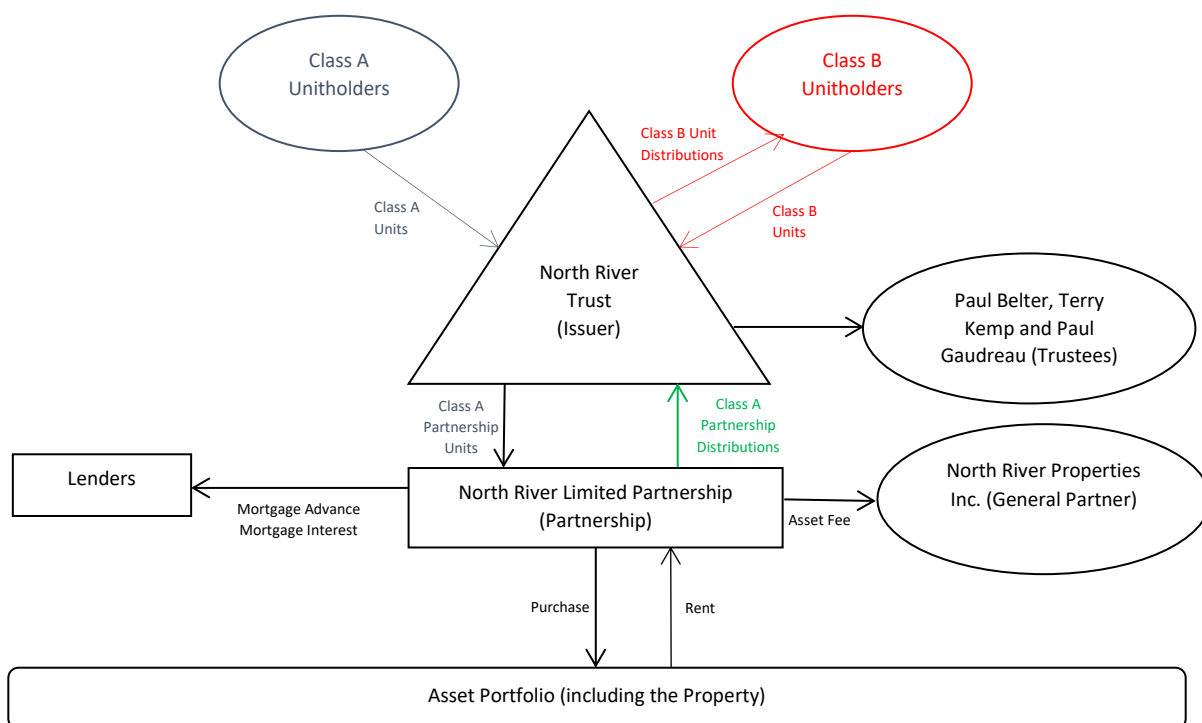
(e) The Partnership – The Limited Partner

- (i) The Issuer is the only Limited Partner of the Partnership. The Limited Partner owns 100% interest in the Partnership based on the number of Partnership Units issued to the Limited Partner as compared to the total number of Partnership Units then outstanding. The Limited Partner is not entitled to participate in the management or control of the affairs of the Partnership or it will lose the protection of limited liability. Rights as to allocations, Partnership Distributions and other matters are conferred by the Partnership Agreement upon the Limited Partners and the General Partner.

## 2.2 Our Business

### (a) Generally

- (i) The Issuer's business is purchasing, selling and investing in real property via its Capital Contributions to the North River Limited Partnership, where such properties form the Asset Portfolio. The Asset Portfolio is managed by North River Properties Inc. (the General Partner). From time to time the Issuer requires additional funds with which to purchase additional properties (like the Property) to add to the Asset Portfolio, and does so by way of issuing new Units for purchase in the Trust. The format of the business structure is illustrated as follows:



- (ii) The Partnership, on behalf of the Issuer, is to use the proceeds from the Class B Unit Offering to leverage with the Lender pursuant to the Mortgage for funds to purchase the Property and add it to the Asset Portfolio.
- (iii) The Partnership intends to manage and maintain the Property as part of the Asset Portfolio, over time, roughly 40 years. It will utilize the cash flow generated from the operation, sale, or future refinance of properties within the Asset Portfolio, to service payments on the Mortgage Advance and the Mortgage Interest.
- (iv) If the Asset Portfolio produces profits after paying the various expenses related to the operation and management of the North River Trust Project, (including the Partnership's expenses, liabilities, and commitments, the Mortgage

Advance, the Mortgage Interest, the Asset Fee, etc.), then, at the sole direction of the General Partner, the net proceeds are paid from the Partnership by way of a Partnership Distribution to the Issuer.

- (v) These Class A Partnership Distributions received from the Partnership will be used to pay to the Issuer Class B Unit Distributions. Such Class B Unit Distributions shall be made at the sole discretion of the Trustees, and only after paying the Issuer's liabilities and commitments.
  - (vi) The Trustees shall declare payable to the Class B Unitholders of record upon the Class B Unit Distribution Record Date a portion of the available Class B Unit Distributable Income (if any), less any anticipated operation expenses, such amounts to be determined by the Trustee. The proportionate share of each Class B Unit shall be determined by dividing such amount by the number of issued and outstanding Class B Units on the applicable Class B Unit Distribution Record Date(as defined herein).
- (b) A summary of the specific Property to be acquired is shown below. More details of the Property and its history can be found in Schedule "E":

Offer to Purchase Dated	May 15, 2017
Offer Acceptance Dated	May 16, 2017
Closing Date	July 14, 2017
Municipal Description Parcel (1)	5504 36 Street Edmonton
Municipal Description Parcel (2)	3715 56 Avenue Edmonton
Legal Description (1) (Plan, Block, Lot)	0824764, 20, 8A
Legal Description (2) (Plan, Block, Lot)	08260109, 20, 10
Total Sq. Ft. Rentable	77,650 Building and 85,836 (yard)
	5.75 acres total
Purchase Price	<b>\$14,750,000</b>
Vendor	<b>1358307 Alberta Ltd.</b>
Purchaser	<b>North River Partnership by Way of General Partner</b>
Financing Details	Equity Withdrawal – Second Mortgage
Assumable/Existing Financing – 1 <sup>st</sup> . Mortgage (CIBC Mtg. #5059721.1)	\$8,112,907 @ 2.948%, 3.25 yrs amort. 22 Years
Additional/New Financing – 2 <sup>nd</sup> Mortgage (CIBC Mortgages Inc.)	\$1,687,092.99 @ 3.257%, 3.25 yrs amort. 22 Years
Financing Commitment Letter Date – CIBC Mortgages Inc.	June 21, 2017

- (c) Permitted encumbrances on the Property are:

Registration Number	Date	Particulars
062 585 446	December 19 ,2006	Utility Right way – Grantee – Telus Communications Inc.

062 585 449	December 19, 2006	Utility Right of way – Grantee – Epcor Distribution Inc.
072 253 868	May 03, 2007	Restrictive Covenant
102 304 417	August 30, 2010	Mortgage – Mortgagee - CIBC Mortgages Inc
102 304 418	August 30, 2010	Caveat – Re: Assignment of Rents and Leases - Caveator CIBC Mortgages Inc.
102 404 370	November 17, 2010	Caveat – Re: Amending Agreement - Caveator - CIBC Mortgages Inc.
142 348 117	October 16, 2014	Caveat – Re: Lease - Caveator – Seaboard Canda Ltd.
172 060 546	March 6, 2017	Caveat – Re: Lease Interest – Caveator: Her Majesty the Queen in Right of Alberta
062 585 439	December 19, 2006	Utility Right of Way – Grantee – City of Edmonton
062 585 440	December 19, 2006	Utility right of Way – Grantee – City of Edmonton

(d) The current use of the Property is commercial/rental property and yard with buildings included. Rent Roll (Permitted Leases) details contained in Schedule “F”.

(e) The Issuer, via the Partnership currently holds other properties in its Asset Portfolio. Specific details related to Asset Portfolio can be found at Schedule “G”.

## 2.3 Development of Business

(a) Over the past two years the Issuer has undertaken two rounds of Unit sales to finance the purchase of two commercial properties.

(b) In December 2015, the Issuer, via its Partnership, successfully procured Property 1 and added it to the Asset Portfolio with favourable results to the Unit Holders.

(c) In April 2016, the Issuer, via its Partnership, successfully procured Property 2 and added it to the Asset Portfolio with favourable results to the Unit Holders.

## 2.4 Long Term Objectives

(a) The Issuer’s objective is to maximize long-term results, while providing a steady stream of predictable cash flow and preserving the Class B Unitholders' Capital Contribution. By combining the purchase of a substantially leased commercial property with property management experience, the Issuer intends to provide sustainable distributions to Class B Unitholders. In particular, the Issuer intends to:

(i) provide Class B Unitholders with a stable stream of returns;

(ii) provide long-term capital appreciation in a tax efficient structure;

- (iii) preserve the value of the Class B Units;
- (iv) provide a redemption opportunity; and
- (v) add value to the Asset Portfolio through planning, servicing and managing the Property.

## 2.5 Short Term Objectives and How the Issuer Intends to Meet Them

(a) In the short term, the Issuer intends to use the gross proceeds from the Offering to make the Capital Contribution to the Partnership. It continues to work with the General Partner and to seek advice from it with respect to commercial/industrial real estate trends, building maintenance, and tenant management.

(b) Specifically:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our anticipated cost to complete
Continue raising investment funds up to the Maximum Class B Unit Offering	Ongoing up to or before July 14, 2017, or such other date or dates as determined by the Trustees	Those Offering Costs as set out in Item 1.1 – “Funds”.
Make the Capital Contribution to the Partnership	Capital Contributions will be made following the closing of each tranche of the Offering	Nil

## 2.6 Insufficient Funds

(a) The proceeds of the Offering may not be sufficient to accomplish all of the Issuer's proposed objectives and there is no assurance that alternative financing will be available. If the Maximum Class B Unit Offering is not met, the Partnership may need to obtain alternative financing or finance a larger amount to purchase the Property.

## 2.7 Material Agreements

(a) The following is a description of each entity in the structure and a summary of material agreements governing each entity in the structure and a summary of the key terms of each material agreement. Material agreements not otherwise attached to this Offering Memorandum are available and may be reviewed at the offices of the Issuer.

The following is a description of each entity in the structure and a summary of material agreements governing each entity in the structure and a summary of the key terms of each material agreement. Material agreements not otherwise attached to this Offering Memorandum are available and may be reviewed at the offices of the Issuer.

## **North River Trust – Declaration of Trust dated October 14, 2015**

The following is a summary of the Declaration of Trust. This is a summary only and is subject to the complete terms and conditions of the Declaration of Trust. The Issuer is an unincorporated, open-ended mutual fund trust governed by the laws of the Province of Alberta and created by the Declaration of Trust. The Issuer will qualify as a "mutual fund trust" for the purpose of the Tax Act, but the Issuer is not a mutual fund under applicable securities laws.

The Trustees of the Issuer are Paul Belter, an individual residing in St. Albert, Alberta, Terry Kemp, an individual residing in Edmonton, Alberta and Paul Gaudreau, an individual residing in Sherwood Park, Alberta.

### ***Purpose of the Issuer***

The Issuer is hereby created for the following purposes:

- (b) acquiring, investing in, holding, transferring, managing and otherwise dealing with, directly or indirectly, any of the Securities issued by North River Limited Partnership, and borrowing funds for that purpose;
- (c) investing in any other Securities and in any other business or investments as the Trustees may determine, and borrowing funds for that purpose;
- (d) temporarily holding cash in interest-bearing accounts and short-term investments for the purposes of:
  - I. making investments;
  - II. paying the expenses and the liabilities of the Issuer;
  - III. paying amounts payable by the Issuer in connection with the redemption of any Units or other Securities of the Issuer; and
  - IV. making distributions to Class B Unitholders.
- (e) issuing Units, instalment receipts, subscription receipts, rights, warrants (including so-called "special warrants" which may be exercisable for no additional consideration) or options to subscribers for Units or debt instruments that are convertible into or exchangeable for Units or other Securities for the purpose of:
  - (i) obtaining funds to conduct any of the activities of the Issuer;
  - (ii) completing any acquisition of Securities or any other assets for the benefit of the Issuer;

- (iii) implementing distribution reinvestment plans, Unit purchase plans, incentive option plans or other incentive or compensation plans, if any, established by the Trustees for the benefit of the Issuer; and
- (iv) making non-cash distributions to Unitholders as contemplated by this Declaration of Trust, including pursuant to distribution reinvestment plans, Unit purchase plans, incentive option plans or other incentive or compensation plans, if any, established by the Trustees for the benefit of the Issuer;
- (f) issuing debt securities (including debt securities convertible into, or exchangeable for, Units or other Securities of the Issuer), provided recourse shall be limited to the Issuer Assets, or otherwise borrowing and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering any of the Issuer Assets as security;
- (g) guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of the Partnership or any subsidiary of the Issuer and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of the Issuer Assets including Securities issued by the Partnership or any subsidiary of the Issuer, as security for that guarantee;
- (h) disposing of all or any part of the Issuer Assets;
- (i) issuing or redeeming rights and/or Units pursuant to any Unitholder rights plan adopted by the Issuer;
- (j) repurchasing, redeeming or otherwise acquiring Securities of the Issuer, including pursuant to any issuer bid made by the Issuer;
- (k) satisfying the obligations, liabilities or indebtedness of the Issuer;
- (l) performing all acts necessary, incidental, ancillary or related to any of the foregoing subsections (b) to (k); and
- (m) undertaking such other activities or taking such other actions to conduct the business of the Issuer as shall be approved by the Trustees from time to time.

### ***Units***

The Declaration of Trust authorizes the issuance of an unlimited number of Class A Units and an unlimited number of Class B Units. Each Unit is transferable, subject to applicable laws, and represents an equal undivided beneficial interest in the Class B Unit Distributable Income, as applicable, from the Issuer and in any of the Issuer Assets (net of liabilities of the Issuer) or any other net assets of the Issuer in the event of termination or winding-up of the Issuer. Each Class A Unit entitles the holder to one vote at all



meetings of Unitholders. Except as set out under "Redemption of Trust Units", Units have no conversion, retraction, redemption or pre-emptive rights.

### ***Issuance of Units***

The Issuer may issue an unlimited number of Class A Units and Class B Units at any time to any Persons for the consideration and on the terms that the Trustees determine.

### ***Class A Unit Certificates***

Class A Unit Certificates were issued to Class A Unitholders pursuant to the Previous Financing and a register of Class A Unitholders is kept at the head office of the Issuer or the Transfer Agent setting out particulars of the Class A Unit Certificates. Only Class A Unitholders with recorded Class A Unit Certificates on the register are entitled to exercise rights of a Class A Unitholder.

### ***Class B Unit Certificates***

Class B Unit Certificates were issued to Class B Unitholders pursuant to the Previous Financing and a register of Class B Unitholders is kept at the head office of the Issuer or its authorized agent setting out particulars of the Class B Unit Certificates. Only Class B Unitholders with recorded Class B Unit Certificates on the register are entitled to receive Class B Unit Distributions or exercise rights of a Class B Unitholder.

### ***Trustees***

The Trustees have authority and control over the Issuer Assets and the affairs of the Issuer. The Trustees, without any action or consent by the Unitholders, shall have the following powers and authorities which may be exercised by them from time to time or delegated by them, as herein provided, in their sole judgment and discretion and in such manner and upon such terms and conditions as they may from time to time deem proper:

- (a) to appoint additional Trustees of the Issuer;
- (b) to accept subscriptions for Units and to issue Units pursuant thereto;
- (c) to maintain books and records;
- (d) to provide timely reports to Unitholders in accordance with the provisions hereof;
- (e) to effect payment of Class B Distributions to Class B Unitholders;

- (f) to deposit funds of the Trust in interest-bearing accounts and short-term investments for the purposes of making investments, paying the expenses and the liabilities of the Issuer, paying amounts payable by the Issuer in connection with the redemption of any Units or other Securities of the Issuer and making Class B Distributions to Class B Unitholders;
- (g) to enter into any other obligations on behalf of the Issuer; to enter into any subordination agreement on behalf of the Issuer or any other person; to assign, charge, pledge, hypothecate, convey, transfer, mortgage, subordinate, and grant any security interest, mortgage or encumbrance over or with respect to all or any and all assets, property and undertaking of the Issuer, including the Issuer Assets; to subordinate and postpone the interests of the Issuer in the Issuer Assets to any other person; and any agreement in connection with any of the foregoing entered into by the Trustees shall be binding upon, and enforceable in accordance with its terms, against the Issuer;
- (h) to possess and exercise all the rights, powers and privileges pertaining to the ownership of all or any part of the assets of the Issuer, including, without limitation, the Issuer Assets, to the same extent that a natural person might, unless otherwise limited herein, and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons, which proxies and power of attorney may be for meetings or action generally or for any particular meeting or action and may include the exercise of discretionary power;
- (i) where reasonably required, to engage or employ any Persons as agents, representatives, employees, administrators, consultants or independent contractors (including, without limitation, investment advisers, registrars, underwriters, accountants, lawyers, engineers, appraisers, brokers or otherwise) in one or more capacities;
- (j) to collect, sue for and receive all sums of money coming due to the Issuer, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, demands or other litigation relating to the Issuer, the assets of the Issuer or the Issuer's affairs, to enter into agreements therefor, whether or not any suit is commenced or claim accrued or asserted and, in advance of any controversy, to enter into agreements regarding the arbitration, adjudication or settlement thereof;
- (k) to arrange for insurance contracts and policies insuring the assets of the Issuer against any and all risks and insuring the Issuer and/or any or all of the Trustees or the Unitholders against any and all claims and liabilities

- of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Issuer or by the Trustees or Unitholders;
- (l) to cause legal title to any of the Issuer Assets to be held by and/or in the name of the Trustees, or except as prohibited by law, by and/or in the name of the Issuer, or any other person, on such terms, in such manner, with such powers in such person as the Trustees may determine and with or without disclosure that the Issuer or the Trustees are interested therein, provided that should legal title to any of the assets of the Issuer be held by and/or in the name of any person other than the Trustees or the Issuer, the Trustees shall require such person to execute a trust agreement acknowledging that legal title to such assets is held in trust for the benefit of the Issuer;
  - (m) to make, execute, acknowledge and deliver any and all Declarations, contracts, waivers, releases or other documents of transfer and any and all other instruments in writing necessary or proper for the accomplishment of any of the powers herein granted,
  - (n) to pay out of the Issuer Assets the expenses of the Issuer;
  - (o) except as prohibited by law, to delegate any or all of the management and administrative powers and duties of the Trustees to any one or more agents, representatives, officers, employees, independent contractors or other persons without liability to the Trustees except as provided in the Declaration of Trust;
  - (p) guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of the Partnership, the business trust or any subsidiary of the Issuer and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of the Issuer Assets including Securities issued by the Partnership or any subsidiary of the Issuer, as security for that guarantee;
  - (q) to enter into on behalf of the Issuer and observe and perform its obligations and the obligations of the Issuer under any agreements with any lender, including, without limitation, compliance with any provisions thereof which may restrict the powers of the Trustees hereunder or preclude the Trustees from acting in certain circumstances on resolutions of the Unitholders as might otherwise be provided for hereunder, and each such agreement entered into by the Trustees shall be binding upon, and enforceable in accordance with its terms against, the Issuer;
  - (r) without limit as to amount, cost, or conditions of reimbursement, to issue any type of debt securities or convertible debt securities and to borrow money or incur any other form of indebtedness for the purpose of

- carrying out the purposes of the Issuer or for other expenses incurred in connection with the Issuer and for such purposes may draw, make, execute and issue promissory notes and other negotiable and non-negotiable instruments or securities and evidences of indebtedness, secure the payment of sums so borrowed or indebtedness incurred and mortgage, pledge, assign or grant a security interest in any money owing to the Issuer or engage in any other means of financing the Issuer;
- (s) notwithstanding any other specific provision of this Declaration of Trust, to issue Units in settlement of the Issuer; and
  - (t) to do all such other acts and things as are incidental to Section 8.2 of the Declaration of Trust, and to exercise all powers which are necessary or useful to carry on the business of the Issuer, to promote any of the purposes for which the Issuer is formed and to carry out the provisions of the Declaration of Trust.

#### ***Class B Unit Distributions***

The Trustees shall, on or before each Class B Unit Distribution Record Date, declare payable, to the Class B Unitholders of record on such Class B Unit Distribution Record Date, such percentage of the Class B Unit Distributable Income for the Class B Unit Distribution Period which includes such Class B Unit Distribution Record Date as the Trustees determine in their discretion. The proportionate share of each Class B Unit of the amount of such percentage of Class B Unit Distributable Income shall be determined by dividing such amount by the number of issued and outstanding Class B Units on such Class B Unit Distribution Record Date. A Class B Unitholder's share of such percentage of Class B Unit Distributable Income shall be an amount equal to the proportionate share of each Class B Unit of such percentage of Class B Unit Distributable Income multiplied by the number of Class B Units owned of record by such Class B Unitholder on such Class B Unit Distribution Record Date. Class B Unit Distributable Income which has been declared to be payable to Class B Unitholders of record in respect of a Class B Unit Distribution Period shall be paid in cash on the date on which a Class B Unit Distribution is paid by the Trustees in respect of such Class B Unit Distribution Period.

#### ***Redemption***

Subject to the provisions contained in the Declaration of Trust, each Unitholder shall be entitled to require the Issuer to redeem, at any time and from time to time, at the demand of the Unitholder, all or any number of Units registered in the name of such Unitholder at the prices determined

and payable in accordance with the terms and conditions in the Declaration of Trust or summarized below.

***Exercise of Redemption Right***

- (a) To exercise a Unitholder's right to require redemption, a duly completed and properly executed notice requiring the Issuer to redeem Units, in a form approved by the Trustees, shall be sent to the Issuer at the head office of the Issuer or to the principal corporate trust office of the Transfer Agent together with written instructions as to the number of Units to be redeemed and the Unit Certificate or Unit Certificates representing the Units to be redeemed. No form or manner of completion or execution shall be sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any further evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the Person giving such notice.
- (b) Upon receipt by the Issuer of a notice to redeem Units, the holder of such Units tendered for redemption shall thereafter cease to have any rights with respect to such Units (other than to receive the redemption payment therefor), including the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the day of receipt by the Issuer of such notice, Units shall be considered to be tendered for redemption on the Redemption Date (as defined herein).

***Class A Units***

Class A Units shall be redeemable for a fixed amount equal to the original subscription paid for such Class A Units.

***Class B Units Cash Redemption***

- (a) Upon receipt by the Issuer of the notice to redeem Class B Units, the holder of the Class B Units shall be entitled to receive a price per Class B Unit in cash (hereinafter called the "**Cash Redemption Price**") equal to 90% of the purchase price paid by the Class B Unitholder to acquire his or her Class B Units.
- (b) The Cash Redemption Price payable in respect of the Class B Units surrendered for redemption during any calendar month shall be paid by cheque, drawn on a Canadian chartered bank or a trust company in lawful money of Canada, no later than the last day of the calendar month following the month in which the Redemption Date falls.

### ***No Class B Unit Cash Redemption in Certain Circumstances***

The Cash Redemption will not be applicable to Class B Units tendered for redemption by a holder of Class B Units, if the total amount payable by the Issuer in respect of those Class B Units and all other Class B Units tendered for redemption in the same calendar month exceeds \$25,110 (the "**Monthly Limit**"); provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Class B Units tendered for redemption in any calendar month. Class B Units tendered for redemption in any calendar month in which the total amount payable by the Issuer exceeds the Monthly Limit will be redeemed for cash and, unless any applicable approvals are required, by a distribution in specie as described below, on a pro rata basis.

### ***Class B Units In Specie Redemption***

If a Cash Redemption is not available, then such holder of Class B Units shall, instead of the Cash Redemption Price per Class B Unit, be entitled to receive a price per Class B Unit (the "**in specie Redemption Price**") equal to 90% of the purchase price paid by the Class B Unitholder to acquire his or her Class B Units, and the in specie Redemption Price shall, subject to all necessary approvals, be paid and satisfied, at the discretion of the Trustees by way of:

- (a) the issuance to or to the order of the redeeming Class B Unitholder such aggregate amount of non-interest bearing redemption notes (the "**Redemption Notes**") as is equal to the aggregate in specie Redemption Price payable to such Class B Unitholder as determined in the discretion of the Trustees;
- (b) the distribution, tender or transfer to or to the order of the redeeming Class B Unitholder of Issuer Assets, the value of which is equal to the aggregate in specie Redemption Price payable to such Class B Unitholder as determined in the discretion of the Trustees; or
- (c) by any combination of the issuance of Redemption Notes, the distribution of Issuer Assets and cash payment (by way of cheque), to or to the order of the redeeming Class B Unitholder, the value of which, taken together, is equal to the aggregate in specie Redemption Price payable to such Class B Unitholder as determined in the discretion of the Trustees.

Each Redemption Note issued to a redeeming Class B Unitholder shall be in the principal amount of \$100 and shall bear no interest. No fractional Redemption Notes shall be distributed and where the number of Redemption Notes to be received upon redemption by a redeeming Class B

Unitholder would otherwise include a fraction, that number shall be rounded down to the next lowest whole number.

In respect of any Issuer Assets being transferred in payment of the in specie Redemption Price, the Issuer shall be entitled to all interest paid or accrued and unpaid in respect of such Issuer Assets (including any instruments on which interest is accruing), to and including the date of transfer thereof.

The in specie Redemption Price payable in respect of the Class B Units tendered for redemption during any calendar month shall be paid within five business days after the end of the calendar month in which the Class B Units were tendered for redemption.

Payments by the Issuer of the in specie Redemption Price are conclusively deemed to have been made upon the mailing of the Redemption Notes, the documents evidencing ownership of the Issuer Assets distributed and/or a cheque in the lawful money of Canada for any cash payment, as the case may be, by registered mail in a postage prepaid envelope addressed to the former Class B Unitholder. Upon such payment, the Issuer shall be discharged from all liability to the former Class B Unitholder in respect of Class B Units so redeemed to the extent of the amount of such Redemption Notes, Issuer Assets and/or cash payment, as the case may be.

### ***Trustee Redemption Rights***

At any time following the disposition of the property or assets purchased with funds obtained from the Issuer and upon the Trustees concluding that no further Class B Unit Distributable Income of the Issuer is due and owing from North River Limited Partnership to the Issuer, the Trustees may, in their sole discretion and for any reason, redeem any or all of the Class B Units upon delivering not less than fifteen (15) days' written notice (the "**Automatic Redemption Notice**") to the applicable Class B Unitholder(s) of the date of redemption (the "**Automatic Redemption Date**") and the number of Class B Units to be redeemed (the "**Redeemed Class B Units**").

The aggregate price (the "**Automatic Redemption Price**") to be paid by the Trustees to any Class B Unitholder for any redemption of Class B Units pursuant to the Declaration of Trust shall be 100% of the fair market value of such Class B Units as determined by the Trustees acting reasonably and in

good faith in their sole discretion, having reference to property appraisals, if available and such other information as they may consider appropriate.

Payments made by the Issuer of the Automatic Redemption Price are conclusively deemed to have been made upon the date of mailing of a cheque in a postage prepaid envelope addressed to the former Class B Unitholder unless such cheque is dishonoured upon presentment. Upon such payment, the Issuer shall be discharged from all liability to the former Class B Unitholder in respect of the Class B Units so redeemed, except with respect to any outstanding payments in respect of such Class B Units pertaining to distributions declared payable thereon to such former Class B Unitholders of record on a date which was prior to the Automatic Redemption Date.

#### ***Limitation on Non-Resident Ownership***

In order for the Issuer to maintain its status as a "mutual fund trust" under the Tax Act, the Issuer must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. The Trustees may take any action it considers necessary to ensure that the Issuer maintains its status as a "mutual fund trust" under the Tax Act.

#### ***Amendments to the Declaration of Trust***

The Declaration of Trust may be amended or altered from time to time with the consent of all Unitholders voting separately as a class by a "Special Resolution" (as set out in Article 10 of the Declaration of Trust). The Trustees may amend certain provisions of the Declaration of Trust at any time. For instance, the Trustees may amend the Declaration of Trust if the amendments are necessary in order for the Issuer to continue to qualify as a "mutual fund trust" under the Tax Act. Certain amendments such as modifying the rights of one vote per Unit may not be made without the consent of the Unitholders. Reference should be made to the Declaration of Trust for specific authorities or limitations that apply to amendments to the Declaration of Trust.

#### ***Term of Issuer***

Subject to the other provisions of this Declaration of Trust, the Issuer shall continue for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on October 14, 2014. For the purpose of terminating the Issuer by such date, the Trustees shall



commence winding-up the affairs of the Issuer on such date as may be determined by the Trustees, being not more than two years prior to the end of the term of the Issuer.

***Financial Year End***

The fiscal year end of the Issuer is December 31.

***Financial Disclosure***

**Financial or other information relating to the real estate project provided to you in the future may not by itself be sufficient for your needs including, but not limited to, enabling you to prepare your income tax returns or to assess the performance of your investment.**

**Other Material Agreements**

***Partnership Agreement dated October 21, 2015***

The following is a summary of the Partnership Agreement. This is a summary only and is subject to the complete terms and conditions of the Partnership Agreement. The Partnership Agreement summarized below are among related parties to the Issuer and attached to this Offering Memorandum as Schedule “C”.

Paul Belter is a Trustee of the Issuer and is a director and President of the General Partner and the Initial Limited Partner. Terry Kemp and Dan Walsh are directors and Treasurer and Secretary, respectively, of the General Partner and Terry Kemp is a Trustee of the Issuer.

The General Partner and the Initial Limited Partner entered into a Partnership Agreement, pursuant to which they have agreed to form the Partnership for the purpose of providing additional Limited Partners with the opportunity to participate in the returns available from the North River Project. Under the Partnership Agreement, the General Partner is given the full power and authority to manage, control and carry on the business of the Partnership, including, but not limited to, the power and authority to borrow money, incur indebtedness, deal with the Property, determine accounting methods and appoint an auditor. For a complete description of the powers of the General Partner, refer to the Partnership Agreement attached hereto as Schedule “C”. This summary of the Partnership Agreement is qualified by reference to the full text of the Partnership Agreement.

The Partnership currently consists of an unlimited number of Class A Partnership Units, which carry the same rights and obligations and rank equally and *pari passu* with other Partnership Units with respect to voting. The taxable income (loss) of the Partnership is allocated to each Limited Partner in proportion to the number of Class A Partnership Units held by each of

them at the end of each fiscal year. Subject to applicable laws, the Partnership may also make cash distributions to the partners, from time to time. Further detail respecting the priority of payment for such cash distributions is set forth in Article 6 of the Partnership Agreement, attached hereto as Schedule "C".

The General Partner has unlimited liability for all debts, liabilities and obligations of the Partnership. Each Limited Partner remains liable for the debts, liabilities and obligations of the Partnership, but only to the extent of their respective capital contribution to the Partnership.

All expenses incurred by the General Partner in the performance of its duties under the Partnership Agreement shall be reimbursed by the Partnership. Within 120 days after the end of each fiscal year, the General Partner will forward to each Partner an annual report for such fiscal year containing unaudited financial statements of the Limited Partnership for the fiscal year just ended with comparative financial statements for the immediately preceding fiscal year if applicable. The annual report will also contain a report on the financial statements, a report on allocations and distributions to Partners, and other information material to the Partnership Business.

The Partnership shall continue until the date on which there is a disposition of the Partnership property or until the Partnership ceases to carry on the business of the Partnership. Upon termination of the Partnership, the net assets are to be distributed to the Limited Partners in accordance with the terms of the Partnership Agreement.

### ***Mortgage Agreements***

The following is a summary of the proposed terms of the Mortgage Agreement expected to be entered into shortly after the closing of the Offering based on the terms of a commitment letter dated June 21, 2017 (the "**Commitment Letter**") entered into among the Lender, the Limited Partnership through the General Partner, as borrower, as well as Paul Belter (\$4,900,000) and Torode Realty (Edmonton) Ltd. (\$4,900,000) Joint and Several, as guarantors. This is a summary only and is subject to the complete terms and conditions of the Mortgage Agreement.

Pursuant to the Commitment Letter, the Lender shall provide the Mortgage facility in the amount of \$9,800,000 for purchasing the Property. The Mortgage shall be for the Mortgage Term and amortized over 22 years with Mortgage Interest payable monthly at the Mortgage Interest Rate. The Mortgage is secured by the following:

- (a) general security agreement from the Limited Partnership providing a first-ranking security interest over all present and after-acquired personal property located at or relating to the Property;
- (b) the Mortgage to the Limited Partnership in the amount of \$9,800,000 constituting a first fixed charge(s) on the Property;
- (c) general assignment of rents and leases relating to the Property;

- (d) continuing joint and several guarantee from Paul Belter and Torode Realty (Edmonton);
- (e) estoppel certificates from all tenants of the Property; and
- (f) assignment of fire insurance covering the Property.

Details with respect to the mortgages agreements of the properties held in the Asset Portfolio can be found schedule “G” as they relate to each respective property.

### ***Management Agreement***

The following is a summary of the Management Agreement. This is a summary only and is subject to the complete terms and conditions of the Management Agreement. The Management Agreement summarized below is among related parties to the Issuer. Paul Belter, Terry Kemp and Paul Gaudreau are Trustees of the Issuer and Paul Belter, Terry Kemp and Dan Walsh are directors and officers of the General Partner.

The General Partner agrees to perform the "Services" which will include, among others, budgeting, marketing, sales and various other administrative duties, all as more particularly set out in the Management Agreement.

The Management Agreement may be terminated by either party at any time on thirty (30) days' written notice.

As remuneration for the performance of the Management Services, the Partnership agrees to pay to the General Partner the Asset Fee.

After payment towards the all of the Partnership expenses, including those attributable to all holdings in the Asset Portfolio, the Mortgage Advance, Mortgage Interest and Asset Fee, at the end of each quarter, the Partnership shall distribute 100% of the Partnership Distributable Income that was apportioned to the Limited Partners pursuant to the Partnership Agreement to the Issuer (as a Limited Partner).

The primary business of the Partnership is to acquire the Property and to retain the General Partner to maintain and administer the Property. See Item 2.7 – “ Business of North River Trust - Material Agreements – Management Agreement”.

### Item 3 Trustees, Management, Promoters and Principal Holders

#### 3.1 Compensation and Securities Held

##### *The Trust*

The following table sets out information about the Trustees of the Issuer and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of the voting securities of the Issuer. Compensation for Messrs. Belter and Kemp (if any) are expected to be provided by the General Partner:

Name and Municipality of Principal Residence	Positions Held and Date of Obtaining that Position	Compensation Paid by the Issuer As at the year ended July 14, 2017 and the Compensation Anticipated to be Paid in the Current Financial Year	Number, Type and Percentage of Units to be Held After Completion of the Maximum Class B Unit Offering
Paul Belter St. Albert, Alberta	Trustee and promoter of the Issuer since formation	\$1,200	1 Class A Unit representing 33.3% of the outstanding Class A Units
Terry Kemp Edmonton, Alberta	Trustee of the Issuer since formation	\$1,200	1 Class A Unit representing 33.3% of the outstanding Class A Units
Paul Gaudreau Sherwood Park, Alberta	Trustee of the Issuer since formation	\$1,200	1 Class A Unit representing 33.3% of the outstanding Class A Units

##### *The General Partner*

Pursuant to the Management Agreement, the General Partner shall receive a monthly asset management fee from the Limited Partnership equal to 1.0% of the gross monthly rent collected from the leased units of each property within the Asset Portfolio, including the Property. This fee is estimated to be:

Property 1	\$555.65/Mo.
Property 2	\$577.50/Mo.

New Property	\$929.24/Mo.
Total After Purchase	\$2,062.38/Mo.

Projections for rental income are described in Schedule “D” Financials for North River Trust, North River Limited Partnership, and North River Properties Inc., attached hereto.

The following table sets out information about each of the directors and executive officers of the General Partner and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of the voting securities of the General Partner:

<b>Name and Municipality of Principal Residence</b>	<b>Positions Held and Date of Obtaining that Position</b>	<b>Compensation Paid by the General Partner Since Inception</b>	<b>Compensation Anticipated to be Paid in the Current Financial Year</b>	<b>Number, Type and Percentage of Partnership Units to be Held After Completion of the Maximum Class B Unit Offering</b>
Paul Belter St. Albert, Alberta	Holder of 40% of the voting shares of the General Partner and President since incorporation	See Note <sup>(1)</sup>	See Note <sup>(1)</sup>	See Note
Terry Kemp Edmonton, Alberta	Holder of 40% of the voting shares of the General Partner and Treasurer since incorporation	See Note <sup>(1)</sup>	See Note <sup>(1)</sup>	See Note
Dan Walsh St. Alberta, Alberta	Holder of 20% of the voting shares of the General Partner and Secretary since incorporation	See Note <sup>(1)</sup>	See Note <sup>(1)</sup>	See Note

(1) The General Partner is a property and asset management company. The Asset Portfolio is only a small part of its ongoing operations and revenue. For the purposes of this Offering Memorandum the purchaser of any Unit should make the assumption that all of the Asset Management Fees collected by the General Partner are paid to the shareholder. While in fact a large portion of the Asset Management Fee is paid to administrative costs and other expenses, given the nominal amount and the complexity of separating remuneration from the General Partner to the shareholders related specifically to this Asset Portfolio among the general operations of the General Partner, a prospective unit purchaser should rely on the assumption that all of the funds paid in Asset Management Fees are distributed to the shareholders of the General Partner.

### 3.2 Management Experience

The following table discloses the principal occupation of each of the Trustees of the Issuer over the past five years and their relevant experience:

Name	Principal Occupations and Related Experience
Paul Belter	<p>Paul Belter has been highly successful in the Alberta industrial Real Estate market. Former President and managing Partner of Torode Realty (Edmonton) Ltd. until its merger with Colliers in 2007, Paul has more than 30 years of experience in all facets of the commercial real estate sector. Paul is trusted and experienced with property development, industrial leasing and land, and owner-user building sales, Paul now specializes in build-to-suits. Recent projects are located in Fort Saskatchewan, St. Albert, Leduc, Sherwood Park and southeast Edmonton.</p> <p>His education includes attendance at Northern Alberta Institute of Technology and the University of Alberta. Currently at Colliers he services both Landlord and Tenant Representation for Industrial and Commercial projects with consideration for the logistics of same. He has accreditations as both a CPA and as an SIOR.</p>
Terry Kemp	<p>Terry Kemp is the President and CEO of Kemway Contractors, a family company that has stood the test of time for over 25 years. Kemway was awarded Venture Magazine's "Contractor of the Year" for 2015. Terry is a leader with a vast amount of experience in industrial construction and real estate. He has been involved in the industrial investment market for over 20 years and is president of a number of real estate investment and joint venture companies. Terry's history of prudent management comes from his commitment to people, teamwork and collaboration, excellence and professionalism, integrity, and a focus on results.</p>
Paul Gaudreau	<p>Paul Gaudreau, is a leader with 30+ years' experience in a world scale petro-chemical manufacturing environment. His strengths are in people management, organizational leadership and change. Paul's success is the result of a forward thinking, team based and customer satisfaction culture. He has a history of success with work process implementation and organizational change in a variety of disciplines. Paul has also been extensively involved in his community coaching and volunteering. He has been involved in the industrial investment market for 20+ years and is a shareholder of a number of real estate investment and joint venture companies.</p>
Dan Walsh	<p>Dan Walsh is a Broker at Colliers International specializing in Industrial leasing, build-to-suits, property development, land sales and leasing, and owner-user sales. Dan's career in Commercial Real Estate began in 2003. Dan has vast experience in office leasing, industrial brokerage, facilities management, construction management, and development. Dan has the necessary skills of an experienced Asset manager. Dan received his Bachelor of Commerce from the University of Alberta in 2003. Dan continues to update his education and currently holds a Broker license in the Province of Alberta to deliver on his promise to develop an optimal real estate solution. Dan has a history of community involvement and is a coach of children's soccer and hockey.</p>

### 3.3 Penalties, Sanctions, and Bankruptcy

To the knowledge of the Issuer, no penalty or sanction has been in effect during the last 10 years against a director or executive officer, control person or a Trustee of the Issuer or any

issuer of which any of the foregoing persons was a trustee, director, executive officer or control person at that time.

To the knowledge of the Issuer none of the Trustees, directors, executive officers or control person of the Issuer or any issuer of which any of the foregoing persons was a trustee, director, senior officer or control person at that time, has declared bankruptcy, or made a voluntary assignment in bankruptcy or proposal under any bankruptcy or insolvency legislation, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person during the last 10 years.

### **3.4 Loans**

As at a date not more than 30 days prior to the date of this offering memorandum, there are no debentures or loans to or from the directors, management, promoters, or principal holders.

## **Item 4 Capital Structure**

### **4.1 Share Capital**

The following table sets out the capital structure of the Issuer as at the dates indicated:

Description of Security	Number Authorized to be Issued	Number Outstanding as at July 14, 2017	Number Outstanding Assuming Maximum Class B Unit Offering	Price Per Unit as at July 14, 2017
Class A Units	unlimited	3 <sup>(1)</sup>	3	\$500
Class B Units	unlimited	640,000	1,150,000	\$9.805

Note:

(1) Class A Units were issued to the Trustee of the Issuer on the initial Closing of the First Financing.

## 4.2 Long Term Debt Securities

As of the date of this Offering Memorandum, the Issuer currently holds two properties in its Asset Portfolio, which have outstanding mortgages. The Issuer expects to finance the purchase of the Property through proceeds of the Mortgage (which includes the assumption/assignment of the existing mortgage).

Description of Long Term Debt (including whether secured)	Initial Date	Interest Rate	Repayment Terms	Amount Financed	Balance of Mortgage at July 1, 2017	Amounts due over next 12 months
Mortgage (Previous Financing) Property #1	December 1, 2015	2.72%	3 year term based on 25 yr. amortization	\$7,050,000	\$6,726,975	\$388,980
Mortgage (Previous Financing) Property #2	April 1, 2016	3.05%	3 year term based on 25 yr. amortization	\$6,800,000	\$6,591,662	\$389,088

## 4.3 Prior Sales

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
October 15, 2015	Class A Units	1 <sup>(1)</sup>	\$500	\$500
December 1, 2015	Class A Units	3 <sup>(2)</sup>	\$500	\$1500
December 8, 2015	Class B Units	320,000	\$10	\$3,200,000
March 31, 2016	Class B Units	320,000	\$10.22	\$3,270,000

Notes:

- (1) The Issuer issued 1 Class A Unit to the initial Class A Unitholder to form the Issuer. Immediately following the Closing of the Previous Financing, the Issuer repurchased the initial Class A Unit and the initial Class A Unit was cancelled and no longer outstanding.
- (2) Class A Units were issued to the Trustee of the Issuer on the initial Closing of the Previous Financing.

## Item 5 Securities offered

### 5.1 Terms of Securities

#### ***Class B Units***

The Declaration of Trust authorizes the issuance of an unlimited number of Class B Units at the value and on the terms then determined by the Trustees. For the current offering, Class B Units must be purchased in Blocks of 500 Class B Units (or 10 Class B Blocks) for a minimum subscription value of \$4,902.50. The Trustees may, in their sole discretion, reduce the minimum amount per Subscriber of Class B Units in limited circumstances. Each Class B Block is transferable, and represents an equal undivided beneficial interest in any Class B Unit



Distribution from the Issuer to Class B Unitholders and in any of the Issuer Assets (net of liabilities of the Issuer) or any other net assets of the Issuer in the event of termination or winding-up of the Issuer. Class B Unitholders are not entitled to vote with respect to the Issuer. Class B Unitholders do not have the right to vote on matters with respect to the Partnership. Class B Units rank equally and rateably amongst themselves without discrimination, preference or priority.

The Class B Units have a right to a Distribution Rate and have no conversion, retraction or pre-emptive rights. Class B Unitholders have a right to redeem their Class B Units and are entitled to receive a price per Class B Unit that equals 90%, of the purchase price of such Class B Units. See Item 2.7 - "*Business of North River Trust – Material Agreements – Declaration of Trust*".

Class B Unit Certificates will be issued to Class B Unitholders and a register of Class B Unitholders will be kept at the head office of the Transfer Agent setting out particulars of the Class B Unit Certificates. Only Class B Unitholders with recorded Class B Unit Certificates on the register are entitled to receive Class B Unit Distributions or exercise rights of a Class B Unitholder. Subject to restrictions on foreign ownership of Class B Units, the Class B Units are fully transferable but no transfer is effective against the Trustees or the Issuer until the transfer is recorded on the register of Class B Unitholders. See the Declaration of Trust attached hereto as Schedule "B".

The Trustees shall declare payable to the Class B Unitholders of record upon the Class B Distribution Record Date a portion of the Class B Distributable Income (if any), less any anticipated operation expenses, such amount to be determined by the Trustees. The proportionate share of each Class B Unit shall be determined by dividing such amount by the number of issued and outstanding Class B Units on the applicable Class B Distribution Record Date.

After payment towards the all of the Partnership expenses, including those attributable to all holdings in the Asset Portfolio, the Mortgage Advance, Mortgage Interest and Asset Fee, at the end of each quarter, the Partnership shall distribute 100% of the Partnership Distributable Income that was apportioned to the Limited Partners pursuant to the Partnership Agreement to the Issuer (as a Limited Partner).

On the liquidation, dissolution or winding up of the Issuer, if the total of all amounts previously distributed to the holders of Class B Units is less than the Class B Unit Distributable Income, then holders of the Class B Units are entitled to receive from the Issuer Assets, in priority, such amount as may be required to eliminate that deficit. The holders of the Class B Units will then share equally and rateably in all remaining Issuer Assets.

## **5.2 Subscription Procedure**

A Subscriber may subscribe for Offered Securities by delivering the following to the Issuer:

- (a) a completed Subscription Agreement including all applicable exhibits; and

- (b) a certified cheque, bank draft or money order payable to "North River Trust" for the aggregate subscription price.

Unless the Subscriber exercises its two day right of withdrawal pursuant to applicable securities laws, the subscription funds will continue to be held in trust by the Issuer until the closing of the Offering.

### **5.3 Through a Deferred Plan**

Subscribers may subscribe for Offered Securities by delivering to the applicable addresses set forth above:

- (a) a completed Subscription Agreement, including all applicable exhibits; and
- (b) where Offered Securities are to be purchased by a trust governed by a Deferred Plan, affirmation that the funds representing the subscription price are held in such Deferred Plan's account.

Subscribers should note that administrators of their Deferred Plan may require additional documents and forms to be completed and may require an additional fee.

On the Closing, all subscription funds will be advanced to the Issuer from each Subscriber's Deferred Plan account in exchange for certificate(s) representing fully paid and non-assessable Offered Securities.

The Issuer reserves the right to accept or reject subscriptions in whole or in part at its discretion. Any funds for subscriptions that the Issuer does not accept will be returned promptly after the Issuer has determined not to accept the subscription.

At a Closing, the Issuer will be provided with the subscription funds and Class B Unit Certificates will be issued to Class B Unitholders and a register of Class B Unitholders will be kept at the head office of the Transfer Agent setting out particulars of the Class B Unit Certificates. Only Class B Unitholders with recorded Class B Unit Certificates on the register are entitled to receive Class B Unit Distributions or exercise rights of a Class B Unitholder. Subject to restrictions on foreign ownership of Class B Units.

## **Item 6 Certain Canadian Income Tax Consequences and RRSP Eligibility**

Disclaimer: You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you

### **6.1 Certain Canadian Income Tax Consequences and Deferred Plan Eligibility**

In the opinion of Alberta Counsel, tax counsel to the Issuer, the following is, as of the date of this Offering Memorandum, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a Unitholder who acquires Offered Securities pursuant to this Offering and who, for purposes of the Tax Act, is resident in Canada,

deals at arm's length with the Issuer and holds the Offered Securities as capital property. Generally, Offered Securities will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Offered Securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Offered Securities as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to a Unitholder that is a financial institution (as defined in the Tax Act for purposes of the mark-to-market rules), a specified financial institution, or a Unitholder an interest in which is a tax shelter investment (all as defined in the Tax Act) or a Unitholder that has made a functional currency election pursuant to section 261 of the Tax Act.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof by the Minister of Finance (Canada) ("Tax Proposals") and counsel's understanding, based on publicly available materials, of the current administrative policies and assessing practices of the Canada Revenue Agency. This summary is not exhaustive of all possible Canadian federal income tax considerations, and does not take into account or anticipate any changes in the law, other than the Tax Proposals, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

**This summary is of a general nature only and is not intended to be legal or tax advice to any particular Subscriber of Offered Securities. Consequently, prospective Subscribers should seek independent professional advice regarding the tax consequences of investing in the Offered Securities, based upon their own particular circumstances.**

This summary assumes that investments in the Issuer are not listed or traded on a stock exchange or other public market. If investments in the Issuer are listed or traded on a stock exchange or other public market then the Issuer will likely be a "SIFT Trust" for purposes of the Tax Act and the Canadian federal tax considerations will be materially different from those described herein.

## **6.2 Status of the Issuer**

This summary is based on the assumption that the Issuer qualifies as a "unit trust" and a "mutual fund trust", as these terms are defined in the Tax Act, from the beginning of its first taxation year and will thereafter continuously qualify as a unit trust and a mutual fund trust at all relevant times. The qualification of the Issuer as a mutual fund trust requires that the Issuer elect to be deemed to be a "mutual fund trust" from the date it is established and that certain factual conditions generally be met throughout its existence. The Issuer has advised that it intends to make such an election and that the ongoing requirements will be satisfied so that the Issuer will continue to so qualify. This summary assumes that the Issuer will elect to be deemed to be a "mutual fund trust" from the date it was established. If the Issuer were not to qualify as a mutual

fund trust, the income tax considerations described herein would, in some respects, be materially different.

### **6.3 Income of the Issuer**

The Tax Act requires that the Issuer compute its income or loss for a taxation year as though it were an individual resident in Canada. The taxation year of the Issuer is the calendar year. In each taxation year, the Issuer will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, dividends, accrued interest and income allocated to it by the Business Trust, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Unitholders. An amount will not be considered to be payable to a Unitholder in a taxation year unless it is paid to the Unitholder in the year by the Issuer or the Unitholder is entitled in that year to enforce payment of the amount. In computing its income, the Issuer may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. The Issuer may also deduct from its income for the year a portion of the reasonable expenses incurred by the Issuer to issue Offered Securities pursuant to this Offering. The portion of such issue expenses deductible by the Issuer in a taxation year is 20% of such issue expenses, pro-rated where the Issuer's taxation year is less than 365 days.

Under the Declaration of Trust, income received by the Issuer may be used to finance cash redemptions of Offered Securities. Further, it is possible that income received by the Issuer will be used to repay the principal amount of any outstanding indebtedness (including notes and any redemption notes). Accordingly, such income so utilized will not be payable to holders of the Offered Securities by way of cash distributions. In such circumstances, such income may be payable to holders of Offered Securities in the form of additional Offered Securities, promissory notes or in specie distributions.

Each year, the Issuer intends to make sufficient Distributions of its net income for tax purposes and net realized capital gains so that the Issuer will generally not be liable in that year for income tax under Part I of the Tax Act.

### **6.4 Taxation of Unitholders**

#### ***Issuer Distributions***

A Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the Issuer for a taxation year, including the taxable portion of net realized capital gains, that is allocated to the Unitholder in the particular taxation year, whether or not that amount is distributed and regardless whether distributions are received in cash, additional Offered Securities, promissory notes, in specie Distributions or otherwise. Income of a Unitholder from the Offered Securities will generally be considered to be income from property. If appropriate designations are made by the Issuer, such portion of the taxable net realized capital gains of the Issuer and any taxable dividends received from taxable Canadian corporations as are paid or become payable to a Unitholder will effectively retain their character

and be treated as such in the hands of the Unitholder for purposes of the Tax Act. Any loss of the Issuer for purposes of the Tax Act cannot be allocated to, or treated as a loss of, Unitholders.

The non-taxable portion of any net realized capital gains of the Issuer that is paid or payable to Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Issuer that is paid or payable to a Unitholder in that year will not generally be included in the Unitholder's income for the year. However, where such an amount is paid or payable to a Unitholder (other than as proceeds in respect of the redemption of Offered Securities), the Unitholder will be required to reduce the Adjusted Cost Base of the Offered Securities by that amount, except to the extent that the amount represents the Unitholder's share of the non-taxable portion of the net realized capital gains of the Issuer for the year, the taxable portion of which was designated by the Issuer in respect of the Unitholder. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will then be nil.

### ***Dispositions of Offered Securities***

On the disposition or deemed disposition of Offered Securities, whether on a redemption or otherwise, the Unitholder will realize a capital gain (or a capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the Adjusted Cost Base of the Offered Securities and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Issuer that is otherwise required to be included in the Unitholder's income, including any capital gain realized by the Issuer as a result of a redemption which has been designated by the Issuer to the redeeming Unitholder.

The Adjusted Cost Base of Offered Securities to a Unitholder will include all amounts paid by the Unitholder for the Offered Securities, with certain adjustments. The cost to a Unitholder of additional Offered Securities received in lieu of a Distribution of income will be the amount of income distributed by the issue of those Offered Securities. For the purpose of determining the Adjusted Cost Base to a Unitholder of Offered Securities, when Offered Securities is acquired, the cost of the newly-acquired Offered Securities will be averaged with the adjusted cost base of all of the Offered Securities owned by Unitholder as capital property immediately before that acquisition.

The redemption of Offered Securities in consideration for cash, Redemption Notes or other property, as the case may be, will be a disposition of such Offered Securities for proceeds of disposition equal to the amount of such cash or the fair market value of such Redemption Notes or other property, less any portion thereof that is considered to be a Distribution out of the income of the Issuer. Redeeming Unitholders will consequently realize a capital gain (or a capital loss) depending upon whether such proceeds exceed (or are less than) the Adjusted Cost Base of the Offered Securities so redeemed. The receipt of Redemption Notes in substitution for Offered Securities may result in a change in the income tax characterization of Distributions. Holders of Redemption Notes generally will be required to include in income interest that is

received or receivable or that accrues (depending whether the Unitholder is an individual, corporation or trust) on the Redemption Notes. The cost to a Unitholder of any property distributed to a Unitholder by the Issuer will generally be deemed to be equal to the fair market value of the property at the time of Distribution less, in the case of notes, any accrued interest thereon. Unitholders should consult with their own tax advisors as to the consequences of receiving Redemption Notes or other property on a redemption.

### ***Capital Gains and Capital Losses***

One-half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains designated by the Issuer in respect of a Unitholder will be included in the Unitholder's income as a taxable capital gain. One-half of any capital loss realized by a Unitholder on a disposition or deemed disposition of Offered Securities may generally be deducted only from taxable capital gains of the Unitholder in accordance with the provisions of the Tax Act. A Unitholder that throughout the relevant year is a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay a refundable tax of 6⅔% on certain investment income, including taxable capital gains.

### ***Alternative Minimum Tax***

In general terms, net income of the Issuer paid or payable to a Unitholder who is an individual that is designated as taxable dividends or as net taxable capital gains and capital gains realized on the disposition of Offered Securities may increase the Unitholder's liability for alternative minimum tax.

## **6.5 Eligibility for Investment by Deferred Plans**

Based on representations made by the Issuer to tax counsel, and provided that prior to the 91st day after the end of the Issuer's first taxation year, the Issuer will have at least 150 Unitholders each holding at least 100 Units with an aggregate fair market value of at least \$500, the Units when issued, will be a qualified investment under the Tax Act for Deferred Plans. Notwithstanding that the Offered Securities may be qualified investments as described above, the holder of a TFSA or the annuitant under a RRSP or RRIF that hold Offered Securities will be subject to a penalty tax if such Offered Securities are a "prohibited investment" for the purposes of the Tax Act. The Offered Securities will generally be a "prohibited investment" if the holder or the annuitant, as the case may be, does not deal at arm's length with the Issuer for the purposes of the Tax Act or has a "significant interest" (within the meaning of the Tax Act) in the Issuer for the purposes of the Tax Act.

**Prospective Subscribers should consult their own tax advisors regarding their particular circumstances.**

## **Item 7 Compensation Paid to Sellers and Finders**

It is not expected that any eligible market participants will receive a commission or finder's fee in connection with sales made by such eligible market participants pursuant to this Offering Memorandum.

There will be no additional fees paid by Subscribers, however, there may be fees associated with the Transfer Agent, Canadian Western Trust, or any other entity managing the registered investment portion of the Issuer, pursuant to TFSAs, RRSPs, or RRIFs, from time to time.

## **Item 8 Risk Factors**

In addition to factors set out elsewhere in this Offering Memorandum, potential Subscribers should carefully consider the following factors that may relate to the ownership of Offered Securities. An investment in the Offered Securities involves various risks and uncertainties. The risks discussed in this Offering Memorandum can adversely affect the Issuer's operations, operating results, prospects and financial condition. This could cause the value of the Offered Securities to decline and cause Subscribers therein to lose part or all of their investment. In addition to those set out below and elsewhere in this Offering Memorandum, other material risks and uncertainties of which the Issuer is not presently aware may also harm the Issuer's investment activities. The following is a summary only of the material risk factors involved in an investment in the Offered Securities. Prospective Subscribers should review the risks with their legal and financial advisors.

**Your rights under an agreement pertaining to real property may be construed under the laws of the jurisdiction in which the real property is located. Therefore, it is prudent to consult a lawyer who is familiar with those laws before entering into an agreement to purchase the real estate securities.**

**All real estate investment is subject to significant risk arising from rapidly changing market conditions.**

### **8.1 Highly Speculative**

The purchase of Offered Securities is highly speculative. A potential Subscriber should purchase Offered Securities only if able to bear the risk of the entire loss of the investment. An investment in the Offered Securities should not constitute a significant portion of a Subscriber's portfolio.

### **8.2 The Partnership May Experience Uninsured Losses on the Property**

Although the Partnership intends to insure its beneficial interest in the Property in a manner that the Partnership determines to be appropriate, there may be risks that are not

foreseen and against which the Partnership may not obtain insurance. In addition, insurance against some risks may not be available or may be prohibitively expensive. Even in cases where the Partnership has insured against loss, the amount of the loss may exceed the limits of the policy, the Partnership may not be able to substantiate the full extent of the loss to the satisfaction of the insurer and any coverage may be subject to large deductibles or co-payments. The Partnership will not be able to insure against total loss of the value of the Property or the total value paid by the Limited Partners for the Partnership Units. This could have very adverse consequences on the investment by the Issuer in Partnership Units and could therefore have adverse effects on Unitholders investment in the Issuer.

### **8.3 The Offered Securities are not a Direct Investment**

The Offered Securities are not a direct investment in the Partnership or the North River Project or the Property, but an investment in the Issuer that will acquire Partnership Units and make the Capital Contribution to the Partnership. No independent counsel was retained on behalf of the Issuer or the Subscribers. There has been no review by independent counsel on behalf of the Issuer or the Subscribers of the Offering Memorandum or any other documentation in relation to the Offering. No due diligence has been conducted on the Issuer, the General Partner, the Partnership, or any other affiliate of the Issuer by such counsel.

### **8.4 No Guarantee that Investment in Offered Securities will be Successful**

There can be no guarantee that Unitholders will not realize losses from an investment in Offered Securities and there can be no assurance that the strategy of the Partnership (in which the Issuer will purchase Partnership Units) of investing in the North River Project will be successful or that the objective of earning a profit through the continued ownership and management of the Asset Portfolio will be achieved. The success of the Issuer will depend directly on the success of the Partnership. The success of the Partnership in its objectives will depend to a certain extent on the efforts and abilities of the management of the General Partner and on a number of other external factors such as, among other things, the general economic conditions that may prevail from time to time, which factors are out of the control of the management of the General Partner.

### **8.5 Investment not Liquid**

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and for the perceived desirability of the investment. The costs of holding real estate are considerable and the Partnership, as a holder of the interest in the Asset Portfolio, during a recessionary period may be faced with ongoing expenditures with little prospect of incoming receipts. If it was necessary to liquidate all or a portion of the Asset Portfolio, the proceeds to the Partnership might be significantly less than the total value of its investment on a going concern basis which would adversely affect the Issuer's investment in Partnership Units of the Partnership and the Partnerships ability to repay the Mortgage Advance and the Mortgage Interest.



## **8.6 Resale Restrictions**

There is no market over which Offered Securities may be traded and it is unlikely that one will develop. Offered Securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, a Unitholder will not be able to trade Offered Securities unless it complies with an exemption from the prospectus and registration requirements under applicable securities laws, the Issuer receives a final receipt from the applicable securities commission for a prospectus which qualifies the securities to be distributed, or an appropriate discretionary order is obtained by the holder under applicable securities laws. Since the Issuer does not intend to file a prospectus or become a reporting issuer in any jurisdiction of Canada, these restrictions will not expire. See Item 10 – "Resale Restrictions".

Unitholders are limited to the redemption rights set out in the Declaration of Trust.

## **8.7 Investment Risks**

This Offering Memorandum constitutes a private offering of the Offered Securities by the Issuer only in those jurisdictions where, and to those Persons to whom, they may be lawfully offered for sale under exemptions in applicable securities laws. This Offering Memorandum is not, and under no circumstances is to be construed as a prospectus, advertisement or public offering of these Offered Securities. Subscribers to this Offering Memorandum will not have the benefit of a review of the material by any regulatory authority.

## **8.8 Offered Securities Not Insured**

The Partnership is not a member institution of the Canada Deposit Insurance Corporation and the Offered Securities offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation.

## **8.9 Qualification as "mutual fund trust"**

If the Issuer ceases to qualify as a mutual fund trust, then Offered Securities may cease to be, qualified investments for trusts governed by RRSPs, RRIFs, registered educational savings plans, deferred profit sharing plans, registered disability savings plans and TFSAs, under the Tax Act. There can be no assurance that income tax laws and the treatment of unit trusts will not be changed in a manner that adversely affects Unitholders.

## **8.10 Operating History**

The Issuer has been operating since 2015 and has paid the Class B Unit Distributions illustrated in the Financial Statements attached hereto in Schedule "D". However, the Issuer may not generate earnings in the immediate future. The Issuer's primary investments are comprised of the Asset Portfolio and are illustrated in Schedule "G".

The General Partner has been formed for the purpose of managing the business and affairs of the Partnership. Unitholders must be prepared to rely on the General Partner of the

Partnership. Subscribers will be relying on the expertise and good faith of the General Partner who will provide management services for the Partnership. Subscribers must carefully evaluate the personal experience and business performance of the officers and directors of the Manager and of the General Partner. The success of the North River Project will be largely dependent upon the performance of the General Partner.

Paul Belter and Terry Kemp are Trustees of the Issuer who are also directors and officers of the General Partner and will only be devoting a portion of their time to the business and affairs of the Issuer.

Certain transactions contemplated in the Offering such as the Partnership Agreement are among related parties. As such, certain contractual terms one would see in documentation that is negotiated with an unrelated party are not necessarily included in the Partnership Agreement.

#### **8.11 Conflicts of Interests**

Subject to compliance with applicable securities laws, the Trustees may acquire Class B Units pursuant to the Offering and, as a result, may own a significant principal amount of Class B Units. Consequently, there exists the possibility that conflict(s) of interest could exist. All decisions to be made by the Trustees involving the Issuer are required to be made in accordance with his duties and obligations to act honestly and in good faith with a view to the best interests of the Issuer.

The directors and executive officers of the General Partner own and/or manage other industrial and commercial properties, this may create a conflict with respect to acquisition or disposal of property.

The directors of the General Partner are Paul Belter, Terry Kemp and Dan Walsh. Paul Belter and Terry Kemp also act as Trustees of the Issuer. As a result, there exists the possibility for Paul Belter and Terry Kemp to be in a position of conflict as it relates to the Issuer, the General Partner, the Partnership and other Affiliates.

#### **8.12 Risks Relating to the Structure of the Issuer**

Class B Unit Distributions to Class B Unitholders are entirely dependent on the Issuer having sufficient cash flow, primarily from the Class A Partnership Distributions that it receives from the Partnership. There is no guarantee that sufficient Class B Unit Distributable Income will be generated to satisfy the Class B Unit Distributions.

#### **8.13 Interest Rate Fluctuations**

The Partnership's financing may include, from time to time, indebtedness with interest rates which may fluctuate over time and which will result in fluctuations in the Partnership's cost of borrowing.

## **8.14 Financing**

The General Partner may make substantial capital expenditures on the Property. Any Funding required for the Property in excess of the proceeds of the Offering, may be obtained through third party financing, which may or may not be provided by a party related to the General Partner. The Partnership's ability to access additional capital will depend on its success in its business and the status of the capital markets at the time such capital is sought. Accordingly, there can be no assurance that capital will be available to the Partnership from any source or that, if available, it will be at prices or on terms acceptable to the Partnership.

## **8.15 Industry Risk**

As the assets of the Issuer will be Partnership Units in the Partnership, all risk associated with owning Partnership Units will also be risks attendant in acquiring Offered Securities.

## **8.16 Restrictions on Returns of Capital**

Under the Partnership Act, the Issuer, as a Limited Partner, is not entitled to receive any part of its Aggregate Contribution out of the assets of the Partnership or from the General Partner. Where a Limited Partner has received a return of all or part of its Aggregate Contribution, the Limited Partner is nevertheless liable to the limited partnership or, where the limited partnership is dissolved, to its creditors, for any amount, not in excess of the amount returned with interest, necessary to discharge the liabilities of the limited partnership to all creditors who extended credit or whose claims otherwise arose before the return of such Aggregate Contribution.

## **8.17 General Partner Has Limited Assets**

The General Partner has unlimited liability for the obligations of the Partnership. The General Partner will indemnify and hold harmless the Partnership from and against all costs incurred and damages suffered by the Partnership as a result of gross negligence, willful misconduct or fraudulent act by the General Partner or as a result of any act or omission by the General Partner not believed in good faith by the General Partner to be within the scope of authority of the General Partner conferred by the Partnership Agreement. The General Partner has, and will continue to have, limited financial resources and will only have limited assets, which will affect its ability to indemnify the Partnership. The amount of any such indemnity will be limited to the extent of the assets of the General Partner and will under no circumstances include the assets of any Affiliate of the General Partner.

## **8.18 Voting Rights of Unitholders**

Class A Unitholders are entitled to vote and pass resolutions that bind the Trustees only with respect to a limited number of matters under the Declaration of Trust. Class A Unitholders are entitled to one vote for each Class A Unit held by that Class A Unitholder at all meetings of Unitholders. Unitholders do not have the right to vote on matters with respect to the Partnership. To the extent that the Issuer has voting rights in the Partnership as a Limited Partner, the Trustees

will determine how the Issuer will vote on matters to be voted on by Limited Partners. Unitholders will have very limited voting rights, if any, in the Issuer and must rely solely on the Trustees of the Issuer. The Subscriber will not have the right to elect the Trustees which right is held solely with the Trustees. There is no limitation in the Declaration of Trust restricting the acts of the Trustees with respect to the Issuer and as such, the Trustees may do any acts the Trustees see fit provided only that the Trustees comply with applicable law and the terms of the Declaration of Trust.

#### **8.19 Risks of Real Property Development and Ownership**

The Issuer will use the net proceeds of the Class B Unit Offering to make the Capital Contribution to the Partnership. The Partnership will use the Capital Contribution to finance the purchase of the Property. Real Estate investments are generally subject to varying degrees of risk depending on the nature of the property. Such risks include a highly competitive real estate industry, changes in general economic conditions, local conditions (such as the demand for commercial property), governmental regulations and changes therein (such as zoning, taxation of property and environmental legislation), changes in governments and the political environment in the jurisdictions in which the Property is located and the attractiveness of the Property to potential tenants. In addition, each segment in the real estate development industry is capital intensive and is typically sensitive to interest rates. The income generated by the North River Project, if any, is dependent upon general economic conditions and, accordingly, the return to investors may be affected by changes in those conditions. There is no assurance that the North River Project can be maintained profitably by the General Partner. The market for the commercial units can be affected adversely by economic factors which may be regional, national or international in scope. This could have very adverse consequences on the ability of the Partnership to repay the Mortgage Advance and the Mortgage Interest and the investment by the Issuer in the Partnership Units and could therefore have adverse effects on Class B Unitholders investment in the Issuer.

The Partnership will be required to make certain expenditures in respect of its activities, including, but not limited to, the payment of property taxes, maintenance costs, legal and insurance costs and related charges regardless of whether or not the Asset Portfolio is producing sufficient income to service such expenses. If the Partnership is unable or unwilling to meet such payment obligations, losses could be sustained as a result of the exercise by creditors of rights of foreclosure or sale.

#### **8.20 Competition**

The Partnership competes with other owners of properties for the lease of commercial space. Some of the competing commercial properties are newer, better located or better capitalized than the properties held by the Asset Portfolio. Certain of these competitors have greater financial and other resources and greater operating flexibility than the Partnership. The existence of competing commercial properties could have a material adverse effect on the ability of the Partnership to market the Property and could adversely affect the profitability of the Partnership. The Directors and Officers of the General Partner, directly or indirectly, own or

manage several other properties in Leduc and Edmonton that may be competitive to the Property. The compensation paid to the General Partner will help ensure the General Partner supports the Property. There may exist from time to time other relevant competition in the area.

### **8.21 General Partner Contract Risk**

The success of any development project depends on its project manager. The General Partner is currently retained as the Asset Manager under the Management Agreement. See Item 2.7 - "Business of North River Trust - Material Agreements".

In the event that the Asset Manager should cease management of the Property, any property within the Asset Portfolio, or not comply with its obligation to the Partnership under the Management Agreement, the continued financial performance of the Property will depend on the ability of the Partnership to find a replacement Asset Manager. There can be no guarantee it will find a suitable replacement Asset Manager on a timely basis or on similar contractual terms. In addition, should the Asset Manager not successfully perform its obligations under the Management Agreement, this could materially impact the value of the Property and/or the Asset Portfolio, and in turn materially affect the Issuer and its Subscribers.

### **8.22 Tenant Risk**

In the event that any of the current or future tenants should terminate their leases or not comply with their obligations to the General Partner under those agreements, the continued financial performance of the Partnership will depend on the ability of the General Partner as the Asset Manager to find replacement tenants. There can be no guarantee it will find a suitable replacement tenant on a timely basis or on similar contractual terms. In addition, should any of the tenants pay materially less than the current contractual amount of those agreements, this could materially impact the value of the Partnership and in turn materially affect the Issuer and its Subscribers.

### **8.23 General Real Estate Risks**

Various factors can affect the profitability of real estate ownership and management. While the Asset Manager has made certain plans, there is no assurance that such plans will be met on a timely basis or at all. There is also no assurance that the Asset Portfolio can be run profitably. The Partnership will be subject to risks inherent in the leasing of commercial property including: (i) securing lease agreements; (ii) upkeep of the Asset Portfolio; (iii) the ability to fix structural or interior damages to any property of the Asset Portfolio; and (iv) fluctuations in demand and supply for commercial property.

Real property investments are considered illiquid investments. This means the investment is not readily convertible into cash, there is no ready market (unlike securities trading over a stock exchange) for the real estate and therefore, may take some time to sell. If it was necessary to sell all or part of the Property or Asset Portfolio holdings, the cash available to the

Issuer could be negatively impacted and as such, Unitholders of the Issuer could be negatively impacted.

Under various environmental laws, ordinances and regulations, the current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such property. The costs could be substantial. Such laws could impose liability whether or not the General Partner knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to remove or remediate such substances, if any, could adversely affect the Partnership's ability to lease units in the Property and the properties within the Asset Portfolio or to borrow using the Property as collateral and could potentially also result in claims against the General Partner. Environmental laws provide for sanctions for non-compliance and may be enforced by governmental agencies, or, in certain circumstances, by private parties. Certain environmental laws and common law principals could be used to impose liability for release of and exposure to hazardous substances into the air. Third parties may seek recovery against real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances. The cost of defending against claims of liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims could be substantial and impair the Partnership's ability to repay the Mortgage Advance and the Mortgage Interest. This in turn could substantially reduce the value of Offered Securities. The Partnership may be subject to liability for undetected pollution of other environmental hazards against which it cannot insure, or against which it may elect not to insure where premium costs are disproportionate to the General Partner's perception of relative risk. This could negatively impact the Issuer.

#### **8.24 Changes in Legislation**

There can be no assurances that provincial or municipal legislation will not be implemented or policies and frameworks will not be implemented by the applicable municipal bodies or other government regulators having jurisdiction over the Property, and other properties within the Asset Portfolio, which places restrictions on the ability to lease the properties or which generally has the effect of significantly reducing the value, or the potential value of the Asset Portfolio.

#### **8.25 Market Risks**

The economic performance and value of the Partnership's interest in the Asset Portfolio will be subject to all of the risks associated with investing in real estate, including: (i) changes in the national, regional and local economic climate; (ii) local conditions, including an oversupply of commercial properties like the Property or a reduction in demand for land like the Property; (iii) the attractiveness of all or parts of the Property; (iv) competition from other available commercial properties; and (v) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

## **8.26 No Right to Use of Properties associated with Property**

The Subscribers in the Offered Securities hereunder will have no right to the use of, to occupy, or to seek partition of, any part of the Asset Portfolio, including the Property, nor may any investor in the Offered Securities encumber any part of the Asset Portfolio, including the Property.

## **8.27 Political and Economic Climate**

The Province of Alberta, and more specifically related to the Property, the City of Edmonton or any other authority as deemed appropriate in which the property within the Asset Portfolio is located, represent social, economic and political conditions that are reasonably stable. However, both of these levels of government and the federal government could implement legislation and policies that would have an adverse effect on the value of the Offered Securities. Examples of such policies are tax reform, land ownership restrictions, transportation policies, development moratoriums, annexation proceedings or other adverse economic and/or monetary policies. Finally, the Alberta economy may not sustain recent levels of growth and projections regarding future growth and demand for commercial property in the Capital Region area may not be accurate.

## **8.28 Reliance on Management**

Decisions regarding the management of the Issuer's affairs will be made exclusively by the Trustees, accordingly, Subscribers must rely on the Trustees. The Trustees may retain a manager to oversee the day to day affairs of the Issuer and may also retain other independent contractors, including affiliates of the Trustees to provide services to the Issuer. These contractors have no fiduciary duty to the Unitholders and may not perform consistently with the fiduciary duty owed to the Unitholders by the Trustees. The Unitholders will not have a vote in relation to matters of the Partnership.

The success of the Partnership will be largely dependent upon the performance of management of the General Partner, including the management of key employees, advisors and management and employees of the General Partner. There is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Partnership and the value of the Property.

The General Partner will have significant discretion as to the use of the Capital Contribution. The Partnership currently intends to use the Capital Contribution as described herein. However, the General Partner may decide to alter its current business plan and may decide, for sound business reasons, to expend the Capital Contribution in a materially different manner.

## **8.29 Distributions**

The ability of the Issuer to pay Distributions depends on numerous factors including the cost incurred by the Partnership in the acquisition of the Property, the timing and amount of

capital expenditures, management and administrative expenses incurred by the Partnership, the ability of the Partnership to repay the Mortgage Advance and the Mortgage Interest and to pay the Asset Fee, and factors beyond the control of the Issuer. There can be no assurance as to the level of Class B Unit Distributions to be paid by the Issuer, if any.

### **8.30 Loss of Limited Liability on Dissolution**

Upon dissolution of the Partnership, the Limited Partners may receive undivided interests in the Partnership assets and will no longer enjoy limited liability with respect to the ownership of such assets.

### **8.31 Risks Associated with Redemptions**

The payment in cash by the Issuer of the redemption price of Offered Securities will reduce the amount of cash available to the Issuer for the payment of distributions to Unitholders, as the payment of the amount due in respect of redemptions will take priority over the payment of Distributions. Except as otherwise determined by the Trustees, the total amount payable by the Issuer in respect of Offered Securities tendered for redemption in the same calendar month shall not exceed \$25,110 in that month. The redemption of Offered Securities may be paid by any combination of cash, issuance of Redemption Notes having an aggregate fair market value equal to the redemption price of Offered Securities. Redemption Notes received as a result of redemptions of Offered Securities may not be liquid. Further, they will generally not be qualified investments or may be prohibited investments for Registered Plans, and this could give rise to adverse consequences to a Registered Plan and/or its annuitant, beneficiary thereunder or holder thereof, including the redeeming Unitholder or Registered Plan holder becoming subject to a penalty tax, the Registered Plan annuitant being deemed to receive income from the Registered Plan, or, in the case of an RESP, having the Registered Plan's tax-exempt status revoked. Accordingly, Registered Plans that propose to invest in Offered Securities should consult their own tax advisors before doing so and before deciding to exercise the redemption rights attached to such Offered Securities.

### **8.32 Tax Aspects**

Canadian federal and provincial income tax aspects should be considered prior to investing in the Offered Securities. See Item 6 – "Certain Canadian Income Tax Consequences and RRSP Eligibility". The discussion of income tax considerations in this Offering Memorandum is based upon current Canadian federal income tax laws and regulations. There can be no assurance that:

- (a) applicable tax laws, regulations or judicial or administrative interpretations will not be changed;
- (b) applicable tax authorities will not take a different view as to the interpretation or the application of tax laws and regulations than the Issuer or than as set out in this Offering Memorandum; or



- (c) the facts upon which the tax discussions set out in this Offering Memorandum are based are materially correct.

Any of the preceding may fundamentally alter the tax consequences to Subscribers of holding or disposing of Offered Securities. The return on a Class B Unitholder's investment is subject to Canadian federal and provincial tax laws, as they apply to the Issuer, the Business Trust and the Partnership. If the Issuer ceases to qualify as a mutual Issuer trust for purposes of the Tax Act, the Offered Securities may cease to be a qualified investment for Deferred Plans. Generally, the Offered Securities should not be a prohibited investment under the Tax Act for a TFSA, RRSP or RRIF, provided that the holder of the TFSA or annuitant of the RRSP or RRIF, as applicable, (i) deals at arm's length with the Issuer, (ii) either individually or collectively with persons not dealing at arm's length with the holder, does not own (nor is deemed to own), have an interest in or the right to acquire, directly or indirectly, more than 10% of the issued Offered Securities, and (iii) either individually or collectively with persons not dealing at arm's length with the holder, does not own (nor is deemed to own), have an interest in or the right to acquire, directly or indirectly, more than 10% of the shares in the capital stock of a corporation or the interests in a partnership or a trust that does not deal at arm's length with the Issuer. If, at any time, the Offered Securities are or become a prohibited investment for a TFSA, RRSP or RRIF, the holder of the TFSA or annuitant of the RRSP or RRIF, as applicable, may be subject to a penalty tax. Prospective purchasers should seek independent professional advice regarding the tax consequences of acquiring Offered Securities in a TFSA, RRSP or RRIF.

The discussion of certain Canadian federal income tax considerations contained in this Offering Memorandum is provided for information purposes only and is not a complete analysis or discussion of all potential tax considerations that may be relevant to the acquisition of Offered Securities.

All Subscribers will be responsible for the preparation and filing of their own tax returns in respect of this investment. Prospective Subscribers are urged to consult their own tax advisors, prior to investing in the Issuer, with respect to the specific tax consequences to them from the acquisition of Offered Securities.

## **Item 9      Reporting Obligations**

The Issuer is not, and currently has no intention of becoming, a reporting issuer in any province or territory of Canada. Subscribers will receive annual reports within 120 days of the end of each fiscal year of the Issuer consisting of:

- (a) audited financial statements of the Issuer, which include:
- (i) a balance sheet;
  - (ii) a statement of earnings;
  - (iii) a statement of changes in unitholders' capital;

- (iv) all other statements as would be required by Canadian Accounting Standards for Private Enterprises; and
  - (v) a report from the auditor.
- 
- (b) a report on payments to the Subscribers for such fiscal period; and
  - (c) information to enable each Subscriber to properly complete and file their tax returns in Canada in relation to their investment in Units.

## **Item 10 Resale Restrictions**

### **10.1 General Statement**

These Offered Securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, a Unitholder will not be able to trade the Offered Securities unless it complies with an exemption from the prospectus and registration requirements under applicable securities laws.

### **10.2 Restricted Period**

Unless permitted under applicable securities laws, a Subscriber cannot trade the Offered Securities before the date that is four months and a day after the date the Issuer becomes a reporting issuer in any province or territory of Canada. The Issuer is not, and currently has no intention of becoming, a reporting issuer in any province or territory of Canada and, as such, the restrictions in trading in the Offered Securities will not expire. There is no market over which the Offered Securities can be transferred and it is very unlikely that one will develop.

### **10.3 Manitoba Resale Restrictions**

In addition to the above, for Subscribers resident in Manitoba, unless permitted under applicable securities laws, a Unitholder must not trade the Offered Securities without the prior written consent of the regulator in Manitoba, unless the Issuer has filed a prospectus with the regulator in Manitoba with respect to the Offered Securities and the regulator in Manitoba has issued a receipt for that prospectus, or the Subscriber has held the Offered Securities for at least 12 months. The regulator in Manitoba will consent to such a trade if the regulator is of the opinion that to do so is not prejudicial to the public interest. The Trustees must approve of any proposed disposition. It is the responsibility of each individual Subscriber to ensure that all forms required by the applicable securities laws are filed as required upon disposition of the Offered Securities acquired pursuant to this Offering.

**These real estate securities are subject to resale restrictions under securities legislation. You will not be able to trade the real estate securities unless you are eligible to rely on an**

exemption from the prospectus and registration requirements under Alberta securities legislation. For information about these resale restrictions you should consult a lawyer.

The foregoing is a summary only of resale restrictions relevant to a purchaser of securities offered hereunder. It is not intended to be exhaustive. All Subscribers under this Offering should consult with their legal advisors to determine the applicable restrictions governing resale of securities purchased hereunder including the extent of the applicable hold period and the possibility of utilizing any further statutory exemptions or obtaining a discretionary order.

## **Item 11 Purchasers' Rights**

If you purchase these Offered Securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

### ***Two Day Cancellation Right***

You can cancel your agreement to purchase these Offered Securities. To do so, you must send a notice to us by midnight on the second (2<sup>nd</sup>) business day after you sign the agreement to buy the Offered Securities.

### ***Statutory and Contractual Rights of Action in the Event of a Misrepresentation***

Securities legislation in certain of the provinces of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains a Misrepresentation. These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defences and limitations contained under the applicable securities legislation. Subscribers resident in provinces of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of action and rescission described below for purchasers resident in Ontario and such right will form part of the Subscription Agreement to be entered into between each such Subscriber and the Issuer in connection with this Offering.

The following summaries are subject to the express provisions of the securities legislation applicable in each of the provinces of Canada and the regulations, rules and policy statements thereunder. Subscribers should refer to the securities legislation applicable in their province along with the regulations, rules and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor. The contractual and statutory rights of action described in this Offering Memorandum are in addition to and without derogation from any other right or remedy that purchasers may have at law.

#### **11.1 Rights for Subscribers Resident in Alberta**

If you are a resident of Alberta, and if there is a Misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy these Offered Securities, or
- (b) for damages against the Issuer, every person who was a director of the Canadian Manager at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the Misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the Misrepresentation when you purchased the Offered Securities. Additionally, if you elect to exercise a right of rescission against the Issuer, you will have no right of action against the persons described in (b) above. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the Offered Securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the day you purchased the Offered Securities.

#### **11.2 Rights for Subscribers Resident in British Columbia**

If you are a resident of British Columbia, and if there is a Misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy these securities, or
- (b) for damages against the Issuer, every person who was a director of the Canadian Manager at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the Misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the Misrepresentation when you purchased the Offered Securities. Additionally, if you elect to exercise a right of rescission against the Issuer, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the day you purchased the securities.

### **11.3 Rights for Subscribers Resident in Saskatchewan**

If you are a resident of Saskatchewan and if there is a Misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Issuer to cancel your agreement to buy these Offered Securities, or
- (b) for damages against the Issuer, every promoter of the Issuer, every person who was a director of the Canadian Manager or Trustee at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the Misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the Misrepresentation when you purchased the Offered Securities. Additionally, if you elect to exercise a right of rescission against the Issuer, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the Offered Securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six (6) years after the day you purchased the Offered Securities.

### **11.4 Rights for Subscribers resident in Manitoba**

If you are a resident of Manitoba, and if there is a Misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Issuer to rescind your agreement to buy these Offered Securities, or
- (b) for damages against the Issuer, every person who was a director of the Canadian Manager at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the Misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the Misrepresentation when you purchased the Offered Securities. Additionally, if you elect to exercise a right of rescission against the Issuer, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the Offered Securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or two (2) years after the day you purchased the Offered Securities.

## 11.5 Rights for Subscribers resident in Ontario

If you are a resident of Ontario, and if there is a Misrepresentation in this Offering Memorandum, a purchaser who purchases a security offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the Misrepresentation, the following rights:

- (a) the purchaser has a right of action for damages against the Issuer and a selling security holder on whose behalf the distribution is made, or the Issuer will not be liable if it proves that the investor purchased Offered Securities with knowledge of the Misrepresentation;
- (b) where the purchaser purchased the Offered Securities from a Person or the Issuer referred to in clause (a), the purchaser may elect to exercise a right of rescission against the Person or the Issuer, in which case the purchaser shall have no right of action for damages against such Person or the Issuer.

The Issuer will not be held liable under this paragraph if the Subscriber purchased the Offered Securities with the knowledge of the Misrepresentation. In an action for damages, the Issuer will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Offered Securities as a result of the Misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the Offered Securities were sold to the Subscriber.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the Offered Securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the day you purchased the Offered Securities.

Securities legislation in Ontario does not extend the statutory rights of action for damages or rescission to a purchaser who is purchasing the Offered Securities in reliance on the "accredited investor" exemption set out in section 2.3 of National Instrument 45-106 and the purchaser is: (a) a "Canadian Financial Institution" or a "Schedule III Bank" (each as defined under applicable securities laws); (b) the Business Development Bank of Canada; or (c) a subsidiary of any Person referred to in (a) or (b), if the Person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary (collectively, the "**Excluded Ontario Purchasers**"). The Excluded Ontario Purchasers will be entitled to a contractual right of action for damages or rescission that is equivalent to the statutory right of action for damages or rescission available to purchasers resident in Ontario as described above (including insofar as such rights may be subject to the defences and limitations provided for under the *Securities Act* (Ontario)).

**Item 12 Financial Statements**

**North River Trust and North River Partnership**

See Schedule "D"

**Item 13 Date and Certificate**

**Dated: July 14, 2017**

**This Offering Memorandum does not contain a Misrepresentation.**

**NORTH RIVER TRUST AND  
PROMOTERS**

**On behalf of the Trustees of North River Trust**

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Paul Belter  
Trustee

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Terry Kemp  
Trustee

---

Paul Gaudreau  
Trustee

**By the Board of Directors of North River Properties Inc.,  
as General Partner to North River Limited Partnership**

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Paul Belter  
President and Director

---

Terry Kemp  
Treasurer and Director

---

Dan Walsh  
Secretary and Director

**SCHEDULE A**  
**GLOSSARY OF TERMS**

In this Offering Memorandum (including in the face pages hereof), unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

"1358307" means 1358307 Alberta Ltd., a corporation registered under the laws of the Province of Alberta, being the entity from which the Property will be acquired which is an Affiliate of the Partnership;

"Adjusted Cost Base" has the meaning ascribed thereto in the Tax Act;

"Affiliate" means a Person who is affiliated or associated with the Person who is the object of the description for the purposes of the Business Corporations Act (Alberta) and the regulations thereunder, as amended from time to time;

"Aggregate Contribution" means the aggregate amount of contributions by the Limited Partners to the Partnership for the Partnership Units;

"Asset Fee" means the fee payable to the General Partner pursuant to the Management Agreement equal to 1.0% of the net annual rent collected from the leased units in each of the properties within the Asset Portfolio including the Property payable quarterly;

"Asset Manager" means the General Partner;

"Asset Portfolio" means all of the assets and investments made by the Partnership since formation, including the purchase of the Property;

"Capital Contribution" means, with respect to the Issuer, the proceeds of the Class B Unit Offering contributed by the Issuer to the Partnership as reflected in the Issuer's partnership capital account;

"Capital Region" means Edmonton, Alberta and surrounding areas;

"Class A Partnership Distributable Income" means the amount of taxable income of the Partnership that the General Partner, in its sole discretion, may distribute to Class A Partnership Unitholders, after payment and reservation of all amounts necessary for payment of all expenses and liabilities of the Partnership and reservation of such amounts as in the reasonable opinion of the General Partner are necessary having regard to the then current and anticipated resources of the Partnership;

"Class A Partnership Distribution" means all distributions from time to time by or on behalf of the Partnership to the Class A Partnership Unitholders, including the Distribution Rate, pursuant to the terms of the Partnership Agreement attached hereto as Schedule "C";



"Class A Partnership Unit" means the class A units of the Partnership entitling the holder of record thereof to the rights, restrictions, privileges and obligations provided in the Partnership Agreement, including the Distribution Rate;

"Class A Partnership Unitholders" means at any time the Persons who are the holders of record at that time of one or more Class A Partnership Units, as shown on the registers of such holders maintained by the Partnership or by the Transfer Agent on behalf of the Partnership;

"Class A Unit" means a class A unit of the Issuer issued in connection with the formation of the Issuer entitling the holder of record thereof to the rights, restrictions, privileges and obligations provided in the Declaration of Trust;

"Class A Unit Certificate" means a certificate in the form approved by the Trustees of the Issuer evidencing one or more Class A Units, issued and certified in accordance with the Declaration of Trust and registered in the name of a Class A Unitholder representing the Class A Units issued pursuant to the establishment of the Issuer;

"Class A Unitholders" means at any time the Persons who are the holders of record at that time of one or more Class A Units, as shown on the registers of such holders maintained by the Issuer or by the Transfer Agent on behalf of the Issuer;

"Class B Block" means 50 Class B Units of the Issuer;

"Class B Unit" means a class B unit of the Issuer representing an equal and undivided interest in the Issuer entitling the holder of record thereof to the rights, restrictions, privileges and obligations provided in the Declaration of Trust, including the Distribution Rate;

"Class B Unit Certificate" means a certificate in the form approved by the Trustees of the Issuer evidencing one or more Class B Units, issued and certified in accordance with the Declaration of Trust and registered in the name of a Class B Unitholder representing the Class B Units held by the Class B Unitholder;

"Class B Unit Distributable Income" means cash flow, that has been or will be made on, or in respect of, the Class B Units, determined in accordance with the provisions in Article 5 of the Declaration of Trust;

"Class B Unit Distributions" means all distributions from time to time by or on behalf of the Issuer to the Class B Unitholders, including the Distribution Rate, pursuant to the terms of the Declaration of Trust;

"Class B Unit Distribution Period" means the period between two consecutive Class B Unit Distribution Record Dates commencing from and including the day next following the earlier Class B Unit Distribution Record Date to and including the following Class B Unit Distribution Record Date;

"Class B Unit Distribution Record Date" means the end of each fiscal quarter or such other dates as may be determined from time to time by the Trustees;

"Class B Unit Offering" means the offering by the Issuer of up to 510,000 Class B Units;

"Class B Unitholders" means at any time the Persons who are the holders of record at that time of one or more Class B Units, as shown on the registers of such holders maintained by the Issuer or by the Transfer Agent on behalf of the Issuer;

"Closing" means a closing of a Class B Unit Offering;

"Declaration of Trust" means the Declaration of trust of the Issuer dated October 14, 2015, as the same may be amended, supplemented or restated from time to time. See Schedule "B";

"Deferred Plan" means a trust governed by a RRSP, a RRIF, a registered educational savings plan, a deferred profit sharing plan and a TFSA under the Tax Act;

"Distribution Rate" means a notional distribution amount which shall accrue on Class B Units at a rate expected to equal to 8.20% per annum, cumulative and non-compounding and calculated as of December 31 of each calendar year and pro-rated for the first year of a Class B Unitholder's investment based on the number of days elapsed from the clear day of such investment to December 31 of that same year;

"Issuer" means the North River Trust;

"Issuer Assets" means all monies, property and other assets as are held by the Trustees on behalf of the Issuer as further described in the Declaration of Trust;

"General Partner" means North River Properties Inc., a corporation incorporated as 1405399 Alberta Ltd. on June 04, 2008, under the laws of the Province of Alberta and renamed North River Properties Inc. on October 1, 2015, and which is the general partner of North River Limited Partnership;

"Initial Limited Partner" means Paul Belter, an individual resident in the City of Edmonton in the Province of Alberta;

"Lender" means CIBC Mortgages Inc., Canadian Imperial Bank of Commerce Mortgages Inc., or other such registered bank or institution for which financing is provided at or below the current prescribed and committed rate;

"Limited Partners" means each of those parties who is accepted as and becomes a limited partner of North River Limited Partnership in accordance with the terms and conditions of an agreement governing the Partnership;

"LTT" means land transfer tax;

"Management Agreement" means the agreement dated October 21, 2015 between the Partnership and the General Partner, pursuant to which the General Partner has been retained to provide services with respect to the management of the Property;

"Maximum Class B Unit Offering" means the maximum Class B Unit Offering hereunder of up to 510,000 Class B Units for gross proceeds of up to \$5,000,500;

"Misrepresentation" means an untrue statement of a material fact or omitted material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made;

"Mortgage" means the principal indebtedness owing by the Partnership to the Lender with respect to the purchase of the Property pursuant to the CIBC Mortgages Inc., /Mortgage Agreement and Mortgage Interest accruing thereon from time to time at the Mortgage Interest Rate during the Term and includes the

assumption of the existing mortgage on the Property of \$8,112,907 at an interest rate of 2.948% over the Mortgage Term and amortized over 22 years;

"Mortgage Advance" means \$1,689,093 to be borrowed by the Partnership from the Lender in accordance with the Mortgage Agreement;

"Mortgage Advance Date" means the date on which the Mortgage Advance is made by the Lender to the Partnership;

"Mortgage Agreement" means the mortgage agreement to be entered into between the Lender and the Partnership with respect to the Mortgage, as amended from time to time;

"Mortgage Interest" means the interest payable by the Partnership to the Lender on the principal of the Mortgage during the Term at the Mortgage Interest Rate;

"Mortgage Interest Rate" means 155 basis point over the Lender's prevailing Commercial Mortgage Cost of funds for the Loan Term, currently 3.257%. The interest rate shall be calculated and compounded semi-annually, not in advance. If the interest rate when set exceeds 3.7%(the ceiling rate) the Borrower shall either i) buy down the interest rate to the ceiling rate, at a cost to be determined by the Lender; or ii) reduce the Loan by an amount the Lender in its sole discretion determines to be consistent with the cash flow available for debt servicing by the property;

"Mortgage Term" means the term of each Mortgage Advance, commencing on the subject Mortgage Advance Date and ending on the date which is three (3) years and three (3) months after the Mortgage Advance Date, unless earlier terminated;

"North River Project" or "Project" means the real estate investments to be undertaken by the Partnership. The Project includes the purchase of the Property at a purchase price of approximately \$14,750,000 plus applicable closing and LTT costs. See Item 2.1 – "Business of North River Trust- Structure:";

"North River Trust" means the trust established by Declaration of Trust dated October 14, 2015;

"Offer to Purchase" means that offer to purchase dated May 15, 2017 and any subsequent amendments related thereto;

"Offered Securities" means the Class B Units;

"Offering" means the Class B Unit Offering;

"Offering Memorandum" means this confidential offering memorandum, including any amendment;

"Partnership" means North River Limited Partnership, registered under the Partnership Act on October 21, 2015 in Alberta;

"Partnership Act" means the Partnership Act (Alberta) and the regulations thereunder, as amended from time to time;

"Partnership Agreement" means the limited partnership agreement dated October 21, 2015 as amended from time to time, between the General Partner and the Limited Partner, as attached hereto as Schedule "C". See Item 2.7 "Business of North River Trust - Material Agreements";

"Partnership Distributions" means the Class A Partnership Distributions;

"Partnership Distributable Income" means the Class A Partnership Distributable Income (defined term);

"Partnership Units" means the Class A Partnership Units;

"Person" means any individual, company, corporation, limited partnership, general partnership, firm, joint venture, syndicate, trust, joint stock company, limited liability corporation, association, bank, pension Issuer, business trust or other organization, whether or not a legal entity, and any government agency or political subdivision thereof or any other form of entity or organization;

"Previous Financing" means the offering of Class B Units initially offered on or after December 1, 2015;

"Property" means both "Parcel 1" and "Parcel 2" as described below:

"Parcel 1" the lands to be acquired by the Partnership from 1358307, municipally described as 5504 36 Street, Edmonton, Alberta, and legally described as Lot 8A, Block 20, Plan 0824 764; and

"Parcel 2" the lands to be acquired by the Partnership from 1358307, municipally described as 3715 56 Avenue, Edmonton, Alberta, and legally described as Lot 10, Block 20, Plan 0826 0109;

"Property 1" means the Glenville Building property located at 7606 – 42 street, Leduc, Alberta, legally described as Plan 142199, Block 8, Lot 39;

"Property 2" means the Commercial Solutions Building property located at 2714/16 – 5<sup>th</sup> Street, Nisku, Leduc County, Alberta, legally described as Plan 072 4908, Block 3, Lot 16A;

"Redemption Date" means, when exercising right of redemption, the date that the Issuer has, to the satisfaction of the Trustees, received the notice, Unit Certificates and other required documents or evidence as aforesaid;

"RRIF" means a registered retirement income fund as defined in the Tax Act;

"RRSP" means a registered retirement savings plan as defined in the Tax Act;

"Securities" has the meaning ascribed thereto in the Declaration of Trust;

"Subscribers" means those Persons subscribing for Class B Units pursuant to this Offering;

"Subscription Agreement" means a subscription agreement and power of attorney to be executed by the Subscriber providing for the purchase by Subscribers for Class B Units in the form provided by the Issuer;

"Tax Act" means the Income Tax Act (Canada) and the regulations thereunder, as amended from time to time;

"TFSA" means a tax-free savings account as defined in the Tax Act;

"Transfer Agent" means such Person as may from time to time be appointed by the Issuer to act as registrar and transfer agent for the Units together with any sub-transfer agent duly appointed by the Transfer Agent;

"Trustees" mean Paul Belter, an individual residing in St. Albert, Alberta, Terry Kemp, an individual residing in Edmonton, Alberta and Paul Gaudreau, an individual residing in Sherwood Park, Alberta, each of whom act as a trustee of the Issuer;

"Units" means, collectively, the Class A Units and the Class B Units;

"Unit Certificates" means, collectively, the Class A Unit Certificates and the Class B Unit Certificates; and

"Unitholder" or "Unitholders" means at any time the Persons who are the holders of record at the time of one or more Class A Units or Class B Units, as the case may be, as shown on the registers of such holders maintained by the Issuer or by the Transfer Agent on behalf of the Issuer.

**SCHEDULE B**  
**DECLARATION OF TRUST**

**SCHEDULE C**

**NORTH RIVER LIMITED PARTNERSHIP – PARTNERSHIP AGREEMENT**

**SCHEDULE D**

**FINANCIALS FOR NORTH RIVER TRUST AND NORTH RIVER LIMITED PARTNERSHIP**



**SCHEDULE E**

**PROPERTY LAND AND BUILDING DETAILS AND FINANCIALS**

**SCHEDULE F**  
**PROPERTY RENT ROLL (PERMITTED LEASES)**

**SCHEDULE G**  
**ASSET PORTFOLIO DETAILS**