

This Offering Memorandum has been prepared solely for delivery to and review by selected prospective purchasers of the Units. By their acceptance hereof, prospective investors agree that they will not transmit, reproduce or make available to anyone this Offering Memorandum or any information contained herein.

FORM 45-106F2

Offering Memorandum for Non-Qualifying Issuers

Date: April 26, 2019

The Issuer

Name: RealStream Income Properties Limited Partnership (the “**Limited Partnership**”)

Head office: 230 - 1829 Beaufort Avenue, Comox, British Columbia V9M 1R9

Phone #: 250-890-2000

E-mail address: rsip@realstream.ca

Fax #: 250-890-2080

Currently listed or quoted? No. **These securities do not trade on any exchange or market.**

Reporting issuer? No.

SEDAR filer? No.

The Offering

Securities offered: Limited Partnership units (“**Units**”)

Price per security: The subscription price per Unit will be the NAV (as defined herein) per Unit, payable upon subscribing for a Unit, as determined from time to time by the Manager. The most recently calculated NAV per Unit as of the date of this Offering Memorandum is \$13.954482.

Minimum/Maximum offering: There is no minimum Offering. **You may be the only purchaser. Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

The maximum Offering is \$ 20,000,000 (the “**Maximum Offering**”).

Minimum Subscription: Subject at all times to the discretion of the Manager or General Partner to waive such requirement, investors must initially make an investment of \$100,000 which will be comprised of \$98,500 worth of Units and the 1.5% sales commission payable by subscribers as discussed herein. See Item 7 “Compensation Paid to Sellers and Finders.”

Thereafter, subsequent subscriptions shall be in such minimum amounts as may be established from time to time by the Manager or General Partner (both as defined herein). Subscribers for additional Units must maintain a minimum of \$100,000 in Unit subscriptions, subject again to the discretion of the Manager or General Partner to waive such requirement.

Payment terms: Bank draft, certified cheque or, in the Manager or General Partner’s discretion, any other form of payment acceptable to the Manager or General Partner, on Closing.

Proposed Closing date(s): This is a continuous offering. The Manager may close subscriptions for Units in its discretion from time to time. Subsequent Closings may occur on such dates as established by the Manager from time to time. The Manager may terminate the Offering at any time.

Tax consequences: There are important tax consequences to these securities. See Item 6 “Income Tax Consequences and RRSP Eligibility.”

Selling agent? Yes. Subscribers will pay a sales fee to registered securities dealers and exempt market dealers, or where permitted, non-registrants, in an amount not to exceed 1.5% of the subscription monies obtained by such persons, payable at the time of the initial investment. Such fee may be waived in the discretion of such dealers.

The Manager may also pay, from its own resources and not from the proceeds of this Offering, a sales fee to registered securities dealers and exempt market dealers, or where

permitted, non-registrants, in an amount not to exceed 2% of the subscription monies obtained by such persons, payable quarterly over the course of two years from the time of the initial investment. Additionally, the Manager may, in its discretion, pay a trailing commission of 0.75% to such persons. 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. However, the Units are redeemable in certain circumstances. See Item 5.1 "Terms of Limited Partnership Units – Right of Redemption by Limited Partners".

Purchaser's rights

You have 2 Business Days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11.

No securities regulatory authority 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.

The Limited Partnership conditionally offers the Units for sale by way of private placement to qualified investors who are residents of the Province of British Columbia and in such other jurisdictions where it may be permitted to do so. Subscriptions will be received if, as and when accepted, subject to satisfaction of the conditions set forth under "Subscription Procedure" and to the right of the Manager to close the subscription books at any time without notice. Closings will be held from time to time as determined by the Manager. See "Prior Sales" and "Subscription Procedure".

No action has been or will be taken to permit a public offering of the Units in any jurisdiction where action would be required to be taken for such purpose. Accordingly, the distribution or circulation of this Offering Memorandum and the offering and sale of the Units may be restricted by law in certain jurisdictions. This Offering Memorandum does not constitute and may not be used for or in conjunction with an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Persons into whose possession this Offering Memorandum may come are directed to inform themselves of and observe such restrictions and all legal requirements of their respective jurisdictions of residence in respect of the acquisition, holding and disposition of the Units.

Prospective investors should thoroughly review this Offering Memorandum and are advised to consult with their own legal, investment, accounting, and tax advisors concerning this investment.

The Units will be issued only on the basis of information contained in this Offering Memorandum and provided by the Limited Partnership, and no other information or representation have been authorized nor may be relied upon as having been authorized by the Limited Partnership. Any subscription for the Units made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of such person. Neither the delivery of this Offering Memorandum at any time nor any sale of any of the Units made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the business and affairs of the Limited Partnership since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof.

This Offering Memorandum has been prepared solely for delivery to and review by selected prospective purchasers of the Units. This copy of the Offering Memorandum is personal to the person to whom it is delivered and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Units. Distribution of this Offering Memorandum to any person other than the person to whom it is delivered and those persons, if any, retained to advise such person with respect hereto is unauthorized, and any disclosure of any of its contents without the prior written consent of the Limited Partnership is prohibited. Each prospective purchaser, by accepting delivery of this Offering Memorandum, agrees to the foregoing and undertakes to make no photocopies of or to otherwise reproduce, in whole or in part, this Offering Memorandum or any documents relating thereto and, if such prospective purchaser does not purchase any of the Units or the Offering is terminated, to return promptly this Offering Memorandum and all such documents to the Limited Partnership, if so requested by the Limited Partnership.

Subject at all times to the discretion of the Manager or General Partner to waive such requirement, investors must initially make a minimum investment of \$100,000 which will be comprised of \$98,500 worth of Units and the 1.5% sales commission discussed herein. See Item 7 "Compensation Paid to Sellers and Finders."

Thereafter, subsequent subscriptions shall be in such minimum amounts as may be established from time to time by the Manager or General Partner. Subscribers for additional Units must maintain a minimum of \$100,000 in Unit subscriptions, subject again to the discretion of the Manager or General Partner to waive such requirement.

Although the Limited Partnership expects that the available net proceeds of the Offering will be applied in the purchase of one or more additional Properties, the specific additional Properties in which the Limited Partnership will invest have not yet been determined.

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SUMMARY

The following is a summary of certain information contained in this Offering Memorandum, and reference should be made to the more detailed and additional information contained elsewhere in this Offering Memorandum.

Business and Investment Objectives

The Limited Partnership is a limited partnership formed pursuant to and governed by the laws of British Columbia and created by a Limited Partnership Agreement dated December 18, 2013, which was amended and restated April 30, 2014 between RealStream General Partner Inc. (the “**General Partner**”) and DeLuca Veale Investment Counsel Inc. (“**DVIC**”).

The principal business of the Limited Partnership is:

- (a) to issue Units to subscribers, to invest the proceeds from such issuance in the Properties and to own and operate the Properties; and
- (b) to directly or indirectly acquire, own, hold, manage, lease, operate, improve and sell a portfolio of commercial real estate properties, including existing revenue-producing properties and properties developed by the Limited Partnership to be held as income-producing real estate for long-term investment, in Canada, or any direct or indirect interests therein, which may include a direct or indirect interest in the Properties.

The Limited Partnership’s primary investment objectives are as follows:

- (a) to invest in a diversified portfolio of quality commercial revenue-producing Properties with positive cash flow;
- (b) to provide periodic cash flow distributions upon full investment of the net proceeds allocated to the purchase price of Properties;
- (c) to enhance the Limited Partnership’s return on capital and the Purchasers’ yield through improvement of capital properties as income-producing real estate for long-term investment; and
- (d) to enhance the potential for long-term growth of capital through value-added enhancements to the Properties and organic growth in rental rates.

Offering:

This is a continuous offering of the Units. The Maximum Offering is \$20,000,000. This Offering is being made pursuant to exemptions from the prospectus and, where applicable, registration requirements of applicable securities legislation in Canada.

See Item 5.2 “Subscription Procedure”. A subscriber whose subscription is accepted will become a Limited Partner of the Limited Partnership.

Subscription Procedure:

Subscribers may subscribe for Units by returning to the Limited Partnership a completed Subscription Agreement, together with payment in the form of a certified cheque, bank draft or, in the Manager’s discretion, a personal cheque, in the amount of the aggregate Subscription Price for the Subscriber’s Units. A Subscriber whose subscription is accepted by the Manager will become a Limited Partner. The Manager may terminate the Offering at any time. See Item 5.2 “Subscription Procedure”.

- Subscription Price:** The subscription price per Unit will be the NAV per Unit, payable upon subscribing for a Unit, as determined from time to time by the Manager. The most recently calculated NAV per Unit as of the date of this Offering Memorandum is \$ 13.954482.
- Minimum Subscription:** Subject at all times to the discretion of the Manager or General Partner to waive such requirement, investors must initially subscribe for a minimum of \$100,000 in Units.
- Thereafter, subsequent subscriptions shall be in such minimum amounts as may be established from time to time by the Manager or General Partner. Subscribers for additional Units must maintain a minimum of \$100,000 in Unit subscriptions, subject again to the discretion of the Manager or General Partner to waive such requirement.
- See Item 5.2 "Subscription Procedure".
- Sales Fee:** Subscribers will pay a sales fee to registered securities dealers and exempt market dealers, or where permitted, non-registrants, in an amount not to exceed 1.5% of the subscription monies obtained by such persons, payable at the time of the initial investment. Such fee may be waived in the discretion of such dealers.
- The Manager may also pay, from its own resources and not from the proceeds of this Offering, a sales fee to registered securities dealers and exempt market dealers, or where permitted, non-registrants, in an amount not to exceed 2% of the subscription monies obtained by such persons, payable quarterly over the course of two years from the time of the initial investment. Additionally, the Manager may, in its discretion, pay a trailing commission of 0.75% to such persons. See Item 7 "Compensation Paid to Sellers and Finders."

Use of Proceeds:

- On August 29, 2014, the Limited Partnership used the proceeds received from investors pursuant to the initial Closing of subscriptions hereunder to acquired a Property known as “Timberline Village Shopping Centre, located at 801 Hilchey Road, in Campbell River, British Columbia.
- On April 15, 2015, the Limited Partnership acquired a second Property known as “1111 Braidwood”, located at 1111 Braidwood Dr. in Courtenay, British Columbia.
- On February 10, 2016, the Limited Partnership acquired a third property known as “519 – 5th Street”, located at 519 – 5th Street in Courtenay, British Columbia.
- On Jun 1st, 2016, the Limited Partnership acquired a fourth property known as “190 Wallace Street”, located at 190 Wallace Street in Nanaimo, British Columbia.
- On August 4th, 2016, the Limited Partnership acquired a fifth property known as “345 Wallace Street”, located at 345 Wallace Street in Nanaimo, British Columbia.
- On January 31st, 2017, the Limited Partnership acquired a sixth property known as “420 Albert Street”, located at 420 Albert Street in Nanaimo, British Columbia.
- On April 20th, 2017, the Limited Partnership acquired a seventh property known as “8175 Dallas Drive”, located at 8175 Dallas Drive in Kamloops, British Columbia.
- On October 10th, 2017, the Limited Partnership acquired an eighth property known as “488 Albert Street”, located at 488 Albert Street in Nanaimo, British Columbia.
- On March 15th, 2018, the Limited Partnership acquired a ninth property known as “730 Grant Avenue”, located at 730 Grant Avenue in Courtenay, British Columbia.
- On March 29th, 2018, the Limited Partnership acquired a tenth property known as “961 England Avenue”, located at 961 England Avenue in Courtenay, British Columbia
- On December 18th, 2018, the Limited Partnership acquired an eleventh property known as “100 Aldersmith Place”, located at 100 Aldersmith Place Victoria, B.C.

See Item 2 “The Limited Partnership’s Business”.

The Net Subscription Proceeds will be used by the Limited Partnership to invest in the acquisition of further Properties. A portion of the proceeds received by the Limited Partnership on account of the subscription by investors in Units will also be used to pay due diligence and documentation costs relating to such property acquisitions, sales commissions where applicable, completion costs and other fees and expenses related to the Properties.

As a result, an investment in Units of the Limited Partnership represents an investment in the acquisition, ownership and operation of the Properties and

distributions and other returns on and of capital payable on account of the Units will flow through to the Limited Partners.

Pending investment in Properties, the Net Subscription Proceeds will be invested in cash, money market investments and other securities deemed suitable by the Manager, including publicly-traded real estate investment trusts. Any such funds that are invested in cash or publicly-traded real estate investment trusts will be managed for the Limited Partnership by DVIC pursuant to an Investment Management Agreement that will be entered into prior to the investment of such funds. The fees payable to DVIC for such services will be in the range of 0.6% - 1.5% of the aggregate funds invested.

The Manager will use its best efforts to make suitable investments of the Net Subscription Proceeds as soon as possible following each Closing.

**Distributions by
Limited Partnership**

Pursuant to the Limited Partnership Agreement for the Limited Partnership (the “**Limited Partnership Agreement**”), after the repayment of all current obligations of the Limited Partnership, all cash flow from the operation of the Limited Partnership’s business, after payment of all obligations relating to the Properties, including all principal and interest payments under any financing and the Asset Management Fee, and after the creation of a reasonable working capital and capital improvement reserve as determined by General Partner, will be distributed as and when funds are received and are available for distribution, as follows:

- (a) first, 0.01% of such amounts will be distributed to the General Partner, to a maximum of \$100; and
- (b) second, the balance will be distributed to the limited partners, *pro rata* in accordance with their Proportionate Shares.

Redemption:

Units will be redeemable at the request of the Limited Partners, subject to applicable law and certain other conditions set out in the Limited Partnership Agreement. See Item 5.1 “Terms of Units – Limited Partners’ Right to Redeem”.

Retraction:

The Limited Partnership has the right to retract Units from Limited Partners. See Item 5.1 “Terms of Units – Limited Partnership’s Right of Retraction”

Closing:

Closings of subscriptions for Units will take place on such dates as the General Partner determines.

**Manager/Asset Management
Agreement:**

Pursuant to the Terms of the Asset Management Agreement, RealStream Asset Management Ltd. (the “**Manager**”) has agreed to provide certain services to the Limited Partnership in connection with issuance of the Units, the acquisition, ownership and operation of the Properties and the business of the Limited Partnership, including structuring the Partnership and this Offering, structuring the ownership of each of the Properties, arranging for mortgage loans, if any, in respect of the Properties, negotiating and completing the sale of a Property, overseeing and supervising property management of the Properties, and preparing annual financial reports on the Properties.

In consideration of the provision of such services, the Limited Partnership will pay to the Manager an annual fee equal to 1.5% of the Gross Asset Value, which fee is payable monthly no later than the last day of each month, in an amount equal to 0.125% of the Gross Asset Value at the end of the immediately preceding month.

The Manager may agree, in its sole discretion, to accept payment of the Asset Management Fee from the Limited Partnership by way of issuance of that

number of Units to the Manager having an aggregate value equal to Asset Management Fee then payable. Pursuant to the terms of the Partnership Agreement, any such Units may be redeemed by the Manager in preference to the redemption of Units by any other Limited Partner.

Distribution on Dissolution:

Upon the liquidation, dissolution or wind-up of the Limited Partnership, all funds realized by the Limited Partnership from the disposition of its assets will be applied and distributed as follows:

- (a) in the event that dissolution occurs upon the sale of the last of the Properties, to pay any costs involved in the sale, and to pay all amounts required to discharge any Mortgage Loans or encumbrances registered against the assets;
- (b) to pay all expenses incurred in the winding-up of the Limited Partnership;
- (c) to pay all of the liabilities of the Limited Partnership, including any loans or advances made by Limited Partners, any amounts owing to the General Partner in respect of costs and expenses owing to it pursuant to the Limited Partnership Agreement, and to the extent then payable the Asset Management Fee payable under the Asset Management Agreement, in the manner required by law;
- (d) to establish such reserves as the General Partner considers necessary;
- (e) to return to each Limited Partner the amount in such Limited Partner's capital account;
- (f) to return to the General Partner the balance in its capital account;
- (g) to pay to the Manager any unpaid Asset Management Fee pursuant to the terms of the Asset Management Agreement; and
- (h) to distribute any balance then remaining to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares.

See Item 5.1 "Terms of Units – Distributions upon wind-up, etc."

Residency Requirement:

Limited Partners must be residents of Canada. See Item 5.1 "Terms of the Units – Limited Partners Must be Residents of Canada"

Taxation of Limited Partners:

Each Limited Partner will be required to include in their income tax return their allocated share of the income or loss of the Limited Partnership for each Fiscal Year of the Partnership, subject to the "at-risk" rules. **Investors should consult their own professional advisers to obtain advice on the income tax consequences that apply to them.** See Item 6 "Income Tax Consequences and Eligibility".

No Transferability:

Units will not be transferable and securities requirements may prohibit or restrict transferability of Units. See Item 10 "Resale Restrictions".

Risk Factors:

An investment in Units entails a number of risks, including that this Offering is a blind pool offering; that there is no market for Units and a market for Units is not expected to develop; that there can be no assurance that more than the minimum Offering will be sold; that an investment in Units is an indirect investment in the Properties acquired by the Limited Partnership, and have attached to them various risks of investing in real estate; environmental risk; competition for real estate properties; risk associated with changes in economic conditions; risks associated with redemptions and retractions of Units; the possibility of conflicts of interest; and risks associated with changes in income tax regulation. These risks are more fully described in Item 8 "Risk Factors".

This Offering is not suitable for investors who cannot afford to assume any significant risks in connection with their investments including the total loss of their investment in the Units.

GLOSSARY

The following terms appear throughout this Offering Memorandum. Care should be taken to read each term in the context of the particular provision of this Offering Memorandum in which such term is used.

“affiliate” or **“affiliates”** has the same meaning as in the B.C. *Securities Act* .

“Asset Management Agreement” means the agreement between the Limited Partnership and the Manager dated December 18, 2013, as amended and restated April 30, 2014, pursuant to which the Manager has agreed to provide certain advisory, management and administrative services to the Limited Partnership, as such agreement may be amended, restated and or supplemented from time to time.

“Asset Management Fee” means an annual fee in the amount of 1.50% of the Gross Asset Value, payable by the Limited Partnership to the Manager monthly no later than the last day of each month, in an amount equal to 0.125% of the Gross Asset Value at the end of the immediately preceding month.

“Available Cash Flow” means, for any month, all amounts received by the Limited Partnership in such month from and in respect of its investment in the Properties and which arise from or are related to the operation of the Properties.

“B.C. Securities Act” means the *Securities Act* (British Columbia), with all amendments thereto in force from time to time and any statutes that may be passed which have the effect of supplementing or superseding such statute.

“Business Day” means a day other than a Saturday, Sunday or any day on which the principal office of the Limited Partnership’s bankers located in Comox, British Columbia, is not open for business during normal banking hours.

“Closing” means a closing of the sale of Units as the General Partner may determine from time to time.

“Fair Market Value” means an amount equal to the fair market value of a Property, which shall be determined assuming a fully informed willing buyer and a willing seller dealing at arms-length with one another and a free and open market for such Property, unless the Manager, upon review of independent evidence such as third party appraisals, property tax assessment information or other third party market information, reasonably determines that any Property has a fair market value other than as described above, in which case the value of such interest in the Property will be deemed to be the value as determined by the Manager, acting reasonably.

“Fiscal Year” means each consecutive period of twelve (12) months coinciding with the calendar year and ending on December 31.

“General Partner” means RealStream General Partner Inc.

“Gross Asset Value” means the Fair Market Value of all assets of the Limited Partnership, including the Properties, cash, publicly traded securities and any other assets, as measured on the financial statements of the Limited Partnership as at the end of each month.

“Limited Partners” means those persons whose Subscription are accepted by the General Partner and any person, firm, corporation or other entity who acquires Units on a subsequent transfer from a Limited Partner in accordance with the terms of the Limited Partnership Agreement.

“Limited Partnership” means the RealStream Income Properties Limited Partnership.

“Limited Partnership Agreement” means the Limited Partnership Agreement made in respect of the Limited Partnership and dated as of December 18, 2013 and amended and restated April 30, 2014.

“Manager” means RealStream Asset Management Inc., a company existing under the laws of the Province of British Columbia.

“Mortgage” means one or more mortgage, charge, pledge, hypothec, lien, security interest or other encumbrance of any kind or nature whatsoever of the Properties to be granted by the Limited Partnership (or, if a Property is held by a nominee entity on behalf of the Limited Partnership, by such entity) to one or more lenders, the proceeds of which will be used to finance the purchase, ownership and operation of such Properties.

“NAV” means the net asset value of the Limited Partnership calculated as set out in Item 5.1 “Terms of Limited Partnership Units – Net Asset Value” below.

“Net Subscription Proceeds” means the gross proceeds to the Limited Partnership from the sale of the Units less the costs of this Offering and the Sales Fee.

“NI 45-106” means *National Instrument 45-106 Prospectus Exemptions*.

“Offering” means this offering of Units.

“Properties” means the lands and premises or interests therein to be purchased, owned and operated by the Limited Partnership.

“Proportionate Share” means, in relation to the Units, for each limited partner of the Limited Partnership, that fraction which has as its denominator the total number of issued Units and has as its numerator the total number of Units held by such limited partner.

“Redemption” means a redemption of Units by a Limited Partner.

“Sales Fee” includes:

- (a) a fee which will be paid by each subscriber to registered securities dealers and exempt market dealers, or where permitted, non-registrants, in an amount not to exceed 1.5% of the subscription monies obtained by such persons, payable at the time of the initial investment and which fee may be waived in the discretion of such dealers; and
- (b) a fee which may be paid by the Manager, from its own resources and not from the proceeds of this Offering, to registered securities dealers and exempt market dealers, or where permitted, non-registrants, in an amount not to exceed 2% of the subscription monies obtained by such persons, payable quarterly over the course of two years from the time of the initial investment; and
- (c) a trailing commission of 0.75% which may be paid by the Manager to registered securities dealers and exempt market dealers, or where permitted, non-registrants.

“Special Resolution” means a resolution approved by not less than 75% of the votes cast by those Limited Partners who vote and are entitled to vote in person or by proxy at a duly convened meeting of Limited Partners, or at any adjournment thereof, called in accordance with the Limited Partnership Agreement or a written resolution in one or more counterparts distributed to all Limited Partners and signed by Limited Partners holding in the aggregate not less than 75% of the aggregate number of votes held by those Limited Partners who are entitled to vote.

“Subscriber” means a subscriber for Units.

“Subscription Agreement” means the subscription agreement executed by a subscriber to subscribe for Units.

“**Subscription Price**” means the amount paid by a Subscriber for a Unit.

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c. 1, as amended from time to time.

“**Unit**” means a limited partnership unit of the Limited Partnership.

“**Valuation Date**” means the last day of each month.

CANADIAN CURRENCY

All dollar amounts stated herein, unless otherwise stated, are expressed in Canadian currency.

ITEM 1 USE OF AVAILABLE FUNDS

1.1 Available Funds of the Limited Partnership		
Sources of Funds	Assuming Minimum Offering⁽¹⁾	Assuming Maximum Offering⁽²⁾
A. Amount to be Raised by this Offering	\$0	\$20,000,000
B. Selling Commissions and Fees ⁽³⁾⁽⁵⁾	\$0	\$300,000
C. Costs of the Offering (e.g., legal, accounting, audit) ⁽⁴⁾	\$0	\$25,000
D. Available Funds: D = A – (B + C)	\$0	\$19,675,000
E. Additional Sources of Funding Required	--	--
F. Working Capital Deficiency	--	--
G. Total: G = (D+E) - F⁽⁵⁾	\$0	\$19,675,000

⁽¹⁾ There is no minimum Offering.

⁽²⁾ The Maximum Offering is \$20,000,000.

⁽³⁾ The Manager may pay a Sales Fee to registered securities dealers and exempt market dealers, or where permitted, non-registrants.

⁽⁴⁾ Estimated Offering Costs include expenses of or incidental to the issue, sale and delivery of the Units pursuant to this Offering, including, without limitation, fees and disbursements of legal counsel and accountants, and the reasonable out-of-pocket expenses (including applicable taxes) of the Manager in connection with such issue, sale and delivery.

⁽⁵⁾ The net proceeds raised by the Limited Partnership from the issuance of the Units will be invested in the Properties.

1.2 Use of Available Funds

The Limited Partnership has been established by the General Partner to acquire, manage and operate the Properties. The Limited Partnership has been in operation since December 19, 2013 and has had operational revenue since August 29, 2014.

Pending investment in Properties, the Net Subscription Proceeds will be invested in cash, money market investments and other securities deemed suitable by the Manager, including publicly-traded real estate investment trusts. Any such funds that are invested in cash or publicly-traded real estate investment trusts will be managed for the Limited

Partnership by DVIC pursuant to an Investment Manag Agreement that will be entered into prior to the investment of such funds. The fees payable to DVIC for such services will be in the range of 0.6% - 1.5% of the aggregate funds invested.

The Manager will use its best efforts to make suitable investments of the Net Subscription Proceeds as soon as possible following each Closing.

Sources and Uses of Funds by the Limited Partnership		
Sources of Funds	Assuming Minimum Offering⁽¹⁾	Assuming Maximum Offering⁽²⁾
A. Gross proceeds from the issuance of Units	\$0	\$19,675,000
B. Mortgages ⁽³⁾	\$0	\$36,400,000
C. Total Proceeds: C = A + B	\$0	\$56,075,000
Uses of Funds		
D. Purchase Price of the Properties ⁽³⁾	\$0	\$52,000,000
E. Estimated Improvement Costs to the Properties ⁽³⁾	\$0	\$1,040,000
F. Estimated Closing costs for purchase of Properties (including transfer fees, legal and due diligence costs) ⁽⁴⁾	\$0	\$1,560,000
G. Working Capital reserve ⁽⁵⁾	\$0	\$1,475,000
H. Total: H = (D+E+F+G)	--	\$56,075,000

⁽¹⁾ There is no minimum Offering.

⁽²⁾ The Maximum Offering is \$20,000,000.

⁽³⁾ The amounts shown above for Mortgages, Purchase Price and Improvement Costs of the Properties are estimates only.

⁽⁴⁾ The Estimated Closing costs will include due diligence inspections of the closing adjustments, legal fees, financing fees paid to third party mortgage lenders, insurers and brokers, other closing costs and transfer fees and taxes.

⁽⁵⁾ The General Partner may establish a working capital reserve for the operation of the Properties.

1.3 Reallocation

The Limited Partnership intends to spend the Net Subscription Proceeds as stated. Funds will be reallocated only for sound business reasons.

ITEM 2 BUSINESS OF THE LIMITED PARTNERSHIP

2.1 Structure

The Manager – The manager of the Limited Partnership is RealStream Asset Management Inc., which was incorporated pursuant to the *Business Corporations Act* (British Columbia) on December 13, 2013 under incorporation number BC0988327. The registered and records office of the Manager is located at 230 – 1829

Beaufort Avenue, Comox, British Columbia, V9M 1R9. The Manager is the manager of the Limited Partnership pursuant to the Management Agreement.

The Limited Partnership – The Limited Partnership was formed by DVIC and the General Partner under the name “RealStream Income Properties Limited Partnership” by a Certificate of Limited Partnership filed pursuant to the *Partnership Act* (British Columbia) on December 20, 2013 under registration number LP623080. The registered and records office of the Partnership is located at 230 – 1829 Beaufort Avenue, Comox, British Columbia, V9M 1R9.

The General Partner – The general partner of the Limited Partnership is RealStream General Partner Inc., a British Columbia company incorporated under the *Business Corporations Act* (British Columbia) on December 13, 2013, under incorporation number BC0988325. The registered and records office of the General Partner is located at 230 – 1829 Beaufort Avenue, Comox, British Columbia, V9M 1R9.

The business office of each of the Manager, the Limited Partnership and the General Partner is located at 230 - 1829 Beaufort Avenue, Comox, British Columbia V9M 1R9.

2.2 The Limited Partnership’s Business

The Limited Partnership – The Limited Partnership has been established for the purpose of owning and operating a portfolio of income-producing real estate Properties in Canada (or proportionate interests in such Properties). The General Partner intends to invest the Net Subscription Proceeds in income-producing commercial real estate properties. The General Partner intends to concentrate on identifying properties for possible acquisition, and to manage the Properties with the view to preserving capital and providing monthly cash returns.

The General Partner will also, on behalf of the Limited Partnership, temporarily hold cash and money market investments for the purposes of paying the expenses and liabilities of the Limited Partnership, pay amounts payable in connection with the redemption of any Units, and make distributions to Limited Partners. The principal business of the Limited Partnership will be to issue Units and to acquire, manage and operate the Properties. The Limited Partnership’s long-term objective is to earn income from its portfolio of income-producing real estate Properties in Canada. An investment in Units is intended to provide Subscribers with the opportunity to receive cash distributions originating from the ongoing operation of the Properties.

Timberline Village

Location:	801 Hilchey Road, Campbell River
Property Type:	Shopping Centre
Total Gross Building Size (approximate):	30,000 sf
Number of Floors:	1 (Three separate buildings and all one level)
Total Land Size:	3.336 acres
Year Built:	2013
Tenants:	Shoppers Drug Mart, TD Bank, , Subway, Papa Murphy’s Pizza, Taco Del Mar, Quinsam Medical Clinic, Fresh Dental, The Island Grind Café, Hub Insurance Agency
Current Occupancy:	100%

On August 29, 2014, the Limited Partnership acquired “Timberline Village Shopping Centre”, located at the corner of arterial roads Hilchey Road and Dogwood Street, in Campbell River BC, for a purchase price of \$10,300,000. The property is currently 100% occupied. Timberline Village is attractively landscaped and features concrete sidewalks,

129 open parking stalls, paved asphalt driveway system with high exposure and access from both road frontages and rear loading access for each building.

1111 Braidwood

Location:	1111 Braidwood Road, Courtenay
Property Type:	Vet Hospital
Total Gross Building Size (approximate):	10,000 sf
Number of Floors:	2
Total Land Size:	1.124 acres
Year Built:	2008
Tenant:	Van Isle Vet Hospital
Current Occupancy:	100%

On April 15th, 2015, the Limited Partnership acquired "1111 Braidwood", located in Courtenay, BC for a purchase price of C\$2,390,000. 1111 Braidwood was built in 2008 with high quality wood frame construction and finishing. 1111 Braidwood is attractively landscaped and fully fenced with two separate vehicle gates accessing two separate parking lots from Braidwood Road. The parking lots are both paved and the property has 35 parking stalls in total. The staff parking has 11 parking stalls and has been designed with additional room for trucks or horse trailers to turn around. The main parking lot has 24 stalls and there is a third vehicle gate which connects the two parking lots internally.

519 5th Street

Location:	519 5th Street, Courtenay
Property Type:	Retail Services / Office
Total Gross Building Size (approximate):	7,000 sf
Number of Floors:	2
Total Land Size:	13,200 sf (120' x 110')
Year Built:	1993 (Front Façade Replacement in 2016)
Tenants:	Fifth Street Family Practice, Island Dentures, Braidwood Massage, Finkelstein Law Offices, Buckstone Investments, Travel Medicine Clinic
Current Occupancy:	100%

On Feb 10th, 2016, the Limited Partnership acquired "519 5th Street", located at 519 5th Street, in Courtenay, BC for a purchase price of C\$730,000. 519 5th Street is a fully occupied commercial building with 6 retail and/or office tenants. The property fronts 5th Street which is the main retail corridor for downtown Courtenay. The building is approximately 5800sf on the main level and approximately 1200sf on the second floor. The property has 18 onsite

parking stalls with access via a back lane. In the fall of 2016, RealStream completed a façade improvement project for the front of this building.

190 Wallace Street

Location:	190 Wallace Street, Nanaimo
Property Type:	Office
Total Gross Building Size (approximate):	15,500 sf
Number of Floors:	4 (3 Floors of Office with secure parking below)
Total Land Size:	6,752 sf (66.2' x 102')
Year Built:	1975 (Complete Façade Replacement in 2000)
Tenants:	Provincial Health Authority, Provincial Government, NARSF (Nanaimo and Area Resource Services for Families)
Current Occupancy:	100%

On May 31st, 2016, the Limited Partnership acquired “190 Wallace Street”, located in downtown Nanaimo on the corner of Wallace Street and Wentworth Street for a purchase price of C\$2,505,000. The building is 3 stories of office on a basement parking garage. The property had a roof replacement in the fall of 2016 and the lower, 15 stall, parking level had recently been enclosed with security bars and an automatic vehicle door. The tenants are all long-term, government tenants with one smaller publicly funded tenant.

345 Wallace Street (MNP Place)

Location:	345 Wallace Street, Nanaimo
Property Type:	Office
Total Gross Building Size (approximate):	45,513 sf
Number of Floors:	5 (Floors 4 & 5 are office, foyers, storage and parking below on three lower levels)
Total Land Size:	31,992 sf
Year Built:	2000
Tenants:	MNP (Accounting, tax and business consultants), Andritz Automation
Current Occupancy:	100%

On August 3rd, 2016, the Limited Partnership acquired “MNP Place”, located in downtown Nanaimo at 345 Wallace Street for a purchase price of C\$8,050,000. The building is comprised of 5 levels. The first floor is a large foyer entrance off of Wallace Street and storage, the second floor is storage, mechanical and common washrooms, the third floor is a large foyer off of Robson Street surrounded by covered parking, the fourth and fifth floors are office space. MNP Place is a high-quality building with an award-winning design and an abundance of architectural features. There is off-street parking on both sides of the lower Wallace Street level, covered parking on the Robson Street level, the grounds are beautifully landscaped with mature trees and shrubs and the building’s exterior is illuminated at night with large light fixtures.

420 Albert Street

Location:	420 Albert Street, Nanaimo
Property Type:	Office
Total Gross Building Size (approximate):	6,800 sf
Number of Floors:	1 (Main is ground level at the front and has a partial basement for storage at the rear)
Total Land Size:	14,671 sf
Year Built:	1978
Tenants:	BC Forest Safety Council
Current Occupancy:	100%

On January 31st, 2017, the Limited Partnership acquired 420 Albert Street in downtown Nanaimo for a purchase price of C\$892,000. The building is mostly one level. The main floor is at ground level at the front of the building and has a partial basement at the rear. The basement, which has a separate exterior entrance, is used for storage and houses the mechanical rooms. The rear of the property has 15 on-site secure parking stalls.

8175 Dallas Drive

Location:	8175 Dallas Drive, Kamloops
Property Type:	Warehouse – Storage/Distribution
Total Gross Building Size (approximate):	56,000 sf
Number of Floors:	3 (Mostly single level warehouse; 2 story office section has basement below)
Total Land Size:	2.84 acres
Year Built:	2006
Tenant:	NRI Distribution
Current Occupancy:	100%

On April 20th, 2017, the Limited Partnership acquired 8175 Dallas Drive in Kamloops for a purchase price of C\$6,786,150. Although the building is mostly a single level warehouse, it has a section of 2 story office with basement below. The basement is used as a staff lunchroom and event area. The building has 6 loading bays at the front and two extra-large loading bay doors at rear. The site has plenty of parking and room for large trucks to turn around.

488 Albert Street

Location:	488 Albert Street, Nanaimo
Property Type:	Office
Total Gross Building Size (approximate):	30,278 sf
Number of Floors:	2 levels of office with parking under building at rear
Total Land Size:	52,097 sf
Year Built:	1994
Tenants:	Ministry of Labour, Children & Families, and Service BC Access Centre
Current Occupancy:	100%

On October 10th, 2017, the Limited Partnership acquired 488 Albert Street in Nanaimo for a purchase price of \$7,950,000, which includes provisions for new roof systems and other miscellaneous building improvements. The building has a large secured parking area including many parking spaces under the building at the rear.

730 Grant Ave

Location:	730 Grant Avenue, Courtenay
Property Type:	Office
Total Gross Building Size (approximate):	13,224 sf
Number of Floors:	2
Total Land Size:	12,981 sf
Year Built:	1980 (Extensively renovated in 2007)
Tenants:	Ministry of Labour & Citizens Services RDH Building Science Inc.
Current Occupancy:	100%

On March 15th, 2018, the Limited Partnership acquired 730 Grant Street in Courtenay for a purchase price of \$2,470,000. The building was originally built in 1980 but was extensively renovated with a new exterior and new interior tenant improvements in 2007. The building is two levels and has two entrances and two stairwells. The stairwell at the north end also has a lift for the less abled. The property has 18 off-street parking spaces at the front of the building.

961 England Ave.

Location:	961 England Avenue, Courtenay
Property Type:	Office
Total Gross Building Size (approximate):	9,120 sf
Number of Floors:	1
Total Land Size:	21,505 sf
Year Built:	1981
Tenants:	Vancouver Island Health Authority
Current Occupancy:	100%

On March 29th, 2018, the Limited Partnership acquired 961 England Avenue in Courtenay for a purchase price of \$1,370,000. The building is one level and is slab-on-grade. Several capital improvement projects are being considered for this property. The property has 27 off-street parking spaces at the front, side and rear of the building.

100 Aldersmith Place

Location:	100 Aldersmith Place, Victoria
Property Type:	Retail Shopping Plaza
Total Gross Building Size (approximate):	20,000 sf
Number of Floors:	1
Total Land Size:	77,007 sf or 1.768 acres
Year Built:	1998
Tenants:	Scotiabank, Dominos Pizza, Maple Tree Children's Centre, Entourage Hair Salon, Hearing Aid Clinic, Kardel Consultants, Lucky Village Restaurant, Freedom Mobility, Telus Mobility
Current Occupancy:	100%

On December 18th, 2018, the Limited Partnership acquired 100 Aldersmith Place in Victoria for a purchase price of \$7,175,000. The subject property is shadow anchored by Rexall and Canadian Tire immediately to the North and Thrifty Foods, Admirals Walk Shopping Centre immediately to the South. There is ample parking with 69 parking stalls. The property is nicely landscaped with mature trees and shrubs, attractive hardscapes with brick pavers, concrete curbs around garden beds.

Guidelines for Property Acquisitions – The General Partner intends to cause the Limited Partnership to follow the guidelines listed below when identifying and acquiring Properties:

- (a) the General Partner or Manager will acquire a portfolio of income producing real estate properties or interests in such properties. The income producing property types may include but will not be limited to retail, office, industrial, apartments and mobile home parks;
- (b) the General Partner or Manager may also improve, enhance and reposition the Properties with the objective of increasing the income potential and/or increasing the market value of the Properties;
- (c) the General Partner may have a detailed inspection report prepared by an independent inspection firm for each Property that is proposed for acquisition by the Limited Partnership;
- (d) the General Partner will have each Property that is proposed for acquisition by the Limited Partnership appraised by a qualified appraiser who is recognized as an Accredited Appraiser, Canadian Institute; and
- (e) the decision to purchase a Property, and any related investment decisions, will be made by the board of directors of the General Partner.

Title to the Properties – The Limited Partnership intends to have title to each of the Properties registered in the name of the General Partner or another company, which in either case will own such title as bare trustee for the Limited Partnership.

Management of Properties – The Limited Partnership intends to engage third party property managers for the ongoing day-to-day management of the operation of the Properties although it reserves the right to engage the Manager to undertake such day-to-day management. The Limited Partnership expects that the fee payable to such third party property managers for property management will be commercially reasonable and commensurate with the then-current market rates for such property management services. If for any reason the Limited Partnership is unable to secure the services of a third-party property manager on commercially reasonable terms satisfactory to the Manager in its sole discretion, then the Manager may undertake the day-to-day management of the operation of one or more of the Properties. In such event, the Limited Partnership will pay the Manager a commercially reasonable fee for such services commensurate with the then-current market rates for such property management services. All or a portion of this fee may be recoverable from the tenants of the Property.

Improvements to Properties – To the extent that improvements to the Properties are required, the Limited Partnership intends to engage third party contractors to undertake and oversee the completion of such improvements. The Limited Partnership expects that the fee payable to such third party contractors for such work will be commercially reasonable and commensurate with the then-current market rates for such services. If for any reason the Limited Partnership is unable to secure the services of third party contractors on commercially reasonable terms satisfactory to the Manager in its sole discretion, then the Manager may undertake and oversee the completion of any necessary improvements to the Properties. In such event, the Limited Partnership will pay the Manager a commercially reasonable fee for such services commensurate with the then-current market rates for such services. All or a portion of this fee may be recoverable from the tenants of the Property.

2.3 Development of the Business

The Limited Partnership was established in December of 2013 and completed its fifth Fiscal Year on December 31, 2018. Its operating history commenced on August 29, 2014 with the purchase of Timberline Village Shopping Centre in Campbell River, British Columbia.

2.4 Long Term Objectives

The long term objectives of the Limited Partnership are:

- (a) to issue sufficient Units to permit the Limited Partnership to carry out the acquisition of a diversified portfolio of income producing properties on a commercially reasonable basis;
- (b) to provide Limited Partners with profits derived from the Limited Partnership's operation of the Properties; and
- (c) to distribute such profits among the Limited Partners.

Subject to future events which may have an impact on the timing of such decisions, it is the current intention of the Limited Partnership to continue its business for an indefinite period of time.

2.5 Short Term Objectives and How the Limited Partnership Intends to Achieve Them

The business objectives of the Limited Partnership for the next 12 months are to complete the offering of a sufficient number of Units pursuant to this Offering Memorandum to be able to carry out the acquisition of additional Properties and their operation on a commercially reasonable basis.

What the issuer must do and how it must do it	Target completion date or if not known, number of months to complete	Cost to complete
To continue to issue Units to qualified investors, up to the Maximum Offering	June 30, 2020	\$10,000

2.6 Insufficient Funds

(not applicable)

2.7 Material Agreements

The following is a list of agreements which are material to this Offering and to the Limited Partnership, all of which are in effect:

- (a) Subscription Agreements by which investors will subscribe for and acquire Units on the terms and conditions described in this Offering Memorandum;
- (b) Amended and Restated Limited Partnership Agreement dated April 30, 2014 between DVIC and the General Partner;
- (c) Amended and Restated Asset Management Agreement dated April 30, 2014 between the Manager and the Limited Partnership, as described below; and
- (d) Cost Sharing Agreement dated April 30, 2014 between DVIC and the Limited Partnership. The Cost Sharing Agreement, as described below.

Copies of all contracts referred to above may be inspected during normal business hours at the principal office of the Manager, located at 230 – 1829 Beaufort Avenue, Comox, British Columbia V9M 1R9.

A. Asset Management Agreement

Powers and Responsibilities of the Manager

Under the Asset Management Agreement, the Manager has agreed to provide the following financing, asset management and supervision of property management services to the Limited Partnership, for which it will be paid the fees and reimbursed the expenses as set out below:

Financing Services

The Manager will structure, syndicate and implement the Offering, and in connection therewith will provide the following services:

- (a) structuring and overseeing the establishment of the Limited Partnership, including the preparation, execution and filing of all certificates and agreements required to be filed in connection therewith;
- (b) structuring the terms and conditions of the Units;
- (c) co-ordinating and overseeing the preparation, printing, and distribution of the Offering Memorandum, including acting as liaison with legal counsel and accounting advisors to assist with the foregoing;
- (d) overseeing the sale of the Units and the completion of all matters related to the Closing of subscriptions for Units;
- (e) responding to inquiries from financial agents, investors and others as they may arise from time to time;
- (f) preparing and filing all reports required in the jurisdictions in which Units have been sold in order to comply with applicable securities legislation; and
- (g) completing all such other tasks and matters as may be necessary in respect of the foregoing.

Asset Management Services

The Manager will provide the following asset management services to the Limited Partnership:

- (a) providing overall management, financial and business planning for the Limited Partnership, including overseeing the operations of the Properties;
- (b) establishing appropriate legal and accounting systems for the proper control of the Properties;
- (c) maintaining ongoing liaison with the lenders of the Mortgage Loans and using best efforts to arrange a refinancing of the Mortgage Loans at the expiration of their terms and any subsequent refinancings;
- (d) conducting ongoing analysis of market conditions to monitor the Limited Partnership's investment in the Properties; and
- (e) advising the Limited Partnership with respect to the disposition of the Properties and negotiating and carrying out the disposition of the Properties on such terms and conditions and at such times as the Manager may determine.

Supervision of Property Management

During the term of the Management Agreement, the Manager will take all steps necessary to monitor and supervise the management of the Properties by the property manager appointed by the Limited Partnership for that purpose, including:

- (a) conducting regular visits to the Properties;
- (b) verifying proper maintenance of the Properties through ongoing site inspections and meetings with the property managers;
- (c) assessing the local rental market on a periodic basis to ensure that rents are maintained at optimal levels;
- (d) ensuring that vacancies are minimized;
- (e) establishing procedures with respect to internal financial controls;

- (f) reviewing the annual budget and monthly financial performance with respect to that budget; and
- (g) reviewing the need for any capital repairs on an ongoing basis.

Service Requirements

In providing the Services, the Manager shall:

- (a) comply with all instructions and directions given to it by the Limited Partnership;
- (b) devote sufficient time and attention to carry out its duties as required hereunder;
- (c) well and faithfully serve the Limited Partnership; and
- (d) comply with all applicable rules, laws and regulations of any kind whatsoever.

In addition, the Manager will be entitled to be reimbursed for any deposits paid and for all out-of-pocket expenses incurred by the Manager in completing any of the above duties, both in respect of the purchase of a Property or the ongoing ownership, operation and management of a Property.

Fees

In consideration of the provision of the Services, the Limited Partnership will pay the Asset Management Fee to the Manager.

The Manager may agree, in its sole discretion, to accept payment of the Asset Management Fee from the Limited Partnership by way of issuance of that number of Units to the Manager having an aggregate value equal to Asset Management Fee then payable. Pursuant to the terms of the Partnership Agreement, any such Units may be redeemed by the Manager in preference to the redemption of Units by any other Limited Partner.

Deferral of Asset Management Fee

The Manager may, from time to time, defer the obligation of the Limited Partnership to pay all or any portion of the Asset Management Fee for any Fiscal Year of the Term, or any one or more months within any such Fiscal Year, provided that the deferral of the obligation of the Limited Partnership to pay all or any portion of the Asset Management Fee in any year or month shall not act as a waiver of such obligation in subsequent years.

Termination

The Asset Management Agreement will continue in full force and effect until the earlier of the sale of the last of the Properties to be sold and December 31, 2063.

Notwithstanding the foregoing, the Limited Partnership may terminate the Asset Management Agreement in circumstances where the Manager has committed an act of gross negligence, wilful misconduct, bad faith or dishonesty or is in material default of its obligations hereunder and such default has not been remedied after reasonable notice from the Limited Partnership.

Payment on Termination

Upon the termination of the Asset Management Agreement, the Limited Partnership will continue to be responsible for the payment to the Manager of, and upon the Manager's demand therefor will pay to the Manager any and all fees payable under the Asset Management Agreement and all expenses incurred by the Manager for and on behalf of the Limited Partnership in connection with the performance of its duties and obligations under the Asset Management Agreement.

B. Cost Sharing Agreement

Pursuant to the terms of the Cost Sharing Agreement, the Limited Partnership has agreed to retain DVIC to provide various office and administration services.

Administration Services

DVIC will provide general office and administrative services to the Limited Partnership including, but not limited to, providing the Limited Partnership with access to an office, secretarial, telephone and other related services and incurring certain third party costs for and on behalf of the Limited Partnership throughout the term of this Agreement (the “**Services**”).

Reimbursement of Costs

In consideration of DVIC providing the Services to the Limited Partnership, the Partnership will pay to DVIC on a monthly basis upon receipt of an invoice from DVIC, the share of the Operating Expenses incurred by DVIC that is directly attributable to the provision of the Services by DVIC to the Limited Partnership, up to a maximum of \$1,000 per month, determined and allocated by DVIC acting reasonably.

Term

The Cost Sharing Agreement shall remain in force until December 31, 2019 (the “**Term**”). Thereafter, the Cost Sharing Agreement shall be automatically renewed on a year-by-year basis on the same terms and conditions or such other terms and conditions as the parties hereto may agree to in writing until such time as the Cost Sharing Agreement is terminated by either party as permitted hereunder.

Termination

Notwithstanding the foregoing, the Partnership may:

- (a) terminate the Cost Sharing Agreement without cause upon 60 days’ written notice to DVIC;
- (b) terminate the Cost Sharing Agreement in circumstances where DVIC has committed an act of gross negligence, wilful misconduct, bad faith or dishonesty or is in material default of its obligations hereunder and such default has not been remedied after reasonable notice from the Limited Partnership; or
- (c) terminate the Cost Sharing Agreement at any time in the event of a default by DVIC under the Cost Sharing Agreement which is not remedied within a reasonable period of notice from the Limited Partnership.

Payment on Termination

Upon the termination of the Cost Sharing Agreement, the Limited Partnership will continue to be responsible for the payment to DVIC of, and upon DVIC’s demand therefore will pay to DVIC, any and all costs payable under the Cost Sharing Agreement incurred and paid by DVIC during the Term in accordance with the provisions of the Cost Sharing Agreement.

Indemnities

- (a) The Limited Partnership will indemnify and save harmless DVIC from and against any and all suits, claims, demands, liabilities, actions, causes of action, costs and expenses in any way arising from or attributable to the performance by DVIC of its obligations under the Cost Sharing Agreement, except as arise from or are attributable to the gross negligence or wilful misconduct of DVIC, or its employees acting within the scope of their employment.

- (b) DVIC will indemnify and save harmless the Limited Partnership from and against any and all suits, claims, demands, liabilities, actions, causes of action, costs and expenses which arise from or are attributable to the gross negligence or wilful misconduct of the Limited Partnership or its employees acting within the scope of their employment, in the performance of the Cost Sharing Agreement.

ITEM 3 DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

RealStream General Partner Inc. is the General Partner of the Limited Partnership pursuant to the terms and conditions of the Limited Partnership Agreement. The head office of the General Partner is located at 230 – 1829 Beaufort Avenue, Comox, British Columbia V9M 1R9. The General Partner is a corporation incorporated under the laws of British Columbia.

RealStream Asset Management Inc. is the Manager of the Limited Partnership pursuant to the terms and conditions of the Asset Management Agreement. The head office of the Manager is located at 230 – 1829 Beaufort Avenue, Comox, British Columbia V9M 1R9. The Manager is a corporation incorporated under the laws of British Columbia.

3.1 Compensation and Securities Held

The General Partner

The following table sets out information about each director, officer and promoter of the General Partner and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities (a “**principal holder**”) of the Limited Partnership.

Name and municipality of principal residence	Positions held (e.g. Director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by the General Partner in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, percentage and type of securities of the General Partner held after completion of minimum Offering	Number, percentage and type of securities of the General Partner held after completion of Maximum Offering
Jonathan Peter de Coverley Veale Comox, British Columbia	Director, officer and principal holder since December 13, 2013	2016 – Nil 2017 – Nil 2018 – Nil	100 Class A Common Shares 1 Class E Common Share	100 Class A Common Shares 1 Class E Common Share
Richard Alan DeLuca Comox, British Columbia	Director, officer and principal holder since December 13, 2013	2016 – Nil 2017 – Nil 2018 – Nil	100 Class B Common Shares 1 Class E Common Share	100 Class B Common Shares 1 Class E Common Share
James Robert Stewart Comox, British Columbia	Director, officer and principal holder since December 13, 2013	2016 – Nil 2017 – Nil 2018 – Nil	100 Class C Common Shares 1 Class E Common Share	100 Class C Common Shares 1 Class E Common Share

Note: Other than as is otherwise disclosed in this Offering Memorandum, the directors and officers of the General Partner do not presently receive compensation in their capacity as directors and officers.

The Manager

The following table sets out information about each director, officer and promoter of the Manager and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Limited Partnership.

Name and municipality of principal residence	Positions held (e.g. Director, officer, promoter and/or principal holder) and the date of obtaining that position	Number, percentage and type of securities of the Limited Partnership held after completion of minimum Offering	Number, percentage and type of securities of the Limited Partnership held after completion of Maximum Offering
Jonathan Peter de Coverley Veale ¹ Comox, British Columbia	Director and officer since December 13, 2013	200 Class A Common Shares 200 Class E Common Share	200 Class A Common Shares 200 Class E Common Share
Richard Alan DeLuca ² Comox, British Columbia	Director and officer since December 13, 2013	200 Class A Common Shares 200 Class E Common Share	200 Class A Common Shares 200 Class E Common Share
James Robert Stewart ³ Comox, British Columbia	Director and officer since December 13, 2013	200 Class A Common Shares 200 Class E Common Share	200 Class A Common Shares 200 Class E Common Share

- Jonathan Veale's shareholdings are indirect. Mr. Veale controls 61 Class A shares in Quando Holdings Inc., and 139 Class A shares in the 'Veale Family Trust'. Additionally, Mr. Veale controls 61 Class E shares in Quando Holdings Inc., and 139 Class E shares in the 'Veale Family Trust'.
- Richard De Luca's shareholdings are indirect. Mr. De Luca controls 61 Class A shares in Oaner Holdings Inc., and 139 Class A shares in the 'De Luca Family Trust'. Additionally, Mr. De Luca controls 61 Class E shares in Oaner Holdings Inc., and 139 Class E shares in the 'De Luca Family Trust'.
- James Stewart's shareholdings are indirect. Mr. Stewart controls 61 Class A shares in 1021938 BC Ltd., and 139 Class A shares in the 'Stewart Family Trust'. Additionally, Mr. Stewart controls 61 Class E shares in 1021938 BC Ltd., and 139 Class E shares in the 'Stewart Family Trust'.

3.2 Management Experience

The following table discloses the principal occupations of the directors and senior officers of the General Partner and Manager over the past five years.

Name	Principal occupations and related experience
Richard Alan DeLuca Director of General Partner and Manager Comox, British Columbia	<p>Mr. DeLuca graduated from the University of Victoria in 1995 with a Bachelor of Commerce degree.</p> <p>He completed the Canadian Securities Institute's (CSI) Canadian Securities Course (CSC) with Honours in 2000. In 2001, he completed Insurance Council of British Columbia's Life, Accident and Sickness Level 1.</p> <p>He completed the CSI's Professional Financial Planning Course (PFP) with Honours in 2001 and then in 2004, he completed Insurance Council of British Columbia's Life, Accident and Sickness Level 2.</p> <p>Mr. DeLuca completed and awarded the CSI's Canadian Investment Management Certificate – CIM in 2005, and completed Level 1 of the Chartered Financial Analyst Program in 2007.</p> <p>Mr. DeLuca has owned and operated multiple manufacturing and service companies over the past 20 years and has 17 years of experience managing money for retail investors.</p> <p>He is a licenced Portfolio Manager and a Founding Partner and Portfolio Manager with DeLuca Veale Investment Counsel, located in Comox, British Columbia. He is also the secretary of DVIC and is currently an owner and Strata member of Commercial Real Estate property in Comox, British Columbia.</p>
Jonathan Peter de Coverley Veale Director of General Partner and Manager Comox, British Columbia	<p>Mr. Veale graduated from Ryerson University in 1993 with a Bachelor of Applied Arts and graduated from the University of Toronto in 1993 with a Bachelor of Arts, Political Science.</p> <p>He completed the CSI's CSC in 1993 and the CSI's Options Course in 1994.</p> <p>In 1994, Mr. Veale completed the Insurance Council of British Columbia's Life, Accident and Sickness Level 1, and went on to complete the Insurance Council of British Columbia's Life, Accident and Sickness Level 2 in 1995.</p> <p>He completed and awarded the CSI's Canadian Investment Management Course – CIM in 1996 and was awarded the Fellow of the Canadian Securities Institute – FCSI in 1997.</p> <p>In 2000, he was approved and promoted to Branch Manager of the CIBC Wood Gundy. He completed and awarded CFA Charter – CFA from AIMR now CFA Institute in 2000, and completed the CSI's Professional Planning Course in 2000.</p> <p>In 2001, Mr. Veale completed Branch Manager's Examination Course and he completed the CSI's Options Supervisor's Course in 2001. He completed the CSI's Effective Management Seminar Course in 2002, and completed the CSI's 'Partner, Directors & Officers' Course and Exam in 2010.</p>

	<p>Mr. Veale is a Founding Partner and Portfolio Manager with DeLuca Veale Investment Counsel, located in Comox, British Columbia. He is the President & Compliance Officer of DVIC</p> <p>Mr. Veale has been the owner and Manager of residential real estate rentals over last 15 years and is currently an owner and Strata member of commercial real estate property in Comox, British Columbia.</p>
<p>James Robert Stewart Director of General Partner and Manager Comox, British Columbia</p>	<p>Mr. Stewart graduated from the University of Victoria with Bachelor of Science in Economics. He obtained AACI designation with the Appraisal Institute of Canada and began working for BC Assessment as a temporary appraiser in 1993 in Victoria and later that year secured a permanent position in the Central Vancouver Island Assessment Region.</p> <p>Mr. Stewart returned to the Capital Assessment Region in 1997 to join the Downtown Victoria Commercial Team. He was promoted to Senior Appraiser in the Capital Assessment Region (Greater Victoria Area) in 1999 and returned to Senior Appraiser position in the Vancouver Island Assessment Region in 2004.</p> <p>Mr. Stewart was promoted to Deputy Assessor (operations manager) for the Vancouver Island Assessment Region from 2007 to 2013.</p> <p>As an appraiser, Mr. Stewart spent 3 years valuing ICI (Industrial, Commercial, Investment) Real Estate in downtown Victoria and Oak Bay.</p> <p>As a Senior Appraiser in the Capital Assessment Office, he supervised the residential appraisal team in the Capital Region. He was then asked to join the Provincial Major Office Building Team. Mr. Stewart was directly responsible for valuing all of the major office buildings in Greater Victoria, Vancouver Island and Richmond.</p> <p>As a Senior Appraiser in the Vancouver Island Region, Mr. Stewart was responsible for the valuation of all apartment buildings and mobile home parks in the region.</p> <p>As a Deputy Assessor in the Vancouver Island Region, Mr. Stewart was responsible for operations management, which included managing the fiscal budget and staff resources for the entire Vancouver Island Region. Mr. Stewart was also the manager responsible for the Courtenay Office admin and residential teams and the regional development land team. Mr. Stewart was the manager responsible for all News Releases and Market Area Reports coming out of the Vancouver Island Assessment Region.</p> <p>Mr. Stewart has made numerous presentations to local governments, government financial officers associations, and real estate companies all over Vancouver Island. He has also made presentations at provincial ICI Industry roundtable meetings as well as presentations to the Strata Hotel Industry throughout the province.</p> <p>Throughout his career, Mr. Stewart has gained experience both as an expert witness and an advocate during Property Appeal Board Hearings working closely with some of the top real property litigation firms in the province.</p> <p>As a real estate investor, Mr. Stewart purchased his first two investment properties in 1993 and continues to manage his personal real estate portfolio today.</p>

3.3 Penalties, Sanctions and Bankruptcy

No penalty or sanction has been in effect during the last 10 years, no cease trade order has been in effect for a period of more than 30 consecutive days during the past 10 years, and no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors, appointment of a receiver, receiver manager or trustee to hold assets has been in effect during the last ten years against or with regard to any:

1. director, executive officer or control person of the General Partner or the Manager, or
2. any issuer of which any person referred to in Item 1 above was a director, senior officer, or control person of at that time.

3.4 Loans

There are no debentures or loans due to or from the directors, management, promoters and principal holders as at the date of this Offering Memorandum.

ITEM 4 CAPITAL STRUCTURE

4.1 Capital Structure

The following are the details of the outstanding securities of the Limited Partnership March 31st, 2019.

Description of Security	Number Authorized to be Issued	Number Outstanding as at March 31st, 2019	Number outstanding after min. offering ⁽¹⁾	Number outstanding after max. offering ⁽¹⁾
Limited Partnership Unit	Unlimited	1,750,565	1,750,565	3,183,796

(1) There is no minimum Offering. The Maximum Offering is \$20,000,000.

4.2 Long Term Debt Securities

The below table sets out all of the long-term debt related to the Properties.

Borrower	Loan Amount	Maturity	Rate	Amount outstanding as of March 31st, 2019	Amount due within 12 months of the date of this Offering Memorandum
RealStream (Timberline Village) Inc.	\$7,350,000	Aug 31 st , 2019	3.68%	\$6,568,269	\$6,667,739
RealStream (1111 Braidwood) Inc.	\$1,550,000	April 30 th , 2020	3.50%	\$1,390,977	\$93,116
RealStream (1111 Braidwood) Inc.	\$237,000	May 31 st , 2021	3.30%	\$218,634	\$13,935
RealStream (519 – 5 th Street) Inc.	\$521,500	March 25 th , 2021	3.40%	\$478,218	\$30,912
RealStream (190 Wallace Street) Inc.	\$1,735,000	June 30 th , 2021	3.35%	\$1,607,061	\$102,336
RealStream (345 Wallace Street) Inc.	\$6,037,500	Aug 31 st , 2021	3.45%	\$5,623,554	\$360,768
RealStream (8175 Dallas Drive) Inc.	\$5,137,500	July 31 st , 2021	3.00%	\$4,764,653	\$293,520
RealStream (420 Albert) Inc.	\$708,400	October 9 th , 2022	3.40%	\$675,381	\$45,353
RealStream (488 Albert) Inc.	\$5,414,212	October 9 th , 2022	3.40%	\$5,159,070	\$358,521
RealStream (730 Grant) Inc.	\$1,852,500	March 14 th , 2023	4.13%	\$1,809,050	\$118,512
RealStream (961 England) Inc.	\$1,065,000	March 31 st , 2023	4.13%	\$1,040,018	\$68,136
RealStream (100 Aldersmith) Inc.	\$5,757,500	January 1 st , 2024	4.13%	\$5,734,189	\$368,313

4.3 Prior Sales

Within the last 12 months, the Limited Partnership issued the following Units.

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Funds Received
March 31, 2018	Units	33,655.73764	\$12.98	\$443,400.00
March 31, 2018	Distribution ReInvest Units	11,892.91011	\$12.98	\$154,378.32
April 30 th , 2018	Units	26,612.60517	\$13.06	\$347,500.00
May 31 st , 2018	Units	47,760.06079	\$13.09	\$625,000.00
June 30 th , 2018	Units	18,027.62072	\$13.01	\$234,550.00
June 30 th , 2018	Distribution ReInvest Units	12,427.03479	\$13.01	\$161,683.04
July 31 st , 2018	Units	4,973.72868	\$13.07	\$76,756.79
August 31 st , 2018	Units	16,364.13566	\$13.14	\$215,000.00
September 30 th , 2018	Units	32,467.79063	\$13.03	\$423,032.00
September 30 th , 2018	Distribution ReInvest Units	13,005.47068	\$13.02	\$169,451.91
October 31 st , 2018	Units	17,572.44067	\$13.09	\$230,000.00
November 30 th , 2018	Units	32,327.79933	\$13.15	\$425,000.00
December 31 st , 2018	Units	23,776.62735	\$13.83	\$328,750.00
December 31 st , 2018	Distribution ReInvest Units	12,958.84013	\$13.82	\$179,179.03
January 31 st , 2019	Units	47528.13035	\$13.89	\$660,000.00
February 28 th , 2019	Units	42,857,19814	\$13.95	\$598,050.00

ITEM 5 SECURITIES OFFERED

5.1 Terms of Limited Partnership Units

The rights and obligations of the General Partner and the Limited Partners are governed by the Limited Partnership Agreement made as of December 19, 2013 as amended and restated April 30, 2014 between the General Partner and DVIC. The following is a summary of certain material provisions of the Limited Partnership Agreement. **This summary does not purport to be complete and reference should be to the Limited Partnership Agreement itself, a copy of which is available from the General Partner. Capitalized terms in this summary which are not defined in this Offering Memorandum are defined in the Limited Partnership Agreement.**

Capital in the Limited Partnership – Interests in the Limited Partnership consist of an unlimited number of Units and the interest held by the General Partner. The General Partner has made a capital contribution of \$10 to the Limited Partnership, and has no further obligation to contribute capital. DVIC, as the founding limited partner, has also made a capital contribution of \$10 to the Limited Partnership. The contribution by DVIC may be returned to DVIC upon the completion of the first Subscription for a Unit or Units.

Distributions – After payment of any operating expenses, other costs or expenses payable by the Limited Partnership (including the Asset Management Fee), and reasonable reserves determined by the General Partner to be necessary to operate the business in a prudent and businesslike manner, Available Cash Flow shall be distributed by the General Partner, as cash flow permits, as follows:

- (a) first, 0.01% of Available Cash Flow shall be distributed to the General Partner, to a maximum of \$100; and
- (b) second, the balance shall be distributed to the Limited Partners, pro rata in accordance with their Proportionate Shares.

Distributions upon wind-up, etc. – Upon the liquidation, dissolution or wind-up of the Limited Partnership, all funds realized by the Limited Partnership from the disposition of its assets will be applied and distributed as follows:

- (a) in the event that dissolution occurs upon the sale of the last of the Properties, to pay any costs involved in the sale, and to pay all amounts required to discharge any Mortgage Loans or encumbrances registered against the assets;
- (b) to pay all expenses incurred in the winding-up of the Limited Partnership;
- (c) to pay all of the liabilities of the Limited Partnership, including any loans or advances made by Limited Partners, any amounts owing to the General Partner in respect of costs and expenses owing to it pursuant to the Limited Partnership Agreement, and to the extent then payable the Asset Management Fee payable under the Asset Management Agreement, in the manner required by law;
- (d) to establish such reserves as the General Partner considers necessary;
- (e) to return to each Limited Partner the amount in such Limited Partner's capital account;
- (f) to return to the General Partner the balance in its capital account;
- (g) to pay to the Manager any unpaid Asset Management Fee pursuant to the terms of the Asset Management Agreement;
- (h) to distribute any balance then remaining to the Limited Partners, *pro rata* in accordance with their respective Proportionate Shares.

Alternatively, the Limited Partners may approve by Special Resolution distributions of all assets of the Limited Partnership in kind or *in specie* in which event each Limited Partner shall, subject to the provisions contained herein, be entitled to receive an undivided interest in each and every asset of the Limited Partnership in accordance with such Limited Partner's Proportionate Share as of the date of dissolution or sale.

Allocation of Income and Losses for Tax and Accounting Purposes – For income tax and accounting purposes, all net income and losses from operations for each Fiscal Year of the Limited Partnership will be allocated in the manner in which cash is distributed, as set out above. The General Partner shall have the discretion, acting in good faith, to allocate revenue and expenses on a daily, incremental basis to ensure a fair distribution amongst Limited Partners after taking into consideration any matters that may be relevant.

General Partner Discretion in Allocation – The General Partner has the discretion, acting in good faith, to allocate revenue and expenses on a daily, incremental basis to ensure a fair distribution among Limited Partners after taking into consideration any matters that may be relevant. Adjustments may be made in respect of revenue earned or expenses incurred prior to the time each Limited Partner became a Limited Partner of the Limited Partnership and adjustments may be made in respect of fees paid in years prior to the year in which the Limited Partner became a Limited Partner. In calculating net income and net loss allocated to each Limited Partner, adjustments may be made to ensure that allocations to any Limited Partner in respect of fees and expenses incurred by the Limited Partnership shall not, on a cumulative basis, exceed such Limited Partner's proportionate share of the aggregate amount of such fees paid by the Limited Partnership. The General Partner shall also have the right to allocate revenues and expenses among Limited Partners to ensure they are treated equitably taking into account differences that may arise as a result of the acquisition of Units at different times in a year or in different calendar years.

Additional Capital Contributions – No Limited Partner is required to make additional capital contributions to the Limited Partnership over and above the purchase price paid for such Limited Partner's Units.

Management and Control of the Limited Partnership – Under the terms of the Limited Partnership Agreement, the General Partner is given full power and authority to manage, control, administer and operate the business of the Limited Partnership, except for certain matters being subject to votes of the Limited Partners. No Limited Partner is permitted to take part in the management of the business of the Limited Partnership. The General Partner has unlimited liability for the debts, liabilities and obligations of the Limited Partnership to the extent required by the *Partnership Act* (British Columbia) and other applicable legislation. A Limited Partner will not be liable for any debts, liabilities or obligations of the Limited Partnership in excess of such Limited Partner's paid capital contributions and any unpaid capital contributions agreed to be paid in respect of such Limited Partner's Units, provided such Limited Partner does not take part in the control or management of the business of the Limited Partnership.

Removal of the General Partner – The Limited Partners may not remove the General Partner except in circumstances where the General Partner has committed an act of gross negligence, wilful misconduct, bad faith or dishonesty or is in material default of its obligations under the terms of the Limited Partnership Agreement and such default has not been remedied after notice from the Limited Partners. In such circumstances, the Limited Partners may remove the General Partner by Special Resolution and must appoint, concurrently with the removal, a replacement general partner to assume all of the responsibilities and obligations of the removed General Partner, and the removed General Partner will be released of its liabilities under the Limited Partnership Agreement and indemnified for any damages and expenses with respect to events which occur in relation to the Limited Partnership after the appointment of the new General Partner.

In the event of the removal of the General Partner, the Limited Partnership may terminate any agreements made between the Limited Partnership and the General Partner or a related party, upon the payment by the Limited Partnership to the General Partner or such related party of the amount stated in such agreement to be payable upon termination or, in the absence thereof, an amount equal to the fees payable to the General Partner or such Related Party in the six months prior to termination. As well, the Limited Partnership will purchase from the General Partner its interest in the Limited Partnership for a price equal to the fair market value thereof.

The removal and replacement of the General Partner will not dissolve the Limited Partnership, and the business of the Limited Partnership will be continued by the new general partner.

Limited Partners Must Be Residents of Canada – Each Limited Partner must be a resident of Canada for the purposes of the Tax Act and must not be a "non-Canadian" person under the *Investment Canada Act*.

No Transferability - Limited Partners may not transfer, assign, pledge, encumber or dispose of any Units without the written consent of the General Partner. As well, Limited Partners may not sell, transfer or dispose of less than all of their Units.

Net Asset Value

Calculation of NAV – The Manager will determine, or cause to be determined, the NAV of the Limited Partnership as of each Valuation Date.

Method of Determining Value – The NAV on each Valuation Date will be determined by valuing, in accordance with the rules applicable thereto as hereinafter set forth, the Properties and all other assets held by the Limited Partnership as of the Valuation Date and deducting from the total of the foregoing all liabilities of the Limited Partnership accrued as of the Valuation Date, including all income, net realized capital gains and other amounts payable to Limited Partners as of the Valuation Date and all unrealized tax liabilities arising from the ownership of Properties assuming that they are disposed of at the value determined in accordance with the rules applicable thereto as hereinafter set forth.

Valuation Rules

The following rules will apply to the valuation of all properties and liabilities of the Limited Partnership:

- (a) the value of any cash on hand or on deposit, prepaid expenses, cash distributions declared and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Manager determines that any such asset is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Manager determines to be the fair value thereof;
- (b) the fair market value of any money market instruments will be deemed to be their cost, plus accrued interest;
- (c) the fair market value of any direct or indirect interest in real property will be its Fair Market Value as defined herein;
- (d) the fair market value of any mortgage will be deemed to be the aggregate principal amount owing under or in respect of the mortgage on the Valuation Date, plus interest accrued thereon to and including the Valuation Date, unless the Manager determines that such mortgage has a fair market value which is different than the aggregate of such principal and interest, in which case the fair market value of such mortgage will be deemed to be the value as determined by the Manager, acting reasonably;
- (e) any security that is listed or dealt in on a stock exchange will be valued at the sale price applicable to a board lot last reported at the close of trading on the Valuation Date on the principal stock exchange on which such security is traded, or, if no sale price is available at that time, the last Closing price quoted for the security, but if bid and ask quotes are available, at the average of the latest bid and asked price rather than the last quoted Closing price;
- (f) any security purchased, the purchase price of which has not been paid, will be included for valuation purposes as a security held and the purchase price, including brokers' commissions and other expenses, will be treated as a liability of the Limited Partnership;
- (g) any security sold but not delivered, pending receipt of the proceeds, will be valued at the net sale price;
- (h) if any Valuation Date would not be a Business Day, then the Limited Partnership property will be valued as of, and the Valuation Date will be deemed to be the preceding Business Day;
- (i) if any investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding the foregoing rules, the Manager will make such valuation as it considers fair and reasonable;
- (j) the value of any assets of the Limited Partnership quoted or valued in terms of foreign currency, the value of any funds on deposit and contractual obligations payable to the Limited Partnership in foreign currency and the value of any liabilities and contractual obligations payable by the Limited Partnership in foreign currency will be determined using the applicable rate of exchange available to the Limited Partnership to acquire Canadian dollars with such foreign currency current at, or as nearly as practicable to, the Valuation Date as determined by the Manager; and
- (k) estimated operating expenses of the Limited Partnership will be accrued to the date as of which the NAV is being determined.

For the purposes of the foregoing rules, quotations and appraisals may be obtained, as applicable, from any report in common use, a reputable broker or other financial institution or a licensed appraiser, provided always that the

Manager will, in circumstances where such quotations or appraisals are not available or the Manager is of the opinion that they do not accurately reflect the value of the assets of the Limited Partnership or are disproportionately expensive to obtain in the circumstances, retain sole discretion to use such information and methods as the Manager deems to be necessary or desirable for valuing the assets of the Limited Partnership, including the use of a formula computation.

Conversion and Buy Out – The General Partner may, in its sole discretion, cause the Limited Partnership to enter into a transaction or arrangement (the “**Transaction**”) pursuant to which all of the assets of the Limited Partnership are transferred to a trust or other entity to be established by the General Partner (the “**New Entity**”) in exchange for units, shares or other equity interests, or a combination thereof, in the New Entity (the “**Entity Units**”).

Pursuant to the terms of the Limited Partnership Agreement, each Limited Partner grants to the General Partner the right and authority, in addition to the power of attorney granted to the General Partner in Section 3.6 of the Limited Partnership Agreement, to do all things necessary and to execute all instruments and other documents and agreements required to complete the Transaction.

Each Limited Partner will be entitled to exchange his, her or its Units for that number of Entity Units that is proportionate to the number of Units of the Limited Partnership held by that Limited Partner

If the General Partner intends to undertake the Transaction in accordance with the terms of the Limited Partnership Agreement, a notice will be delivered to all Limited Partners at least 90 days prior to the completion of such transaction (the “**Transaction Notice**”). The Transaction Notice will contain full details regarding the nature and completion of the transaction and the issuance of Entity Units.

Right of Redemption by Limited Partners – Limited Partners may, at any time after the second anniversary of each subscription for Units, require the Limited Partnership to redeem all or any part of such Units at the prices determined and payable in accordance with the Limited Partnership Agreement.

Redemption Price on or before Second Anniversary – The General Partner may, in its discretion, agree to redeem the Units of a Limited Partner on or before the second anniversary of such Limited Partner’s original subscription date. In such case, the Limited Partner will be entitled to receive a redemption price (the “**Redemption Price**”) per Unit equal to 95% of the following, without duplication:

- (a) the aggregate NAV on the last day of the most recent calendar month that ends prior to the Notice Date, or, where the amount would be a lesser amount, on the Notice Date itself; plus
 - (b) the aggregate value of the cash and other working capital assets of the Limited Partnership on the particular date; less
 - (c) the aggregate of:
 - (i) the aggregate value of the Limited Partnership’s liabilities on the particular date (including the aggregate amount of the Mortgage Loans outstanding on the particular date); and
 - (ii) the amount which would be payable to the General Partner if the Limited Partnership was terminated and then liquidated on the particular date;
 - (iii) divided by the number of outstanding Units on such date
- (the amount calculated by (a), (b) and (c) immediately above is referred to herein as the “**Calculation Amount**”).

The General Partner may, in its sole discretion, waive the requirement to discount the Redemption Price as set out above.

Redemption Price after Second Anniversary – A Limited Partner whose Units are redeemed any time after the second anniversary of such Limited Partner's original subscription date will be entitled to receive a Redemption Price per Unit equal to the Calculation Amount.

Restriction on Redemption – The obligation of the Limited Partnership to redeem Units will be subject to the following:

- (a) the General Partner determining in its sole discretion that sufficient funds are available to the Limited Partnership for the purposes of redemption;
- (b) no Units are redeemable if the Limited Partnership is insolvent or if the redemption of such Units would render the Limited Partnership insolvent;
- (c) unless approved by the General Partner, in any Fiscal Year, the Limited Partnership shall not redeem any Units in excess of 10% of the total number of Units issued and outstanding on the first day of such Fiscal Year;
- (d) Units will be redeemed in the order that the subscriptions in respect thereof were initially received by the Limited Partnership; and
- (e) redemptions of Units of the Limited Partnership need not be made on a pro rata basis among every person holding Units.

Payment of Redemption Price in Cash – Subject to Section (c) immediately above, which restricts the aggregate amount of Units that may be redeemed during a Fiscal Year, the redemption price per Unit multiplied by the number of Units tendered for redemption will be paid to a Limited Partner by way of a cash payment no later than 30 days following the redemption date.

Payment of Redemption Price in Specie – If the condition in Section (c) immediately above precludes the payment of the redemption price in cash, and the General Partner does not, in its sole discretion, waive such limitation in respect of all Units tendered for redemption in any particular calendar quarter, the redemption price shall be paid and satisfied by way of the issuance and delivery of a number of promissory notes of the Limited Partnership, each in the principal amount of \$100, having an aggregate principal amount equal to the redemption price, which promissory notes will have a term of five years or less and will pay an annual rate of interest equal to the Canada Five-Year Yield, payable monthly in arrears. The Limited Partnership may prepay the promissory notes at any time. The General Partner will endeavour to pay out the amount due under such promissory notes within 24 months of their issuance.

Effect of Redemption – If the money necessary to redeem the Units due and payable or called for redemption shall have been paid to the holders of such Units due for payment or so called for redemption, such Units shall cease to be outstanding.

Order of Redemption – Units will be redeemed in the order that the subscriptions in respect thereof were initially received by the Limited Partnership.

Limited Partnership's Right of Retraction – The Limited Partnership may, in its sole and unfettered discretion, redeem the Units from the Limited Partners either in whole at any time or in part at any time and from time to time.

Partial Retraction – If the Limited Partnership elects to redeem less than all of the outstanding Units, the Units to be redeemed shall be selected in the manner that the Limited Partnership, in its sole discretion, may determine, including the redemption of Units from one or more specified Limited Partner to the exclusion of the other Limited Partners.

For this purpose, the General Partner may make, and from time to time amend, policies and provisions with regard to the manner in which such Units will be selected and such policies and provisions shall be binding upon all Limited Partners.

Exercise of Right – The Limited Partnership shall exercise the redemption right by causing the General Partner to provide written notice (which may be delivered by email in accordance with Section 14.2 of the Limited Partnership Agreement) to a Limited Partner or Limited Partners. Such notice will be irrevocable except with respect to any Units called for redemption in respect of which the redemption proceeds are not paid by the Limited Partnership on or before the date on which such payment is due and except as otherwise provided herein.

Retraction Price – Limited Partners whose Units are retracted will be entitled to receive payment per Unit equal to the Calculation Amount.

5.2 Subscription Procedure

Subject at all times to the discretion of the Manager or General Partner to waive such requirement, investors must initially subscribe for a minimum of \$100,000 in Units.

Thereafter, subsequent subscriptions shall be in such minimum amounts as may be established from time to time by the Manager or General Partner. Subscribers for additional Units must maintain a minimum of \$100,000 in Unit subscriptions, subject again to the discretion of the Manager or General Partner to waive such requirement.

The Units are being offered for sale in the Province of British Columbia and in such other jurisdictions as may be permitted by the applicable securities legislation, rules, policies and instruments. The Units are conditionally offered if, as and when Subscriptions are accepted by the Limited Partnership and subject to prior sale. Subscriptions for Units will be received by the Limited Partnership subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

This Offering is being made in accordance with certain statutory registration and prospectus exemptions contained in securities legislation in the jurisdictions in which the Limited Partnership is offering the Units for Sale. Such exemptions relieve the Limited Partnership from provisions under such statutes requiring the Limited Partnership to utilize a registered securities dealer to sell the Units and file a prospectus. As such, investors will not receive the benefits associated with the involvement of such registrants or the benefits associated with purchasing the Units pursuant to a filed prospectus, including the review of the material by the securities commissions or similar regulatory authority in such jurisdictions.

The Units are being offered on a continuous basis pursuant to exemptions from the prospectus and, where applicable, registration requirements of applicable securities legislation. In order to subscribe for Units, investors must be within one of the following categories:

- (a) an “**accredited investor**” as such term is defined in NI 45-106; or
- (b) one of the following:
 - (i) a director, officer, founder, employee or control person of the General Partner or an affiliate of the General Partner;
 - (ii) a spouse, parent, grandparent, brother, sister or child of a director, executive officer, founder or control person of the General Partner or an affiliate of the General Partner;
 - (iii) a parent, grandparent, brother, sister or child of a spouse of a director, executive officer, founder or control person of the General Partner or an affiliate of the General Partner;
 - (iv) a close personal friend of a director, executive officer, founder or control person of the General Partner or an affiliate of the General Partner; or

- (v) a close business associate of a director, executive officer, founder or control person of the General Partner or an affiliate of the Issuer;
- (vi) a founder of the General Partner or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the General Partner;
- (vii) a parent, grandparent, brother, sister or child of the spouse of a founder of the General Partner;
- (viii) a person, the majority of the voting securities of which are beneficially owned by, or a majority of the directors of which are, persons described in paragraphs (i) to (vii); or
- (ix) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors of which are beneficially owned by persons described in paragraphs (i) to (vii),

provided that no Sales Fee will be payable in respect of the distribution of Units to any such person; or

- (c) resident in British Columbia, and acknowledges having received and read a copy of this Offering Memorandum;
- (d) resident in Alberta, Saskatchewan, Manitoba or Prince Edward Island and acknowledges having received and read a copy of this Offering Memorandum and is either:
 - (i) an “Eligible Investor”, as defined in NI 45-106; or
 - (ii) purchasing a number of Units which have an aggregate Subscription Price of less than \$10,000; or
- (e) acquiring Units that have a Subscription Price of not less than \$ 150,000, if the investor is not an individual (as defined in applicable securities laws), and the conditions of section 2.10 of NI 45-106 are satisfied.

Investors may subscribe for Units by returning to the Limited Partnership at 230 - 1829 Beaufort Avenue, Comox, British Columbia, V9M 1R9:

- (a) a completed Subscription Agreement; and
- (b) a certified cheque or bank draft in the gross amount subscribed for, payable to “RealStream Income Properties Limited Partnership”.

Each Investor will also be required to sign two copies of a Risk Acknowledgment (Form 45-106F4), attached as Appendix A to the Subscription Agreement before signing the Subscription Agreement, in accordance with the requirements of NI 45-106. In accordance with the requirements of NI 45-106, the General Partner will hold the subscription monies advanced by each Investor in trust for the Investor until midnight on the second Business Day after the Subscription Agreement is signed by the Investor.

Subscriptions received will be subject to rejection or allotment by the Limited Partnership in whole or in part in the General Partner’s sole discretion. The Limited Partnership is not obliged to accept any subscription. If any subscription is not accepted, the Limited Partnership will promptly return to the subscriber the Subscription Agreement and the money comprising such subscription. Confirmation of acceptance of a subscription will be forwarded to the subscriber by the Limited Partnership. The Limited Partnership reserves the right to close the subscription books at any time without notice.

The Units have not been and will not be registered under the *United States Securities Act* of 1933, as amended, and subject to certain exceptions, may not be offered or sold in the United States.

All subscription documents should be reviewed by prospective subscribers and their professional advisers prior to subscribing for Units.

ITEM 6 INCOME TAX CONSEQUENCES AND ELIGIBILITY

6.1 Summary of Income Tax Consequences

In the opinion of the General Partner, the following summary presents fairly the principal Canadian federal income tax considerations generally applicable to prospective purchasers of Units pursuant to this Offering Memorandum who at all relevant times, for the purposes of the Tax Act, are resident in Canada, deal at arm's length with the Limited Partnership, acquire and hold Units as capital property, and are not traders or dealers in real estate.

This summary is based upon the provisions of the Tax Act and the regulations thereto (the "**Regulations**") and all specific proposals to amend the Tax Act and Regulations publicly announced by the Minister of Finance prior to the date hereof, and upon the General Partner's understanding of the current administrative and assessing policies published by the Canada Revenue Agency (the "**Agency**"). This summary is not exhaustive of all the possible Canadian federal income tax considerations nor does it take into account provincial, territorial or foreign tax considerations and, except as mentioned above, does not take into account or anticipate any changes in the law whether by legislative, governmental or judicial action.

This summary is of a general nature only and does not constitute a complete analysis of all the Canadian federal income tax considerations and is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

Unless otherwise stated, this summary is based upon the facts and assumptions contained in the Offering Memorandum and on the assumption that the final form of all material contracts will accurately reflect the summary thereof in the Offering Memorandum.

The Limited Partnership itself will not be subject to income tax under the Act, but will compute its income or loss for each Fiscal Year as if it were a person resident in Canada. Each Limited Partner who is a limited partner of the Limited Partnership at the end of a Fiscal Year of the Limited Partnership will be required to include in his or her income tax return (subject to the "at-risk" rules described below) his or her allocated share of the income or loss of the Limited Partnership for each Fiscal Year of the Limited Partnership that ends in the Limited Partner's taxation year.

If a corporation that holds a "significant interest" in the partnership has a different taxation year from the partnership, the corporation will be required to include in its taxable income an amount in respect of accrued partnership income. This accrual will effectively cause the corporation to be subject to tax on income of the partnership earned up to the corporation's year end. A corporation's interest in the partnership will be a "significant interest" for the purposes of the Act if the corporation, or a related or affiliated group which includes the corporation, is entitled to more than 10% of the income or loss of the partnership, or to more than 10% of the net assets of the partnership if it were to cease to exist.

In arriving at the amount of a Limited Partner's income or loss for a taxation year, reasonable interest expense incurred by a Limited Partner on money borrowed for the purpose of acquiring a Unit in the Limited Partnership should be deductible in the year on an accrual or cash paid basis (depending on the method regularly followed by the Limited Partner in computing income). Compound interest meeting these requirements is only deductible when paid. Interest expense deducted by a Limited Partner will be included in computing his or her cumulative net investment losses. Interest expense will cease to be deductible subsequent to a disposition of the Units to the extent the proceeds of disposition are not fully applied to reduce the debt associated with the Units.

The adjusted cost base at any particular time of a Limited Partner's Units in the Limited Partnership will generally be equal to the amount paid to acquire the Units, plus any subsequent amounts contributed to the Limited Partnership, plus (minus) the allocated share of Limited Partnership income (losses) for income tax purposes for each Fiscal Year ending before that time (including 100% of any capital gains or losses), and minus amounts received as distributions from the Limited Partnership. The adjusted cost base of a Limited Partner's Units will not be reduced by "limited partnership losses" until the year in which such losses are deducted.

The unpaid principal amount of any indebtedness of a Limited Partner for which recourse is limited, either immediately or in the future, and either absolutely or contingently, that can be considered to have been used to acquire a Unit will reduce the adjusted cost base of the Unit.

A Limited Partner may realize a capital gain or loss on the disposition or deemed disposition of a Unit or upon the allocation of a capital gain or capital loss from the Limited Partnership. One half of any capital gain realized by (or allocated to) a Limited Partner in a year will be included in income as a taxable capital gain and taxed at ordinary marginal rates. One half of any capital loss incurred by (or allocated to) a Limited Partner in a year may be deducted as an allowable capital loss, but only to the extent of any taxable capital gains realized by (or allocated to) the Limited Partner in the year. To the extent a Limited Partner's allowable capital losses exceed his or her taxable capital gains for a particular year, such excess may be deducted by the Limited Partner in any following taxation year or in any of the three immediately preceding years up to the net taxable capital gains of those other years.

Distributions to a Limited Partner are generally free from tax, except to the extent such distributions reduce the adjusted cost base of the Limited Partner's Units in the Limited Partnership to a negative amount at the end of a particular Fiscal Year of the Partnership. Where the adjusted cost base of a Limited Partner's Units in the Limited Partnership is negative at the end of a Fiscal Year of the Limited Partnership, the Limited Partner will be deemed to realize a capital gain equal to the amount of the negative adjusted cost base in his or her taxation year in which the Limited Partnership's Fiscal Year ends. The gain so realized will be added to the adjusted cost base of the Limited Partner's Units in the Limited Partnership, restoring it to nil.

Where, in a later Fiscal Year of the Limited Partnership, the Limited Partner (other than a partnership and certain trusts) again has a positive adjusted cost base, he or she may elect to reduce the adjusted cost base, and treat the reduction as a capital loss, which may be carried back to offset the deemed capital gain in an earlier year. Provided this election is made in a taxation year of a Limited Partner that is within three years after the year of the deemed capital gain, the Limited Partner will be able to carry back the capital loss to offset the deemed capital gain.

The deductibility of losses allocated to a Limited Partner by the Limited Partnership, which may be used to offset other income, is restricted to the Limited Partner's "at-risk amount". In general, if a Limited Partner is allocated losses by the Limited Partnership in excess of his or her "at-risk amount", such excess will form part of his or her "limited partnership losses". "Limited partnership losses" may be carried forward indefinitely to future taxation years and are deductible in computing a Limited Partner's taxable income only to the extent of the Limited Partner's "at-risk amount" in respect of the Partnership in those taxation years.

A Limited Partner's "at-risk amount" at any particular time is generally equal to the adjusted cost base of his or her Units reduced by the aggregate of any amounts owing by him or her to the Limited Partnership and certain non-arm's length parties, and any amount he or she is entitled to receive for the purpose of reducing the impact of any loss he or she sustains by virtue of being a member of the Partnership or by reason of holding or disposing of the Units in the Limited Partnership. In addition, a Limited Partner's "at-risk amount" at any particular time will be adjusted, where the particular time is at the end of a Fiscal Year of the Limited Partnership, by the Limited Partner's share of any income of the Partnership from any source (including 100% of any capital gains) at such time.

Based upon the manner in which the Limited Partnership intends to operate and be financed as indicated in this Offering, the Limited Partners should not become indebted to the Limited Partnership or to persons not dealing at arm's-length with the Partnership, nor should Limited Partners be entitled to receive any amount for the purpose of reducing the impact of any loss relating to their Units in the Partnership. Accordingly, the Limited Partners' "at-risk amounts" should not be reduced by any such amounts.

The Limited Partnership has not obtained and does not intend to obtain a “tax shelter identification number” because the General Partner believes that the Limited Partnership is not a “tax shelter”.

The Tax Act contains a General Anti-Avoidance Rule (“GAAR”) which permits the Agency to re-characterize the tax consequences of an avoidance transaction in a manner reasonable in the circumstances in order to deny a tax benefit that otherwise would have resulted from the transaction. In order for the GAAR to apply, the transaction or series of transactions must result, directly or indirectly, in a reduction, avoidance or deferral of tax or other amount payable under the Act, unless the transaction may reasonably be considered to have been undertaken or arranged primarily for bona fide purposes other than to obtain the tax benefit. The GAAR will not apply to a transaction where it may reasonably be considered that the transaction would not result, directly or indirectly, in a misuse of the provisions of the Tax Act or an abuse having regard to the provisions of the Tax Act read as a whole.

The foregoing analysis contained in this summary of principal federal income tax considerations was prepared on the basis of the application of the specific rules of the Tax Act to the transactions contemplated in this Offering Memorandum, and without consideration for the income tax consequences that could arise on an application of the GAAR.

6.2 Eligibility for Deferred Plans

Not all securities are eligible investments for a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), or tax-free savings account (“TFSA”). **The Units described in this Offering Memorandum are not eligible investments for a RRSP, a RRIF, or a TFSA.**

ITEM 7

COMPENSATION PAID TO SELLERS AND FINDERS

Subscribers will pay a sales fee to registered securities dealers and exempt market dealers, or where permitted, non-registrants, in an amount not to exceed 1.5% of the subscription monies obtained by such persons, payable at the time of the initial investment. Such fee may be waived in the discretion of such dealers.

The Manager may also pay, from its own resources and not from the proceeds of this Offering, a sales fee to registered securities dealers and exempt market dealers, or where permitted, non-registrants, in an amount not to exceed 2% of the subscription monies obtained by such persons, payable quarterly over the course of two years from the time of the initial investment. Additionally, the Manager may, in its discretion, pay a trailing commission of 0.75% to such persons.

ITEM 8

RISK FACTORS

The purchase of Units involves a number of risk factors. In addition to the factors set forth elsewhere in this Offering Memorandum, prospective investors should consider the following factors.

Investment Risk

Unidentified Properties

This is a blind pool Offering. The Limited Partnership’s portfolio consists of the Properties. See Item 2.2 - “The Limited Partnership’s Business”. Although the Limited Partnership expects that a portion of the available net proceeds of the Offering may be applied by the Limited Partnership, in part, directly or indirectly, in the purchase of additional Properties, the specific additional Properties in which the Limited Partnership will invest have not yet been determined. Depending on the return on investment achieved on the Properties that may be acquired by the Limited Partnership, the Limited Partners’ return on their respective investments in the Units will vary.

No Market for Units

There currently is no market whatsoever for the Units and it is not anticipated that any market will develop. Consequently, holders of such securities may not be able to sell them readily, and Units may not be readily accepted as collateral for a loan. Subscribers should be prepared to hold these securities indefinitely and cannot expect to be able to liquidate their investment even in the case of an emergency. Accordingly, an investment in Units is suitable solely for persons able to make and bear the economic risk of a long-term investment. Securities legislation, rules, policies and other requirements may prohibit or restrict transferability of Units. Consequently, holders of Units will not be able to resell their Units. See Item 10 “Resale Restrictions”.

Net Asset Value

The NAV per Unit will vary as the value of the Limited Partnership’s portfolio of Properties varies. The value of the Limited Partnership’s portfolio of Properties may fluctuate for reasons beyond the control of the Limited Partnership, including the factors identified below in “Risks of Real Estate Investment”.

Less than Full Offering

There can be no assurance that more than the minimum Offering will be sold. In that case, less than the maximum proceeds will be available to the Limited Partnership and, consequently, their business development plans and prospects could be adversely affected, since fewer Properties will be purchased, owned and operated by the Limited Partnership.

Payment of Retraction Price by Promissory Note or in Kind

The General Partner may determine that funds are not currently available for the payment of the redemption price of any Units in respect of which the Limited Partner has requested a redemption, in which case the General Partner may elect to delay payment or pay the redemption price for such Units by way of promissory note or in kind. Therefore, there can be no assurance that Limited Partners will be able to redeem any or all of their Units for cash payment when they wish to do so.

No Transfer of Units

Limited Partners may not transfer, assign, pledge, encumber or dispose of any Units without the written consent of the General Partner.

No Guaranteed Return

There is no representation made by the General Partner that an investment in the Limited Partnership will have a guaranteed return to Limited Partners, nor that losses will not be incurred by the Limited Partnership. This Offering is not suitable for investors who cannot afford to assume significant risks in connection with their investments.

Issuer Risk

Reliance on Key Personnel

The success of the Limited Partnership is highly dependent on the services of certain management personnel, including Jonathan Veale, Richard DeLuca and Jim Stewart. The loss of the services of such personnel could have an adverse effect on the Limited Partnership.

Uninsured Losses

The General Partner will arrange for comprehensive insurance, including fire, liability and extended coverage, of the type and in the amounts customarily obtained for properties similar to the Properties and will endeavour to obtain coverage where warranted against earthquakes and floods. However, in many cases certain types of losses

(generally of a catastrophic nature) are either uninsurable or not economically insurable. Should such a disaster occur with respect to one or more of the Properties, the Limited Partnership could suffer a loss of capital invested and not realize any profits which might be anticipated from the disposition of the Property.

Limitations on Non-Resident Ownership

The Limited Partnership Agreement provides that Limited Partners may not be non-residents of Canada for the purposes of the Tax Act. The limitation on ownership of the Units by non-residents may have an adverse impact on the liquidity of the Units.

Tax Matters

The return on the Limited Partner's investment in the Units is subject to changes in Canadian federal and provincial tax laws, tax proposals, other governmental policies or regulations and governmental, administrative or judicial interpretation of the same. There can be no assurance that tax laws, tax proposals, policies or regulations, or the interpretation thereof, will not be changed in a manner which will fundamentally alter the tax consequences to Limited Partners of acquiring, holding or disposing of Units.

Net Worth of the General Partner

The General Partner, which has certain obligations to the Limited Partnership and has unlimited liabilities for the obligations of the Limited Partnership, has no material net worth.

Limited Recourse

The General Partner and the Manager are companies without material assets. Should a claim be made against either of them, it will likely be difficult to realize upon any judgment which might be obtained against it.

Major Asset

Properties acquired by the Limited Partnership represent the major assets of the Limited Partnership and therefore the Limited Partnership's financial performance is directly tied to the performance of these particular assets.

Vacancy Rates of Properties

The Limited Partnership's Properties, are, from time to time, susceptible to high vacancy rates. The Limited Partnership's financial performance will be adversely affected if a significant number of tenants of the Properties were to become unable to meet their obligations under their leases or if a significant amount of available space in the Properties is not able to be leased on economically favourable lease terms.

Revenue Shortfalls

Revenues from the Properties may not increase sufficiently to meet increases in operating expenses or debt service payments under mortgages or to fund changes in the variable rates of interest charged in respect of such loans.

Limited Liability

The limited liability of a Limited Partner may be lost if a Limited Partner takes part in the management of the business of the Limited Partnership or through non-compliance with the *Partnership Act* (British Columbia).

Industry Risk

Risks of Real Estate Investment

Investment in real estate is subject to numerous risks, including the highly competitive nature of the real estate industry, changes in general or local conditions, failure of tenants to pay rent, changes in neighbourhood property values, interest rates, availability of mortgage funds, increases in real estate tax rates and other operating expenses, the possibility of competitive overbuilding and of the inability to obtain full occupancy of the properties, governmental rules and fiscal policies, including rent control legislation, which limit potential rent increases, and other events and factors which are beyond the control of the Limited Partnership.

There is no assurance that the Limited Partnership will be able to obtain sufficient mortgage financing to finance the acquisition of real estate investments, or on commercially acceptable terms, or that any such mortgage financing will be renewed upon maturity or, if renewed, renewed on the same terms and conditions (including the rate of interest). The real estate properties may not generate sufficient funds to service the mortgage financing taken out in respect of them. If a default occurs, a property could be foreclosed upon indebtedness with variable interest rates will result in fluctuations in the Limited Partnership's cost of borrowing.

Illiquidity of Real Estate

Investments in real estate properties are relatively illiquid. Such illiquidity will tend to limit the Limited Partnership's ability to change its portfolio promptly in response to changing economic or investment conditions.

Market & Regulatory Risks

The economic performance and value of the Limited Partnership's interest in Properties acquired by it will be subject to all of the risks associated with investing in real estate, including, but not limited to:

- changes in the national, regional and local economic climate;
- local conditions, including a reduction in demand for properties like the properties acquired by the Limited Partnership;
- the attractiveness of the Properties acquired by the Limited Partnership to purchasers and renters;
- competition from other available similar projects; and
- changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

Competition

The Limited Partnership competes with other investors and owners of similar properties to those to be acquired by the Limited Partnership. Certain of these competitors may have greater financial and other resources and greater operating flexibility than the Limited Partnership. The existence of competing parties could have a material adverse effect on the revenues or profitability of the Limited Partnership and its ability to meet its debt obligations.

Potential Liability under Environmental Protection Legislation

Environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws, as the owner of real estate properties the Limited Partnership could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on, from or in one or more of the properties. The failure to remove or remediate such substances, if any, may adversely affect the Limited Partnership's ability to sell such a property or to borrow using a property as collateral.

For all of the aforesaid reasons and others set forth and not set forth herein, the Units involve a certain degree of risk. Any person considering the purchase of the Units should be aware of these and other factors set forth in this Offering Memorandum and should consult with his/her legal, tax and financial advisors prior to making an investment in the Units. The Units should only be purchased by persons who can afford to lose all of their total investment.

ITEM 9 REPORTING OBLIGATIONS

As the Limited Partnership is not a “reporting issuer” as defined in the applicable securities legislation, the continuous reporting requirements of those acts do not generally apply to the Limited Partnership. **The Limited Partnership is not required to send you any documents on an annual or ongoing basis.** The Limited Partnership will, however, on or before March 31 in each calendar year, provide to each Limited Partner information required to file Canadian income tax returns.

ITEM 10 RESALE RESTRICTIONS

The Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, an investor will not be able to trade the Units unless it complies with an exemption from the prospectus and registration requirements under securities legislation.

For investors resident in British Columbia and any other province or territory excluding Manitoba, unless permitted under securities legislation, an investor cannot trade the Units before the date that is four months and a day after the date the Limited Partnership becomes a reporting issuer in any province or territory of Canada.

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless

- (a) the Limited Partnership has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for the prospectus, or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

The Limited Partnership has no current intention of becoming a reporting issuer in any jurisdiction and therefore the foregoing restriction on trading will continue indefinitely (subject to the availability of certain limited exemptions which may not apply in the circumstances).

ITEM 11 PURCHASERS' RIGHTS

If you purchase the Units, 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 the Units. To do so, you must send a notice to the Limited Partnership by midnight on the second Business Day after you sign the agreement to buy the Units.

Statutory Rights of Action in the Event of a Misrepresentation - If there is a misrepresentation in this Offering Memorandum, you may have a right to sue:

- (a) the General Partner to cancel your agreement to buy the Units; or

- (b) for damages against the General Partner, every person who was a director of the General Partner 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 securities.

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 Subscription Agreement within 180 days after you signed the agreement to purchase the Units. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation or 3 years after you signed the agreement to purchase the Units.

The following is a summary of the rights of the rescission or damages, or both, available to investors pursuant to the securities legislation in British Columbia. Such rights will be expressly conferred upon investors in the Subscription Agreement to be executed by investors in connection with the offering of securities hereunder.

If an investor is:

- (a) resident in British Columbia;
- (b) not an “accredited investor”, as defined in NI 45-106; and
- (c) not purchasing, as principal, a sufficient number of Units such that the aggregate Subscription Price to the Investor is not less than \$150,000, then if there is a misrepresentation in this Offering Memorandum, the investor will have a statutory right of action for damages against the General Partner and every director of the General Partner at the date of this Offering Memorandum and every person who signs this Offering Memorandum. The Limited Partnership has granted an identical contractual right of action in the Subscription Agreement to investors resident in British Columbia who are “accredited investors” or purchasing a sufficient number of Units such that the aggregate Subscription Price is not less than \$150,000.

Alternatively, the investor may elect to exercise a right of rescission against the Limited Partnership in which case the investor will have no right of action for damages against the Limited Partnership or the General Partner.

If applicable, the statutory right to sue is available to an investor whether or not the investor relied on the misrepresentation. However, there are various defences available to the Limited Partnership and the General Partner or entities that an investor have a right to sue, including if it can be proven that the investor knew of the misrepresentation when the investor purchased the securities in an action for damages, the amount an investor may recover will not exceed the price that the investor paid for his securities and will not include any part of the damages that the Limited Partnership or the General Partner prove does not represent the depreciation in value of the securities resulting from the misrepresentation.

If an investor intends to rely on the rights described above, the investor must do so within strict time limitations. An investor must commence his action to cancel the agreement within 180 days after he signed the agreement to purchase the securities. The investor must commence his action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after he signed the agreement to purchase the securities.

The foregoing summary is subject to the express provisions of the B.C. Securities Act and the rules and the regulations thereunder and reference is made thereto for the complete text and provisions. Investors should refer to those provisions for the particulars of these rights or consult with a lawyer.

The rights of action described herein are in addition to and without derogation from any other right or remedy that the investor may have at law.

ITEM 12
FINANCIAL STATEMENTS

RealStream Income Properties Limited Partnership
Non-Consolidated Financial Statements
December 31, 2018

RealStream Income Properties Limited Partnership

Contents

For the year ended December 31, 2018, 2017

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Independent Auditor's Report

To the Partners of RealStream Income Properties Limited Partnership:

Opinion

We have audited the non-consolidated financial statements of RealStream Income Properties Limited Partnership (the "Partnership"), which comprise the non-consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the non-consolidated statements of income and comprehensive income, partners' capital and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Partnership as at December 31, 2018 and December 31, 2017, and its non-consolidated financial performance and its non-consolidated cash flows for the years then ended in accordance with the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audits of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 2 to the non-consolidated financial statements, which describes the basis of accounting. The non-consolidated financial statements have been prepared to assist the Partnership to meet the requirements of National Instrument 45-106 Prospectus and Registration Exemptions, based on the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards, for financial statements delivered by registrants, being International Financial Reporting Standards prepared without consolidation of interests in controlled entities. As a result, the non-consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the partners and potential partners of the Partnership and the British Columbia Securities Commission, and should not be used by parties other than the partners, potential partners, lenders and potential lenders of the Partnership or the British Columbia Securities Commission.

Responsibilities of the General Partner and Those Charged with Governance for the Non-consolidated Financial Statements

The General Partner is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with the financial reporting framework specified in paragraph 3.2(3)(a) of National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants, and for such internal control as the General Partner determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, the General Partner is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Partner either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Partner.
- Conclude on the appropriateness of the General Partner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Courtenay, British Columbia

March 27, 2019

MNP LLP

Chartered Professional Accountants

RealStream Income Properties Limited Partnership

Non-Consolidated Statements of Financial Position

As at December 31, 2018

	2018	2017
Assets		
Current		
Cash	1,914,180	770,475
Trade and other receivables	38,582	81,433
Security deposits	12,032	11,468
Prepaid expenses and deposits (Note 7)	268,069	293,858
Advances to related parties (Note 8)	15,943	9,336
	2,248,806	1,166,570
Non-current		
Investment in related parties (Note 9)	20	17
Tenant inducement and leasing costs	32,526	25,853
Investment properties (Note 10)	56,703,000	42,669,000
Total assets	58,984,352	43,861,440
Liabilities		
Current		
Trade and other payables	328,596	265,413
Security deposits	68,562	21,362
Goods and Services Tax payable	-	30,169
Deferred revenue	51,796	-
Current portion of mortgages (Note 11)	7,601,516	808,469
	8,050,470	1,125,413
Non-current		
Mortgages (Note 11)	27,547,317	26,368,709
Total liabilities	35,597,787	27,494,122
Events after the reporting period (Note 12)		
Partners' Capital (Note 13)	23,386,565	16,367,318
	58,984,352	43,861,440

Approved on behalf of the Board

Director

RealStream Income Properties Limited Partnership
Non-Consolidated Statements of Income and Comprehensive Income
For the year ended December 31, 2018

	2018	2017
Revenue		
Rental income <i>(Note 10), (Note 14)</i>	2,960,445	2,183,564
Additional rent <i>(Note 10), (Note 14)</i>	1,412,103	1,013,711
Interest	7,232	1,363
	4,379,780	3,198,638
Operating costs		
Advertising and promotion	-	462
Asset management expense <i>(Note 17)</i>	741,829	526,659
Bad debts	-	1,309
Interest on mortgages	1,072,857	778,040
Office	15,065	37,046
Professional fees	98,127	83,842
Property operating costs <i>(Note 10)</i>	1,426,927	1,067,210
	3,354,805	2,494,568
Operating profit	1,024,975	704,070
Fair value adjustment of investment properties <i>(Note 10)</i>	1,737,378	682,809
Comprehensive income for the year	2,762,353	1,386,879
Total comprehensive income attributable to:		
RealStream General Partner Inc.	100	100
Limited Partners	2,762,253	1,386,779
	2,762,353	1,386,879

The accompanying notes are an integral part of these non-consolidated financial statements

RealStream Income Properties Limited Partnership
Non-Consolidated Statements of Partners' Capital
For the year ended December 31, 2018

	2018	2017
RealStream General Partner Inc.		
Balance, beginning of year	274	174
Share of earnings (Note 13)	100	100
Balance, end of year	374	274
Limited Partners		
Balance, beginning of year	16,322,297	9,380,835
Partner contributions (Note 13)	5,298,900	5,952,831
Redemption of partnership units (Note 13)	(820,825)	(280,127)
Cash distributions to partners (Note 13)	(232,931)	(118,021)
Share of earnings (Note 13)	2,762,253	1,386,779
Balance, end of year	23,329,694	16,322,297
Contributed Surplus		
Balance, beginning of year	44,747	33,963
Contributed surplus (Note 13)	11,750	10,784
Balance, end of year	56,497	44,747
Partners' Capital, end of year	23,386,565	16,367,318

RealStream Income Properties Limited Partnership

Non-Consolidated Statements of Cash Flows

For the year ended December 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Comprehensive income for the year	2,762,353	1,386,879
Fair value adjustment of investment properties (Note 10)	(1,737,378)	(682,809)
Non-cash adjustment to investment properties (Note 10)	-	30,000
Amortization of transaction costs	65,621	52,192
Increase in tenant inducement and leasing costs	(6,675)	(25,853)
Repayment of promissory note receivable from related party	-	35,108
Change in working capital:		
Decrease in trade and other receivables	42,851	9,912
Decrease (increase) in security deposit assets	(564)	2,910
Decrease (increase) in prepaid expenses and deposits	25,789	(90,495)
Increase in trade and other payables	63,183	40,863
Increase in security deposit liabilities	47,200	5,070
Increase (decrease) in deferred revenue	51,796	(62,960)
Increase (decrease) in Goods and Services Tax payable	(30,169)	12,889
Cash flows used in operating activities	1,284,007	713,706
Financing activities		
Advances from (to) related parties	(6,608)	12,285
Partner contributions	5,298,900	5,952,831
Redemption of partnership units paid in cash	(809,075)	(269,343)
Cash distributions to partners	(232,931)	(118,021)
Proceeds of mortgage loan financing	8,764,080	11,242,922
Repayment of mortgage loan financing	(858,046)	(857,349)
Cash flows provided by financing activities	12,156,320	15,963,325
Investing activities		
Purchases and additions of investment properties (Note 10)	(12,296,622)	(16,115,191)
Increase in cash	1,143,705	561,840
Cash, beginning of year	770,475	208,635
Cash, end of year	1,914,180	770,475

The accompanying notes are an integral part of these non-consolidated financial statements

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

1. Reporting entity

The partnership agreement for RealStream Income Properties Limited Partnership (the "Partnership") was entered into by the initial limited partner and RealStream General Partner Inc. (the "General Partner") under the jurisdiction of the Province of British Columbia on December 19, 2013. The Partnership is domiciled in Canada.

The address of the Partnership's registered office is #230 - 1829 Beaufort Avenue, Comox, British Columbia.

The principal purpose of the Partnership is to raise capital through the issuance of limited partnership units in order to invest in Canadian real estate.

The Partnership is not subject to income tax. Income earned is allocated to the partners based on their agreed upon rates, and is ultimately taxed (if applicable) in the hands of each partner. As such, no consideration for income taxes has been accounted for in these non-consolidated financial statements.

2. Statement of compliance

The non-consolidated financial statements have been prepared based on the financial reporting framework specified in subsection 3.2(3)(a) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards, for financial statements delivered by registrants*, being International Financial Reporting Standards prepared without consolidation of interests in controlled entities.

The non-consolidated financial statements were approved by the Board of Directors and authorized for issue on March 29, 2019.

3. Basis of preparation

Basis of measurement

The non-consolidated financial statements have been prepared on the historical cost basis except as otherwise noted. The significant accounting policies are set out in Note 4.

Functional and presentation currency

These non-consolidated financial statements are presented in Canadian dollars, which is the Partnership's functional currency.

4. Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation of these non-consolidated financial statements.

Investment property

Investment property is investment interests in land and buildings held to earn rental income, for capital appreciation, or both.

Rental income and operating expenses from investment property are presented within revenue and expenses respectively.

The Partnership follows IAS 40 "Investment Properties" and has chosen the fair value method of presenting investment properties in the non-consolidated financial statements.

Investment property is initially recognized at cost, including transaction costs. Cost comprises its purchase price and any directly attributable expenditures. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at each reporting date, with any gain or loss arising from a change in fair value recognized in profit or loss for the year.

Fair value of investment property is determined by an accredited independent appraiser holding recognized and relevant professional qualifications and recent experience in the location and category of investment property being valued. Annual updates of fair value are determined by management when there has not been a recent independent appraisal.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

4. Summary of significant accounting policies (Continued from previous page)

Investment property is derecognized upon disposal or permanent withdrawal from use with no expectation of future economic benefits on disposal. Any gain/loss on disposal or retirement of investment property is determined as the difference between the net proceeds on disposal and its carrying amount at that date, and is recognized in profit or loss for the years of disposal or retirement.

Tenant inducement and leasing costs

Tenant inducement and leasing costs represent expenditures that tenants are contracted to incur, for which the Partnership is responsible. Leasing costs are comprised of leasing commissions and legal fees, which are incurred for the negotiation of lease contracts.

Borrowing costs

Borrowing costs directly attributable to the acquisition of a qualifying asset that necessarily takes a substantial period of time to reach the state of its intended use or sale are capitalized as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. When borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion.

Provisions

A provision is recognized, if, as a result of a past event, the Partnership has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. If the time value of money is material, provisions are discounted using a current rate that reflects the risk profile of the liability, and the increase to the provision due to the passage of time will be recognized as interest expense.

Allocation of comprehensive income or comprehensive loss

Comprehensive income or loss of the Partnership from the ordinary course of operations will be allocated as follows:

- Firstly, the General Partner shall be allocated 0.01% of the comprehensive income or loss of the Partnership to a maximum of \$100 per annum; and,
- Secondly, the balance of comprehensive income or loss shall be allocated to the limited partners, pro rata in accordance with their respective proportionate shares.

To the extent that comprehensive income or loss arises from matters other than the ordinary course of operations, comprehensive income or loss will be allocated as follows:

- Firstly, the General Partner shall be allocated 0.01% of the comprehensive income or loss of the Partnership to a maximum of \$100 per annum;
- Secondly, if the limited partners have not received repayment in full of the cash proceeds, limited partners shall be allocated the comprehensive income or loss, pro rata in accordance with their respective income shares, until they have received repayment of the cash proceeds in full; and,
- Thirdly, the balance of comprehensive income or loss shall be allocated to the limited partners, pro rata in accordance with their respective proportionate shares.

Revenue recognition

Rent

The Partnership has retained substantially all of the risks and benefits of ownership of its investment properties, and, therefore, accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on lease inception date when the tenant occupies their leased space. Rental revenue is recognized systematically over the term of the lease. Any suite-specific incentives offered or initial direct costs incurred in negotiating and arranging an operating lease are also amortized over the term of the operating lease. Rental revenue is recorded based on the amount received or to be received in accordance with the operating lease.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

4. Summary of significant accounting policies *(Continued from previous page)*

Lease revenue earned directly from leasing the asset is recognized and measured in accordance with IAS 17 – Leases (“IAS 17”).

In addition to revenue generated directly from the operating lease, rental revenue includes non-lease revenue earned from the tenant, which is recognized and measured under IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”). Non-lease revenue includes sign, parking, additional rent insurance, other income, additional rent, and additional rent property tax. Non-lease revenue recognition commences when the tenant has a right to use the leased asset. Generally, this occurs on lease inception date when the tenant occupies their leased space. Non-lease revenue is earned over time based on the contract terms. Non-lease revenue is invoiced and recognized on a monthly basis as the performance obligations are met.

Financial instruments

Classification of financial assets and financial liabilities

IFRS 9 requires financial assets be classified into one of three subsequent measurement categories: amortized cost, fair value through other comprehensive income, or fair value through profit or loss. Classification is based on the business model under which a financial asset is managed and the nature of its contractual cash flows.

The amount of change in fair value attributable to the Partnership's own credit risk is generally required to be presented in other comprehensive income.

Financial assets at fair value through profit or loss

The Partnership's financial assets at fair value through profit or loss are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Financial assets at fair value through profit or loss are subsequently measured at their fair value. Net gains or losses arising from changes in fair value are recognized immediately in profit or loss.

The Partnership has classified cash, trade and other receivables, security deposits, advances to related parties and investments in related parties as fair value through profit or loss.

Other financial liabilities

The Partnership has classified the following financial liabilities as financial liabilities measured at amortized cost: trade and other payables, security deposits, and mortgages. These liabilities are initially recognized at their fair value less directly attributable transaction costs. Fair value is determined by reference to recent arm's length market transactions for the same instrument/approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which other financial liabilities are measured less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

Partners' capital

Proceeds from the sale of limited partnership units and the distributions that have been given to holders of the instruments classified as equity instruments have been recorded by the Partnership directly in partners' capital. Redemptions of partnership units prior to the 2 year holding period result in the unitholder receiving 95% of the redemption value and 5% of the redemption value being retained by the Partnership as contributed surplus.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

4. Summary of significant accounting policies (Continued from previous page)

Financial asset impairment

The Partnership assesses impairment of all its financial assets, except those classified at fair value through profit or loss.

Financial assets, other than those at fair value through profit or loss, are required to use an expected credit loss impairment model. The expected credit loss model requires the Partnership to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in the credit risk since initial recognition of the financial asset. It results in an allowance for credit losses being recorded on financial assets regardless of whether there has been an actual loss event.

Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists.

Impairment is measured as the difference between the amortized cost less any expected credit losses and its fair value. Any impairment, which is not considered temporary, is included in current year comprehensive income.

Fair value of all financial assets and liabilities

The carrying amount of cash, trade and other receivables, advances to related parties, trade and other payables, and security deposits approximate their fair value due to the short-term nature of these financial instruments.

Standards issued but not yet effective

The Partnership has not yet applied the following new standards, interpretations and amendments to standards that have been issued after January 1, 2018 but are not yet effective. Unless otherwise stated, the Partnership does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 16 Leases (New)

In January 2016, the IASB issued a new IFRS on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the AcSB in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. The Partnership has commenced their evaluation of the impact of the standard on its non-consolidated financial statements.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

4. Summary of significant accounting policies (Continued from previous page)

Separate Financial Statements

In accordance with the financial reporting framework specified in subsection 3.2(3) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants*, the Company has not consolidated its subsidiaries. A summary of entities that are controlled by the Partnership is as follows:

	Jurisdiction	Ownership Interest
RealStream (Timberline Village) Inc.	British Columbia	100%
RealStream (1111 Braidwood) Inc.	British Columbia	100%
RealStream (519 5th Street) Inc.	British Columbia	100%
RealStream (190 Wallace) Inc.	British Columbia	100%
RealStream (345 Wallace) Inc.	British Columbia	100%
RealStream (420 Albert) Inc.	British Columbia	100%
RealStream (8175 Dallas Drive) Inc.	British Columbia	100%
RealStream (488 Albert) Inc.	British Columbia	100%
RealStream (730 Grant) Inc.	British Columbia	100%
RealStream (961 England) Inc.	British Columbia	100%
535167 B.C. Ltd.	British Columbia	100%

Significant accounting judgments and estimates

The preparation of the Partnership's non-consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these judgments and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The judgments and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. Judgments

In the process of applying the Partnership's accounting policies, the General Partner has made the following critical judgments, which have the most significant effects on the amounts recognized in the non-consolidated financial statements:

i) Asset acquisitions

The Partnership acquires individual investment properties. At the time of acquisition, the Partnership considers whether or not the acquisition represents the acquisition of a business. The Partnership accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the property (e.g., maintenance, cleaning, security, bookkeeping, etc.).

When the acquisition of a property does not represent a business, it is accounted for as an acquisition of an asset. The cost of the acquisition comprises its purchase price and any directly attributable expenditure.

In 2018, the Partnership acquired three properties. Management recorded all three properties as an acquisition of investment properties. In management's judgment, none of the properties acquired in 2018 represented the acquisition of a business.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

4. Summary of significant accounting policies (Continued from previous page)

ii) Operating lease contracts

The Partnership has entered into leases with tenants. The Partnership has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the investment properties and accounts for the leases as operating leases.

b. Estimates

The significant areas of estimation include the following:

i) Valuation of investment properties

The fair value of investment properties is determined by independent real estate valuation experts. Annual updates of fair value are determined by management when there has not been a recent independent appraisal. For further discussion of the determination of fair value of investment properties, refer to note 6.

5. Change in accounting policies

Standards and Interpretations effective in the current period

The Partnership adopted amendments to the following standards, effective January 1, 2018. Adoption of these amendments had no effect on the Partnership's non-consolidated financial statements.

IFRS 9 Financial Instruments

Effective January 1, 2018 (hereafter referred to as the "initial date of application"), the Partnership adopted IFRS 9 Financial instruments as issued in July 2014. The requirements of IFRS 9 are substantially different from those of IAS 39 Financial instruments: recognition and measurement. The new standard fundamentally alters the classification and measurement of financial assets subsequent to initial recognition, including impairment and incorporates a new hedge accounting model.

IFRS 15 Revenue from Contracts with Customers

Effective January 1, 2018 (hereafter referred to as the "initial date of application"), the Partnership adopted IFRS 15 Revenue from contracts with customers as issued by the IASB in May 2014, with clarifying amendments issued in April 2016. The standard specifies how and when entities recognize, measure, and disclose revenue. The standard supersedes all current standards dealing with revenue recognition, including IAS 11 Construction contracts, IAS 18 Revenue, IFRIC 13 Customer loyalty programmes, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers, and SIC 31 Revenue – barter transactions involving advertising services.

6. Determination of fair values of non-financial assets and liabilities

Investment property

The fair value of the investment properties has been valued by an external, independent valuation company with appropriate recognized professional qualifications and recent experience in the location and category of property held being valued. Annual updates of fair value are determined by management when there has not been a recent independent appraisal.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between willing parties at an arm's length transaction after proper marketing and negotiation wherein the parties had each acted knowledgeably, prudently and without compulsion.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (based on factors such as tenant profiles, future revenue streams and overall repair and condition of the property), capitalization rates and discount rates applicable to those assets. These estimates are based on market conditions existing at the reporting date.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

6. Determination of fair values of non-financial assets and liabilities *(Continued from previous page)*

If current prices are unavailable in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows. A yield which reflects the specific risks inherent in the net cash flows is applied to value Partnership's investment property.

The following approaches, either individually or in combination, are used by management, together with the appraisals, in their determination of the fair value of the investment properties:

The Income Capitalization Approach derives market value by estimating the future cash flows that will be generated by the property and then applying an appropriate capitalization rate or discount rate to those cash flows. This approach can utilize the direct capitalization method and/or the discounted cash flow analysis.

The Direct Comparison Approach involves comparing or contrasting the recent sale, listing or optioned prices of properties comparable to the subject and adjusting for any significant differences between them.

Management reviews each appraisal obtained and ensures the assumptions used by the appraisers are reasonable and the final fair value amount reflects those assumptions used in the various approaches above. Where an appraisal is not obtained at the reporting date, management reviews the approaches described above, for each investment property, and estimates a fair value.

The significant assumptions used in estimating the fair value of investment property are set out in Note 10.

The Partnership classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Partnership to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy. Cash has been measured using Level 1 inputs. Investments in related parties and investment properties have been measured using Level 3 inputs.

7. Prepaid expenses and deposits

	2018	2017
Prepaid insurance	45,644	27,568
Prepaid property taxes	212,425	211,059
Prepaid contracts	-	5,101
Deposits held in trust	10,000	50,130
	268,069	293,858

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

8. Advances to related parties

	2018	2017
RealStream General Partner Inc. - related by virtue of common officers and directors	2,909	1,858
RealStream (Timberline Village) Inc. - a 100% subsidiary of the Partnership	2,047	1,519
RealStream (1111 Braidwood) Inc. - a 100% subsidiary of the Partnership	3,232	2,182
RealStream (519 5th Street) Inc. - a 100% subsidiary of the Partnership	1,784	1,259
RealStream (190 Wallace) Inc. - a 100% subsidiary of the Partnership	1,784	1,259
RealStream (345 Wallace) Inc. - a 100% subsidiary of the Partnership	1,781	1,259
RealStream (8175 Dallas Drive) Inc. - a 100% subsidiary of the Partnership	802	-
RealStream (488 Albert) Inc. - a 100% subsidiary of the Partnership	802	-
RealStream (420 Albert) Inc. - a 100% subsidiary of the Partnership	802	-
	15,943	9,336

Balances receivable from related parties are unsecured, non-interest bearing and due on demand.

9. Investment in related parties

	2018	2017
RealStream (1111 Braidwood) Inc.	10	10
RealStream (Timberline Village) Inc.	1	1
Realstream (519 5th Street) Inc.	1	1
Realstream (345 Wallace) Inc.	1	1
Realstream (190 Wallace) Inc.	1	1
RealStream (420 Albert) Inc.	1	1
RealStream (8175 Dallas Drive) Inc.	1	1
RealStream (488 Albert) Inc.	1	1
RealStream (730 Grant) Inc.	1	-
RealStream (961 England) Inc.	1	-
535167 B.C. Ltd.	1	-
	20	17

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

10. Investment properties

Investment property includes:

- the Timberline Village Shopping Centre situated at 801 Hilchey Road in Campbell River, B.C.;
- the veterinary facility situated at 1111 Braidwood Road in Courtenay B.C.;
- the office building situated at 519 - 5th Street in Courtenay, B.C.;
- the office building situated at 190 Wallace Street in Nanaimo, B.C.;
- the office building situated at 345 Wallace Street in Nanaimo, B.C.;
- the office building situated at 420 Albert Street in Nanaimo, B.C.;
- the distribution warehouse building situated at 8175 Dallas Drive in Kamloops, B.C.;
- the office building situated at 488 Albert Street in Nanaimo, B.C.;
- the office building situated at 730 Grant Avenue in Courtenay, B.C.;
- the office building situated at 961 England Avenue in Courtenay, B.C.; and,
- the stratified mall complex situated at 100 Aldersmith Place in View Royal, B.C.

These properties are held to earn rental income and capital appreciation.

Changes to the carrying amount of investment property from the beginning to the end of the financial year are as follows:

	2018	2017
At fair value		
Balance, beginning of year	42,669,000	26,026,000
Additions - 730 Grant Avenue	2,533,173	-
Additions - 961 England Avenue	1,407,711	-
Additions - 100 Aldersmith Place	8,286,625	-
Additions - 420 Albert Street	-	916,744
Additions - 8175 Dallas Drive	-	6,986,996
Additions - 488 Albert Street	-	8,058,275
Other minor additions	69,113	28,176
Leasing costs	-	(30,000)
Fair value adjustments to investment property	1,737,378	682,809
Balance, end of year	56,703,000	42,669,000

Significant assumptions

The significant assumptions made relating to the valuations are set out below:

Capitalization rate - between 5.75% and 6.50%

Vacancy allowance - between 1.00% and 5.00%

Net income per square foot - between \$8 and \$29

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

11. Mortgages

	2018	2017
Mortgages payable	35,148,833	27,177,178
Less: current portion	7,601,516	808,469
	<u>27,547,317</u>	<u>26,368,709</u>

Mortgages payable bear interest at fixed rates ranging from 3.00% to 4.13%. Maturity dates range from September 1, 2019 to January 1, 2024. The mortgages are secured by registered first charges over properties held by the Partnership with a fair value of \$56,703,000 (2017 - \$42,669,000).

Included in the mortgages payable is the related unamortized mortgage transaction costs of \$168,966 as at December 31, 2018 (2017 - \$184,452) which are amortized over the term of the mortgages, using the effective interest rate method.

There are covenants on 4 of the mortgages that minimum debt service coverage ratio must not be less than 1.2. One mortgage has a covenant that the minimum debt service coverage ratio must not be less than 1.25. As at December 31, 2018 these covenants were met.

Principal repayments on the mortgages in each of the next five years, and thereafter are estimated as follows:

2019	7,601,516
2020	1,020,219
2021	5,394,670
2022	5,951,493
2023	3,227,358
Thereafter	12,122,633
Unamortized transaction costs	(168,966)
	<u>35,148,833</u>

12. Events after the reporting period

On January 31, 2019, the Partnership issued \$1,258,050 worth of limited partnership units.

13. Partners' capital

The Partnership's authorized capital consists of an unlimited number of limited partnership units and the interests held by the General Partner.

0.01%, to a maximum of \$100, of comprehensive income or loss is allocated to the General Partner.

99.99% of comprehensive income or loss is allocated to the limited partners on a pro rata basis in accordance with their proportionate unit share.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

13. Partners' capital (Continued from previous page)

The following units are outstanding at December 31, 2018:

	Units	Amount
General partnership units		
Outstanding, beginning of year	1	274
Share of earnings	-	100
Outstanding, end of year	1	374
Limited partnership units		
Outstanding, beginning of year	1,267,792	16,322,297
Units issued	405,394	5,298,900
Distributions	-	(897,624)
Reinvested Distributions	50,284	664,693
Redemption of partnership units	(63,290)	(820,825)
Share of earnings	-	2,762,253
Total outstanding, end of year	1,660,180	23,329,694
Contributed surplus		
Outstanding, beginning of year		44,747
Penalty for early redemption of partnership units		11,750
Total outstanding, end of year		56,497
	1,660,181	23,386,565

The following units were outstanding at December 31, 2017:

	Units	Amount
General partnership units		
Outstanding, beginning of year	1	174
Share of earnings	-	100
Outstanding, end of year	1	274
Limited partnership units		
Outstanding, beginning of year	772,864	9,380,835
Units issued	484,615	5,952,831
Distributions	-	(523,917)
Reinvested Distributions	32,963	405,896
Redemption of partnership units	(22,650)	(280,127)
Share of earnings	-	1,386,779
Total outstanding, end of year	1,267,792	16,322,297
Contributed surplus		
Outstanding, beginning of year		33,963
Penalty for early redemption of partnership units		10,784
Total outstanding, end of year		44,747
	1,267,793	16,367,318

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

14. Revenue

	2018	2017
Rent	2,937,167	2,153,991
Sign	17,394	13,600
Parking	4,455	15,840
Additional rent insurance	3,756	-
Tenant incentive amortization	(3,327)	(2,927)
Other income	1,000	3,060
Rental income	2,960,445	2,183,564
 Additional rent	 653,618	 425,243
Additional rent property tax	758,484	588,468
 Additional rent	 1,412,102	 1,013,711

15. Financial instruments

The Partnership as part of its operations carries a number of financial instruments. It is management's opinion that the Partnership is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Partnership manages exposure through consideration of the interest rate environment when making the decision regarding fixed rates and terms for its mortgage.

The Partnership is exposed to interest rate price risk with respect to its twelve interest bearing mortgages with carrying values of \$35,148,831 (2017 - \$27,177,178), which are subject to fixed interest rates between 3.00% and 4.13% and mature in the next 2 to 5 years. The Partnership has the option to renegotiate all loans at the end of five years. This risk is mitigated by locking into fixed interest rates.

The fair value of the mortgages at December 31, 2018 is approximately \$32,653,691 (2017 - \$25,409,913).

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The Partnership mitigates the credit risk associated with cash by holding it at reputable Canadian financial institutions. Credit risk with respect to trade and other receivables is mitigated by performing regular credit assessments of its potential tenants.

The trade and other receivables are neither past due nor impaired, and the Partnership expects to receive full payment by the due date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in generating funds to meet cash flow commitments associated with financial instruments. To manage this risk, the Partnership consistently maintains a sufficient level of liquid assets.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31, 2018

16. Capital management

The Partnership's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for limited partners.

The Partnership sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements. The Company defines its capital structure as partners' capital.

17. Related parties

The following are entities that are related parties to the Partnership. There were no transactions between these related parties and the Partnership during the year and no balances are owing to these related parties at years-end. All balances receivable from these related parties are described in note 8.

Name of related party	Nature of commitment
0952905 B.C. Ltd.	Related by virtue of common officers and directors
RealStream General Partner Inc.	Related by virtue of common officers and directors
RealStream (Timberline Village) Inc.	Subsidiary
RealStream (1111 Braidwood) Inc.	Subsidiary
Realstream (519 5th Street) Inc.	Subsidiary
Realstream (190 Wallace) Inc.	Subsidiary
Realstream (345 Wallace) Inc.	Subsidiary
RealStream (420 Albert) Inc.	Subsidiary
RealStream (8175 Dallas Drive) Inc.	Subsidiary
RealStream (488 Albert) Inc.	Subsidiary
RealStream (730 Grant) Inc.	Subsidiary
RealStream (961 England) Inc.	Subsidiary
535167 B.C. Ltd.	Subsidiary
Oaner Holdings Ltd.	Related by virtue of common officers and directors
Quando Holdings Ltd.	Related by virtue of common officers and directors
1021938 BC Ltd.	Related by virtue of common officers and directors

The following are related parties for which there were transactions during the year:

1) RealStream Asset Management Inc. ("RSAM") is related by virtue of common officers and directors. RSAM is responsible for the management of the day-to-day operations and providing financing services, asset management services and supervision of property management services to the Partnership. Under an asset management agreement, RSAM is entitled to a fee equal to 1.5% per annum of the gross asset value balance of assets under management, calculated and payable monthly. In 2018, asset management fees of \$741,829 (2017 - \$526,659) were paid to RSAM. Included in trade and other payables is \$78,850 (2017 - \$122,121) owing to RSAM.

2) DeLuca Veale Investment Counsel Inc. ("DVIC") is related by virtue of common officers and directors. DVIC holds 1 limited partnership unit in the Partnership. DVIC provides general office and administrative services to the Partnership for a monthly fee allocated by DVIC. In 2018, the Partnership paid DVIC selling, general and administration fees of \$12,000 (2017 - \$12,000), which are included in office expenses on the non-consolidated income statement. Included in trade and other payables is \$11,305 (2017 - \$nil) owing to DVIC.

RealStream Income Properties Limited Partnership
Non-Consolidated Financial Statements
December 31, 2017

RealStream Income Properties Limited Partnership

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Independent Auditors' Report

To the Partners of RealStream Income Properties Limited Partnership

We have audited the accompanying non-consolidated financial statements of RealStream Income Properties Limited Partnership, which comprise the non-consolidated statements of financial position as at December 31, 2017 and December 31, 2016, the non-consolidated income statements and non-consolidated statements of partners' capital and cash flows for the years then ended, and notes, comprising of a summary of significant accounting policies and other explanatory information. The non-consolidated financial statements have been prepared by management to meet the requirements of National Instrument 45-106 *Prospectus and Registration Exemptions*, based on the financial reporting framework specified in subsection 3.2(3) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants*.

General Partner's Responsibility for the Non-Consolidated Financial Statements

RealStream General Partner Inc. (the "General Partner") is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions*, based on the financial reporting framework specified in subsection 3.2(3) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants*, and for such internal control as the General Partner determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of RealStream Income Properties Limited Partnership as at December 31, 2017 and December 31, 2016, and its non-consolidated financial performance and cash flows for the years then ended, in accordance with National Instrument 45-106 *Prospectus and Registration Exemptions*, based on the financial reporting framework specified in subsection 3.2(3) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants*.

Basis of Accounting and Restriction on User

Without modifying our opinion, we draw attention to Note 2 to the non-consolidated financial statements, which describes the basis of accounting. The non-consolidated financial statements are prepared to assist RealStream Income Properties Limited Partnership to meet the requirements of National Instrument 45-106 *Prospectus and Registration Exemptions*, based on the the financial reporting framework specified in subsection 3.2(3) of National Instrument 52-107 *Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants*. As a result, the non-consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the partners and potential partners of RealStream Income Properties Limited Partnership and the British Columbia Securities Commission, and should not be used by parties other than the partners and potential partners of RealStream Income Properties Limited Partnership or the British Columbia Securities Commission.

Courtenay, British Columbia

March 22, 2018

MNP LLP

Chartered Professional Accountants

RealStream Income Properties Limited Partnership

Non-Consolidated Statements of Financial Position

As at December 31

	2017	2016
Assets		
Current		
Cash	770,475	208,635
Trade and other receivables	81,433	91,348
Security deposits	11,468	14,378
Prepaid expenses and deposits (Note 6)	293,858	203,363
Advances to related parties (Note 7)	9,336	21,624
Promissory note receivable from related party	-	35,108
	1,166,570	574,456
Non-current		
Investment in related parties (Note 8)	17	14
Tenant inducement	25,853	-
Investment properties (Note 9)	42,669,000	25,901,000
Total assets	43,861,440	26,475,470
Liabilities		
Current		
Trade and other payables	265,413	224,551
Security deposits	21,362	16,292
Goods and Services Tax payable	30,169	17,282
Deferred revenue	-	62,960
Current portion of mortgages (Note 10)	808,469	440,785
	1,125,413	761,870
Non-current		
Mortgages (Note 10)	26,368,709	16,298,628
Total liabilities	27,494,122	17,060,498
Events after the reporting period (Note 15)		
Partners' Capital (Note 11)	16,367,318	9,414,972
	43,861,440	26,475,470

Approved on behalf of the Board

Director

RealStream Income Properties Limited Partnership

Non-Consolidated Income Statements

For the year ended December 31

	2017	2016
Revenue		
Rental income (Note 9)	2,183,564	1,273,366
Additional rent (Note 9)	1,013,711	513,114
Interest	1,363	734
	3,198,638	1,787,214
Operating costs		
Advertising and promotion	462	1,240
Asset management expense (Note 13)	526,659	304,306
Bad debts	1,309	-
Interest on mortgages	778,040	484,912
Interest on promissory note payable to related party	-	7,415
Office	37,046	16,172
Professional fees	83,842	44,090
Property operating costs (Note 9)	1,067,210	568,139
	2,494,568	1,426,274
Operating profit	704,070	360,940
Fair value adjustment of investment properties (Note 9)	682,809	162,483
Comprehensive income for the year	1,386,879	523,423
Total comprehensive income attributable to:		
RealStream General Partner Inc.	100	52
Limited Partners	1,386,779	523,371
	1,386,879	523,423

The accompanying notes are an integral part of these non-consolidated financial statements

RealStream Income Properties Limited Partnership
Non-Consolidated Statements of Partners' Capital
For the year ended December 31

	2017	2016
RealStream General Partner Inc.		
Balance, beginning of year	174	122
Share of earnings (Note 11)	100	52
Balance, end of year	274	174
Limited Partners		
Balance, beginning of year	9,380,835	5,635,429
Partner contributions (Note 11)	5,952,831	3,943,500
Redemption of partnership units (Note 11)	(280,127)	(679,261)
Cash distributions to partners (Note 11)	(118,021)	(42,204)
Share of earnings (Note 11)	1,386,779	523,371
Balance, end of year	16,322,297	9,380,835
Contributed Surplus		
Balance, beginning of year	33,963	-
Contributed surplus (Note 11)	10,784	33,963
Balance, end of year	44,747	33,963
	16,367,318	9,414,972

The accompanying notes are an integral part of these non-consolidated financial statements

RealStream Income Properties Limited Partnership

Non-Consolidated Statements of Cash Flows

For the year ended December 31

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Comprehensive income for the year	1,386,879	523,423
Purchases of investment properties (<i>Note 9</i>)	(16,115,191)	(11,678,184)
Fair value adjustment of investment properties (<i>Note 9</i>)	(682,809)	(162,483)
Non-cash adjustment to investment properties (<i>Note 9</i>)	30,000	(16,333)
Amortization of transaction costs	-	35,737
Increase in tenant inducement	(25,853)	-
Repayment of promissory note receivable from related party	35,108	(155,108)
Change in working capital:		
Decrease (increase) in trade and other receivables	9,915	(88,270)
Decrease (increase) in security deposit assets	2,910	(14,378)
Increase in prepaid expenses and deposits	(90,495)	(75,624)
Increase in trade and other payables	40,860	133,352
Increase in security deposit liabilities	5,070	16,292
Decrease (increase) in deferred revenue	(62,960)	62,960
Increase in Goods and Services Tax payable	12,889	8,541
Cash flows used in operating activities	(15,453,677)	(11,410,075)
Financing activities		
Advances from (to) related parties	12,285	(2,231)
Partner contributions	5,952,831	3,943,500
Redemption of partnership units paid in cash	(269,343)	(645,298)
Cash distributions to partners	(118,021)	(42,204)
Proceeds of mortgage loan financing	11,242,922	8,456,799
Repayment of mortgage loan financing	(805,157)	(300,833)
Cash flows provided by financing activities	16,015,517	11,409,733
Increase (decrease) in cash	561,840	(342)
Cash, beginning of year	208,635	208,977
Cash, end of year	770,475	208,635

The accompanying notes are an integral part of these non-consolidated financial statements

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

1. Reporting entity

The partnership agreement for RealStream Income Properties Limited Partnership (the "Partnership") was entered into by the initial limited partner and RealStream General Partner Inc. (the "General Partner") under the jurisdiction of the Province of British Columbia on December 19, 2013. The Partnership is domiciled in Canada.

The address of the Partnership's registered office is #230 - 1829 Beaufort Avenue, Comox, British Columbia.

The principal purpose of the Partnership is to raise capital through the issuance of limited partnership units in order to invest in Canadian real estate.

The Partnership is not subject to income tax. Income earned is allocated to the partners based on their agreed upon rates, and is ultimately taxed (if applicable) in the hands of each partner. As such, no consideration for income taxes has been accounted for in these non-consolidated financial statements.

2. Statement of compliance

The non-consolidated financial statements have been prepared to meet the requirements of National Instrument 45-106, *Prospectus and Registration Exemptions*, based on the financial reporting framework specified in subsection 3.2(3) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards, for financial statements delivered by registrants*, being International Financial Reporting Standards prepared without consolidation of interests in controlled entities.

The non-consolidated financial statements were approved by the Board of Directors and authorized for issue on March 22, 2018.

3. Basis of preparation

Basis of measurement

The non-consolidated financial statements have been prepared on the historical cost basis except as otherwise noted. The significant accounting policies are set out in Note 4.

Functional and presentation currency

These non-consolidated financial statements are presented in Canadian dollars, which is the Partnership's functional currency.

4. Summary of significant accounting policies

The following significant accounting policies have been adopted in the preparation of these non-consolidated financial statements.

Investment property

Investment property is investment interests in land and buildings held to earn rental income, for capital appreciation, or both.

Rental income and operating expenses from investment property are presented within revenue and expenses respectively.

The Partnership follows IAS 40 "Investment Properties" and has chosen the fair value method of presenting investment properties in the non-consolidated financial statements.

Investment property is initially recognized at cost, including transaction costs. Cost comprises its purchase price and any directly attributable expenditures. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at each reporting date, with any gain or loss arising from a change in fair value recognized in profit or loss for the year.

Fair value of investment property is determined by an accredited independent appraiser holding recognized and relevant professional qualifications and recent experience in the location and category of investment property being valued. Annual updates of fair value are determined by management when there has not been a recent independent appraisal.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

4. Summary of significant accounting policies (Continued from previous page)

Investment property is derecognized upon disposal or permanent withdrawal from use with no expectation of future economic benefits on disposal. Any gain/loss on disposal or retirement of investment property is determined as the difference between the net proceeds on disposal and its carrying amount at that date, and is recognized in profit or loss for the year of disposal or retirement.

Tenant inducement and leasing costs

Tenant inducements represent expenditures that tenants are contracted to incur, for which the Partnership is responsible. Leasing costs are comprised of leasing commissions and legal fees, which are incurred for the negotiation of lease contracts.

Borrowing costs

Borrowing costs directly attributable to the acquisition of a qualifying asset that necessarily takes a substantial period of time to reach the state of its intended use or sale are capitalized as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. When borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion.

Provisions

A provision is recognized, if, as a result of a past event, the Partnership has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. If the time value of money is material, provisions are discounted using a current rate that reflects the risk profile of the liability, and the increase to the provision due to the passage of time will be recognized as interest expense.

Allocation of comprehensive income or comprehensive loss

Comprehensive income or loss of the Partnership from the ordinary course of operations will be allocated as follows:

- Firstly, the General Partner shall be allocated 0.01% of the comprehensive income or loss of the Partnership to a maximum of \$100 per annum; and,
- Secondly, the balance of comprehensive income or loss shall be allocated to the limited partners, pro rata in accordance with their respective proportionate shares.

To the extent that comprehensive income or loss arises from matters other than the ordinary course of operations, comprehensive income or loss will be allocated as follows:

- Firstly, the General Partner shall be allocated 0.01% of the comprehensive income or loss of the Partnership to a maximum of \$100 per annum;
- Secondly, if the limited partners have not received repayment in full of the cash proceeds, limited partners shall be allocated the comprehensive income or loss, pro rata in accordance with their respective income shares, until they have received repayment of the cash proceeds in full; and,
- Thirdly, the balance of comprehensive income or loss shall be allocated to the limited partners, pro rata in accordance with their respective proportionate shares.

Revenue recognition

Rents are recognized as revenue on an accrual basis, based on the terms of the related lease agreements. Recoveries from tenants for property operating costs and property taxes are recognized as revenue during the period in which the applicable costs are incurred.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

4. Summary of significant accounting policies (Continued from previous page)

Financial instruments

Financial assets at fair value through profit or loss:

The Partnership's financial assets at fair value through profit or loss are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Financial assets at fair value through profit or loss are subsequently measured at their fair value. Net gains or losses arising from changes in fair value are recognized immediately in profit or loss.

The Partnership has classified cash and investments in related parties as fair value through profit or loss.

Loans and receivables:

The Partnership has classified the following financial assets as loans and receivables: trade and other receivables, security deposits, advances to related parties, and promissory note receivable from related party. These assets are initially recognized at their fair value, less directly attributable transaction costs. Fair value is determined by reference to recent arm's length market transactions for the same instrument/approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability.

Other financial liabilities:

The Partnership has classified the following financial liabilities as financial liabilities measured at amortized cost: trade and other payables, security deposits, and mortgages. These liabilities are initially recognized at their fair value less directly attributable transaction costs. Fair value is determined by reference to recent arm's length market transactions for the same instrument/approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which other financial liabilities are measured less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

Liabilities and equity:

The Partnership classifies financial instruments based on the substance of the instrument. The distributions that have been given to holders of the instruments classified as equity instruments have been recorded by the Partnership directly in equity.

Fair value of all financial assets and liabilities

The carrying amount of cash, trade and other receivables, advances to related parties, promissory note receivable from related party, trade and other payables, and security deposits approximate their fair value due to the short-term nature of these financial instruments.

The fair value of mortgages is determined by calculating the present value of all future mortgage payments, using the market rate for similar mortgages as at December 31, 2017.

Impairment of financial assets

At each reporting date, the Partnership assesses whether there is objective evidence that a financial asset is impaired. If a financial asset carried at amortized cost is impaired, the amount of the loss is measured as the difference between amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instruments original effective interest rate. The loss is recognized in impairment expense.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

4. Summary of significant accounting policies (Continued from previous page)

New accounting policies

The Partnership did not adopt any new IFRS standards during the year ended December 31, 2017.

Standards issued but not yet effective

The Partnership has not yet applied the following new standards, interpretations and amendments to standards that have been issued after January 1, 2017 but are not yet effective. Unless otherwise stated, the Partnership does not plan to early adopt any of these new or amended standards and interpretations.

IFRS 9 Financial instruments

The final version of IFRS 9 (2014) was issued in July 2014 as a complete standard including the requirements for classification and measurement of financial instruments, the new expected loss impairment model and the new hedge accounting model. IFRS 9 (2014) will replace IAS 39 *Financial instruments: recognition and measurement*. IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018. The Partnership has not yet determined the impact of the standard on its non-consolidated financial statements.

IFRS 15 Revenue from contracts with customers (New)

In May 2014, the International Accounting Standard Board ("IASB") issued a new International Financial Reporting Standard ("IFRS") on the recognition of revenue from contracts with customers which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board ("AcSB") in February 2015. IFRS 15 specifies how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The Section provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The five steps are:

- 1) Identify the contract(s) with the customer.
- 2) Identify the performance obligation(s) in the contract.
- 3) Determine the transaction price.
- 4) Allocate the transaction price to each performance obligation in the contract.
- 5) Recognize revenue when (or as) the entity satisfies a performance obligation.

The standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Partnership has not yet determined the impact of this standard on its non-consolidated financial statements.

IFRS 16 Leases (New)

In January 2016, the IASB issued a new IFRS on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the AcSB in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. The Partnership has not yet determined the impact of the standard on its non-consolidated financial statements.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

4. Summary of significant accounting policies (Continued from previous page)

Separate Financial Statements

In accordance with National Instrument 45-106, *Prospectus and Registration Exemptions*, based on the financial reporting framework specified in subsection 3.2(3) of National Instrument 52-107, *Acceptable Accounting Principles and Auditing Standards for financial statements delivered by registrants*, the Company has not consolidated its subsidiaries. A summary of entities that are controlled by the Partnership is as follows:

	Jurisdiction	Ownership Interest
RealStream (Timberline Village) Inc.	British Columbia	100%
RealStream (1111 Braidwood) Inc.	British Columbia	100%
RealStream (519 5th Street) Inc.	British Columbia	100%
RealStream (190 Wallace) Inc.	British Columbia	100%
RealStream (345 Wallace) Inc.	British Columbia	100%
RealStream (420 Albert) Inc.	British Columbia	100%
RealStream (8175 Dallas Drive) Inc.	British Columbia	100%
RealStream (488 Albert) Inc.	British Columbia	100%

Significant accounting judgments and estimates

The preparation of the Partnership's non-consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these judgments and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The judgments and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

a. Judgments

In the process of applying the Partnership's accounting policies, the General Partner has made the following critical judgments, which have the most significant effects on the amounts recognized in the non-consolidated financial statements:

i) Asset acquisitions

The Partnership acquires individual investment properties. At the time of acquisition, the Partnership considers whether or not the acquisition represents the acquisition of a business. The Partnership accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the property (e.g., maintenance, cleaning, security, bookkeeping, etc.).

When the acquisition of a property does not represent a business, it is accounted for as an acquisition of an asset. The cost of the acquisition comprises its purchase price and any directly attributable expenditure.

In 2017, the Partnership acquired three properties. Management recorded all three properties as an acquisition of investment properties. In management's judgment, none of the properties acquired in 2017 represented the acquisition of a business.

ii) Operating lease contracts

The Partnership has entered into leases with tenants. The Partnership has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of the investment properties and accounts for the leases as operating leases.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

4. Summary of significant accounting policies (Continued from previous page)

b. Estimates

The significant areas of estimation include the following:

i) Valuation of investment properties

The fair value of investment properties is determined by independent real estate valuation experts. Annual updates of fair value are determined by management when there has not been a recent independent appraisal. For further discussion of the determination of fair value of investment properties, refer to note 5.

5. Determination of fair values of non-financial assets and liabilities

A number of accounting policies and disclosures for financial and non-financial assets and liabilities require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Investment property

The fair value of the investment properties has been valued by an external, independent valuation company with appropriate recognized professional qualifications and recent experience in the location and category of property held being valued. Annual updates of fair value are determined by management when there has not been a recent independent appraisal.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between willing parties at an arm's length transaction after proper marketing and negotiation wherein the parties had each acted knowledgeably, prudently and without compulsion.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (based on factors such as tenant profiles, future revenue streams and overall repair and condition of the property), capitalization rates and discount rates applicable to those assets. These estimates are based on market conditions existing at the reporting date.

If current prices are unavailable in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows. A yield which reflects the specific risks inherent in the net cash flows is applied to value Partnership's investment property.

The following approaches, either individually or in combination, are used by management, together with the appraisals, in their determination of the fair value of the investment properties:

The Income Capitalization Approach derives market value by estimating the future cash flows that will be generated by the property and then applying an appropriate capitalization rate or discount rate to those cash flows. This approach can utilize the direct capitalization method and/or the discounted cash flow analysis.

The Direct Comparison Approach involves comparing or contrasting the recent sale, listing or optioned prices of properties comparable to the subject and adjusting for any significant differences between them.

Management reviews each appraisal obtained and ensures the assumptions used by the appraisers are reasonable and the final fair value amount reflects those assumptions used in the various approaches above. Where an appraisal is not obtained at the reporting date, management reviews the approaches described above, for each investment property, and estimates a fair value.

The significant assumptions used in estimating the fair value of investment property are set out in Note 9.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

5. Determination of fair values of non-financial assets and liabilities *(Continued from previous page)*

The Partnership classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Partnership to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy. Cash has been measured using Level 1 inputs. Investments in related parties and investment properties have been measured using Level 3 inputs.

6. Prepaid expenses and deposits

	2017	2016
Prepaid insurance	27,568	12,317
Prepaid property taxes	211,059	169,846
Prepaid contracts	5,101	-
Deposits held in trust	50,130	21,200
	293,858	203,363

7. Advances to related parties

	2017	2016
Crackerjack Holdings Ltd. - related by virtue of common officers and directors	-	20,697
RealStream General Partner Inc. - related by virtue of common officers and directors	1,858	-
RealStream (Timberline Village) Inc. - a 100% subsidiary of the Partnership	1,522	-
RealStream (1111 Braidwood) Inc. - a 100% subsidiary of the Partnership	2,179	927
RealStream (519 5th Street) Inc. - a 100% subsidiary of the Partnership	1,259	-
RealStream (190 Wallace) Inc. - a 100% subsidiary of the Partnership	1,259	-
RealStream (345 Wallace) Inc. - a 100% subsidiary of the Partnership	1,259	-
	9,336	21,624

Balances receivable from related parties are unsecured, non-interest bearing and due on demand.

8. Investment in related parties

	2017	2016
RealStream (1111 Braidwood) Inc.	10	10
RealStream (Timberline Village) Inc.	1	1
Realstream (519 5th Street) Inc.	1	1
Realstream (345 Wallace) Inc.	1	1
Realstream (190 Wallace) Inc.	1	1
RealStream (420 Albert) Inc.	1	-
RealStream (8175 Dallas Drive) Inc.	1	-
RealStream (488 Albert) Inc.	1	-
	17	14

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

9. Investment properties

Investment property includes:

- the Timberline Village Shopping Centre situated at 801 Hilchey Road in Campbell River, B.C.;
- the veterinary facility situated at 1111 Braidwood Road in Courtenay B.C.;
- the office building situated at 519 - 5th Street in Courtenay, B.C.;
- the office building situated at 190 Wallace Street in Nanaimo, B.C.;
- the office building situated at 345 Wallace Street in Nanaimo, B.C.;
- the office building situated at 420 Albert Street in Nanaimo, B.C.;
- the distribution warehouse building situated at 8175 Dallas Drive in Kamloops, B.C.; and,
- the office building situated at 488 Albert Street in Nanaimo, B.C.

These properties are held to earn rental income and capital appreciation.

Changes to the carrying amount of investment property from the beginning to the end of the financial year are as follows:

	2017	2016
At fair value		
Balance, beginning of year	25,901,000	14,044,000
Additions	16,115,191	11,678,184
Leasing costs	(30,000)	16,333
Fair value adjustments to investment property	682,809	162,483
Balance, end of year	42,669,000	25,901,000

During the year ended December 31, 2017, \$3,197,275 (2016 – \$1,786,480) of rental income and additional rent from investment property was recognized in revenue. \$1,067,210 (2016 – \$568,139) of direct operating expense relating to investment property was recognized in property operating costs of which \$2,853 (2016 – \$18,684) was incurred on property not generating rental income in the current year.

Significant assumptions

The significant assumptions made relating to the valuations are set out below:

	Capitalization Rate	Vacancy Allowance	Sales price per square foot
- Timberline Village	6.00%	1.00%	\$24 (Range \$15 - \$34)
- 1111 Braidwood	6.60%	3.00%	\$25 (Range \$21 - \$25)
- 519 - 5th St.	6.75%	7.00%	\$11 (Range \$ 6 - \$17)
- 190 Wallace St.	6.25%	4.00%	\$13 (Range \$ 8 - \$26)
- 345 Wallace St.	6.13%	3.00%	\$25 (Range \$15 - \$26)
- 420 Albert St.	6.25%	3.00%	\$11 (Range \$11 - \$12)
- 8175 Dallas Dr..	6.50%	2.00%	\$ 8 (Range \$ 8 - \$9)
- 488 Albert St.	5.75%	2.00%	\$16 (Range \$16 - \$17)

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

10. Mortgages

	2017	2016
Institution Mortgage Capital Limited Partnership; mortgage on Timberline Village property. Repayable in monthly instalments of \$35,711, including interest at 3.68% with an interest maturity date of September 1, 2019 and a maturity date of September 1, 2041, secured by a registered first charge over the property with a fair value of \$11,500,000 (2016 - \$11,153,000).	6,747,996	6,898,609
Island Savings, a division of First West Credit Union; mortgage on 1111 Braidwood Road, Courtenay, B.C. Repayable in monthly instalments of \$7,760, including interest at 3.5% with an interest maturity date of May 1, 2020 and a maturity date of May 1, 2020, secured by a registered first charge over the property with a fair value of \$3,368,000 (2016 - \$3,195,000).	1,432,153	1,468,719
Island Savings, a division of First West Credit Union; mortgage on 1111 Braidwood Road, Courtenay, B.C. Repayable in monthly instalments of \$1,161, including interest at 3.3% with an interest maturity date of May 1, 2021 and a maturity date of May 1, 2021, secured by a registered first charge over the property with a fair value of \$3,368,000 (2016 - \$3,195,000).	226,865	233,199
Vancity; mortgage on 519-5th St., Courtenay, B.C. Repayable in monthly instalments of \$2,576, including interest at 3.40% with an interest maturity date of February 10, 2021 and a maturity date of February 10, 2021, secured by a registered first charge over the property with a fair value of \$925,000 (2016 - \$820,000).	493,517	506,616
Vancity; mortgage on 190 Wallace St., Nanaimo, B.C. Repayable in monthly instalments of \$8,528, including interest at 3.35% with an interest maturity date of June 1, 2021 and a maturity date of June 1, 2021, secured by a registered first charge over the property with a fair value of \$2,754,000 (2016 - \$2,683,000).	1,653,204	1,695,611
Coastal Community Credit Union; mortgage on 345 Wallace St., Nanaimo, B.C. Repayable in monthly instalments of \$30,064, including interest at 3.45% with an interest maturity date of August 1, 2021 and a maturity date of August 1, 2021, secured by a registered first charge over the property with a fair value of \$8,135,000 (2016 - \$8,050,000).	5,789,506	5,936,659
Island Savings, a division of First West Credit Union; mortgage on 420 Albert St., Nanaimo, B.C. Repayable in monthly instalments of \$3,779, including interest at 3.40% with an interest maturity date of October 6, 2022 and a maturity date of October 6, 2022, secured by a registered first charge over the property with a fair value of \$1,012,000.	618,366	-
First West Credit Union; mortgage on 8175 Dallas Drive, Kamloops, B.C. Repayable in monthly instalments of \$24,460, including interest at 3.00% with an interest maturity date of July 1, 2021 and a maturity date of July 1, 2021, secured by a registered first charge over the property with a fair value of \$6,850,000.	4,919,389	-
Island Savings, a division of First West Credit Union; mortgage on 488 Albert St., Nanaimo, B.C. Repayable in monthly instalments of \$29,877, including interest at 3.40% with an interest maturity date of September 28, 2022 and a maturity date of July 1, 2021, a maturity date of September 28, 2022, secured by a registered first charge over the property with a fair value of \$8,125,000.	5,296,182	-
	27,177,178	16,739,413
Less: current portion	808,469	440,785
	26,368,709	16,298,628

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

10. Mortgages *(Continued from previous page)*

Included in the mortgages payable is the related unamortized mortgage transaction costs of \$184,452 as at December 31, 2017 (2016 - \$164,104) which are amortized over the term of the mortgages, using the effective interest rate method.

The mortgages payable are subject to the following covenants:

- Timberline Village Mortgage
 - No covenants
- 1111 Braidwood Mortgages
 - No covenants
- 515 5th Street Mortgage
 - Minimum debt service coverage ratio must not be less than 1.2
 - Covenant met - Ratio was 3.98 in 2017
- 190 Wallace Mortgage
 - Minimum debt service coverage ratio must not be less than 1.2
 - Covenant met - Ratio was 3.26 in 2017
- 345 Wallace Mortgage
 - No covenants
- 420 Albert Mortgage
 - No covenants
- 8175 Dallas Mortgage
 - No covenants
- 488 Albert Mortgage
 - No covenants

Principal repayments on the mortgages in each of the next five years, and thereafter are estimated as follows:

2018	808,469
2019	823,417
2020	2,125,357
2021	12,380,959
2022	5,253,112
Thereafter	5,970,316
Unamortized transaction costs	(184,452)
	27,177,178

11. Partners' capital

The Partnership's authorized capital consists of an unlimited number of limited partnership units and the interests held by the General Partner.

0.01%, to a maximum of \$100, of comprehensive income or loss is allocated to the General Partner.

99.99% of comprehensive income or loss is allocated to the limited partners on a pro rata basis in accordance with their proportionate unit share.

RealStream Income Properties Limited Partnership
Notes to the Non-Consolidated Financial Statements
For the year ended December 31

11. Partners' capital *(Continued from previous page)*

The following units are outstanding at December 31, 2017:

	Units	Amount
General partnership units		
Outstanding, beginning of year	1	174
Share of earnings	-	100
Outstanding, end of year	1	274
Limited partnership units		
Outstanding, beginning of year	772,864	9,380,835
Units issued	484,615	5,952,831
Distributions at \$0.125 per unit	-	(523,917)
Reinvested Distributions	32,963	405,896
Redemption of partnership units	(22,650)	(280,127)
Share of earnings	-	1,386,779
Total outstanding, end of year	1,267,792	16,322,297
Contributed surplus		
Outstanding, beginning of year		33,963
Penalty for early redemption of partnership units		10,784
Total outstanding, end of year		44,747
	1,267,793	16,367,318

The following units were outstanding at December 31, 2016:

	Units	Amount
General partnership units		
Outstanding, beginning of year	1	122
Share of earnings	-	52
Outstanding, end of year	1	174
Limited partnership units		
Outstanding, beginning of year	470,455	5,635,429
Units issued	337,035	3,943,500
Distributions at \$0.125 per unit	-	(323,307)
Reinvested Distributions	24,040	281,103
Redemption of partnership units	(58,666)	(679,261)
Share of earnings	-	523,371
Total outstanding, end of year	772,864	9,380,835
Contributed surplus		
Outstanding, beginning of year		-
Penalty for early redemption of partnership units		33,963
Total outstanding, end of year		33,963
	772,865	9,414,972

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

12. Financial instruments

The Partnership as part of its operations carries a number of financial instruments. It is management's opinion that the Partnership is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Partnership manages exposure through consideration of the interest rate environment when making the decision regarding fixed rates and terms for its mortgage.

The Partnership is exposed to interest rate price risk with respect to its nine interest bearing mortgages with carrying values of \$27,177,178 (2016 - \$16,739,413), which are subject to fixed interest rates between 3.00% and 3.68% and mature in the next 2 to 5 years. The Partnership has the option to renegotiate all loans at the end of five years. This risk is mitigated by locking into fixed interest rates.

The fair value of the mortgages at December 31, 2017 is approximately \$25,409,913 (2016 - \$17,076,553).

Credit risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The Partnership mitigates the credit risk associated with cash by holding it at reputable Canadian financial institutions. Credit risk with respect to trade and other receivables is mitigated by performing regular credit assessments of its potential tenants.

The trade and other receivables are neither past due nor impaired, and the Partnership expects to receive full payment by the due date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. To manage this risk, the Partnership consistently maintains a sufficient level of liquid assets.

RealStream Income Properties Limited Partnership

Notes to the Non-Consolidated Financial Statements

For the year ended December 31

13. Related parties

The following are entities that are related parties to the Partnership. There were no transactions between these related parties and the Partnership during the year and no balances are owing to these related parties at year-end. All balances receivable from these related parties are described in note 7.

Name of related party	Nature of commitment
0952905 B.C. Ltd.	Related by virtue of common officers and directors
RealStream General Partner Inc.	Related by virtue of common officers and directors
RealStream (Timberline Village) Inc.	Subsidiary
RealStream (1111 Braidwood) Inc.	Subsidiary
Realstream (519 5th Street) Inc.	Subsidiary
Realstream (190 Wallace) Inc.	Subsidiary
Realstream (345 Wallace) Inc.	Subsidiary
RealStream (420 Albert) Inc.	Subsidiary
RealStream (8175 Dallas Drive) Inc.	Subsidiary
RealStream (488 Albert) Inc.	Subsidiary
Oaner Holdings Ltd.	Related by virtue of common officers and directors
Quando Holdings Ltd.	Related by virtue of common officers and directors
1021938 BC Ltd.	Related by virtue of common officers and directors

The following are related parties for which there were transactions during the year:

1) RealStream Asset Management Inc. ("RSAM") is related by virtue of common officers and directors. RSAM is responsible for the management of the day-to-day operations and providing financing services, asset management services and supervision of property management services to the Partnership. Under an asset management agreement, RSAM is entitled to a fee equal to 1.5% per annum of the gross asset value balance of assets under management, calculated and payable monthly. In 2017, asset management fees of \$526,659 (2016 - \$304,306) were paid to RealStream Asset Management Inc.

2) DeLuca Veale Investment Counsel Inc. ("DVIC") is related by virtue of common officers and directors. DVIC holds 1 limited partnership unit in the Partnership. DVIC provides general office and administrative services to the Partnership for a monthly fee allocated by DVIC. In 2017, the Partnership paid DVIC selling, general and administration fees of \$12,000 (2016 - \$12,000), which are included in office expenses on the non-consolidated income statement.

14. Capital management

The Partnership's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for limited partners.

The Partnership sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets, as well as with consideration of externally imposed capital requirements. The Company defines its capital structure as partners' capital.

15. Events after the reporting period

On January 31, 2018, the Partnership issued 99,685 limited partnership units in the amount of \$1,228,842. In addition, on January 31, 2018, the Partnership redeemed 45,311 limited partnership units in the amount of \$585,833.

On March 15, 2018, the Partnership purchased 730 Grant Ave in Courtenay, BC for \$2,470,000.

RealStream Income Properties Limited Partnership
Notes to the Non-Consolidated Financial Statements

For the year ended December 31

16. Comparative figures

Certain prior year figures have been reclassified to conform to the current year's presentation.

RealStream Income Properties Limited Partnership

Comparative Balance Sheet

	3/31/2019	3/31/2018
ASSET		
Total Current Assets	<u>4,352,394.48</u>	<u>1,461,036.57</u>
Prepaid Assets and Reserves		
Property Tax Instalment	317,920.27	311,199.26
Prepaid Contracts	155.94	3,167.50
Insurance Prepaid	33,190.60	33,041.78
Security Deposit	<u>12,031.76</u>	<u>10,594.46</u>
Total Prepaid Assets and Reserves	<u>363,298.57</u>	<u>358,003.00</u>
Capital Assets		
Property Assets	56,703,000.00	46,764,000.00
Potential Property Purchases	234,174.22	0.00
Tenant Incentive Amortization	73,125.10	25,121.50
Leasing Cost Amortization	<u>11,470.20</u>	<u>4,378.80</u>
Capital Assets Total	<u>57,021,769.52</u>	<u>46,793,500.30</u>
TOTAL ASSET	<u><u>61,737,462.57</u></u>	<u><u>48,612,539.87</u></u>
LIABILITY		
Current Liabilities		
Accounts Payable	238,630.09	190,371.83
Tenant Prepayment of Property Taxes	4,693.55	0.00
Tenant Rent/Security Deposits	68,562.00	22,660.04
Total Accrued Liabilities	237,816.20	192,630.40
Operating Expense Surplus/Deficit	<u>-35,032.33</u>	<u>10,769.21</u>
Total Current Liabilities	<u>514,669.51</u>	<u>416,431.48</u>
Long Term Liabilities		
Mortgages	35,069,074.95	30,077,119.05
Loan Acquisition Costs	-154,234.77	-192,406.81
Due to/from Related Parties	<u>-16,011.00</u>	<u>-9,336.00</u>
Total Long Term Liabilities	<u>34,898,829.18</u>	<u>29,875,376.24</u>
TOTAL LIABILITY	<u><u>35,413,498.69</u></u>	<u><u>30,291,807.72</u></u>

EQUITY**Equity**

General Partner Equity-opening bala	264.34	164.34
Payments to Partners	-418,675.44	-185,744.61
Equity Ownership in Related Parties	-10.00	-7.00
Limited Partnership Distributions	-1,590,980.52	-926,288.31
General Partner Contribution	10.00	10.00
Deluca Veale Inves Inc Contribution	10.00	10.00
Limited Partnership Equity	23,835,140.00	17,194,902.22
Un-issued Units	1,403,375.00	443,400.00
Current Earnings	275,980.35	362,656.81
Retained Earnings	2,818,850.15	1,431,628.70
Total Equity	<u>26,323,963.88</u>	<u>18,320,732.15</u>
 TOTAL EQUITY	 <u>26,323,963.88</u>	 <u>18,320,732.15</u>
 LIABILITIES AND EQUITY	 <u>61,737,462.57</u>	 <u>48,612,539.87</u>

RealStream Income Properties Limited Partnership

Comparative Income Statement

	2019-01-01 to 2019-03-31	2018-01-01 to 2018-03-31
REVENUE		
Operating Revenue		
Total Rent Received	875,123.05	682,076.42
Additional Rent	181,883.25	150,279.23
Additional Rent Property Tax	210,944.85	173,327.32
Additional Rent Parking	3,960.00	4,055.00
Additional Rent Insurance	1,012.74	902.25
Total Additional Rent	397,800.84	328,563.80
Sign	6,225.00	4,275.00
Parking	550.00	0.00
Tenant Incentive Amortization	-1,881.30	-731.70
Interest/Dividend Income	5,152.89	2,525.34
Total Operating Revenue	1,282,970.48	1,016,708.86
Fair Market Adjustment		
FMV Adjustment	-16,780.42	148,756.34
Total Fair Market Adjustment	-16,780.42	148,756.34
TOTAL REVENUE	1,266,190.06	1,165,465.20
EXPENSE		
Operating Expenses		
Property Tax	220,250.01	174,316.62
Insurance	16,664.07	12,196.22
OE Air Conditioning and Heat	14,549.55	9,848.14
OE Building Improvements	8,757.37	0.00
OE Common Area Maintenance	12,249.06	11,090.77
OE Dues and Licenses	241.00	0.00
OE Electrical/Plumbing/Carpentry	6,739.98	2,767.75
OE Exterior Repair	0.00	2,883.65
OE Elevator	5,384.99	3,408.54
OE Fire & Safety Equipment/Monitor	6,073.41	2,558.57
OE Garbage Removal	5,345.12	5,138.59
OE Grounds Maintenance	9,127.48	6,850.82
OE Janitor Supplies and Labour	13,092.41	9,101.02
OE Parking Lot Maintenance	531.55	0.00
OE Parking	5,352.50	3,960.00
OE Property Management	32,171.25	31,382.59
OE Maintenance	5,605.44	2,726.13
OE Security	6,264.62	11,705.05

OE Snow and Ice Removal	32,122.75	18,104.75
OE Telephone	0.00	1,601.73
OE Utilities	43,372.90	40,826.83
OE Estimate	0.00	1,715.86
Operating Expense Adjustment	-46,094.62	-23,619.83
Total Operating Expenses Expenses	<u>397,800.84</u>	<u>328,563.80</u>

Expense

Accounting	22,424.00	32,991.00
Bank Charges	341.55	294.10
Dues and Subscriptions	0.00	100.00
Legal	6,792.92	4,680.22
Leasing Cost Amortization	395.40	147.60
Mortgage Interest	319,614.91	229,314.69
Loan Acquisition Costs Amortization	17,901.01	15,584.64
Office Supplies	228.70	25.00
Partnership Asset Mgmt Expense	221,874.63	170,833.99
LP Portion of OE Unrecoverable	-164.25	17,173.35
Research and Info	0.00	100.00
SG&A Expense	3,000.00	3,000.00
Total Expense	<u>592,408.87</u>	<u>474,244.59</u>

TOTAL EXPENSE	<u>990,209.71</u>	<u>802,808.39</u>
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NET INCOME	<u>275,980.35</u>	<u>362,656.81</u>
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RealStream Income Properties Limited Partnership

Comparative Cash Flows

	2019-01-01 to 2019-03-31	2018-01-01 to 2018-03-31
Cash Flows from (used in) Operating Activities		
Net Income (Loss)	\$275,980.35	\$362,656.81
<i>Adjustments to reconcile net income to net cash provided by (used in) operating activities:</i>		
Amortization, Depreciation, and Depletion		
Leasing Cost Amortization	\$395.40	\$147.60
Loan Acquisition Costs Amortization	\$17,901.01	\$15,584.64
Loss		
LP Portion of OE Unrecoverable	-\$164.25	\$17,173.35
(Gain)		
FMV Adjustment	\$16,780.42	-\$148,756.34
Decrease (Increase) in Operating Assets		
Deposits Held in Trust	\$10,000.00	\$50,130.00
Equitex Owners Account	\$25,620.60	-\$37,256.14
Coast Capital Business	-\$6.00	
Property Tax Instalment	-\$105,495.00	-\$100,140.00
Insurance Prepaid	\$587.33	-\$10,000.03
Security Deposit		\$873.27
Building Cost	-\$16,780.42	-\$3,946,243.66
FMV Adjustment	\$16,780.42	-\$148,756.34
Potential Property Purchases	-\$234,174.22	
Tenant Incentive Amortization	-\$40,598.70	\$731.70
Leasing Cost Amortization	\$395.40	\$147.60
Accounts Receivable	\$19,596.54	\$30,714.65
Accounts Receivable - Property Tax	-\$98,104.50	-\$79,377.81
Increase (Decrease) in Operating Liabilities		
GST Collected		-\$45,041.58
GST Paid on Purchases	\$101.68	\$412,372.85
Self assessed GST		-\$397,500.00
Tenant Rent/Security Deposits		\$1,298.00
Accrued Property Tax	\$220,250.01	\$179,220.40
Rent Prepaid	-\$42,946.62	
Accounting Audit Accrued	-\$40,230.00	-\$22,350.00
Operating Expense Surplus/Deficit	-\$46,094.62	\$1,234.12
Mortgages	-\$248,721.92	\$2,715,489.07
Loan Acquisition Costs	\$14,731.13	-\$7,955.31
Due to/from Related Parties	-\$70.50	
Accounts Payable	-\$25,259.63	-\$29,742.66
Net Cash provided by (used in) Operating Activities	-\$279,526.09	-\$1,185,345.81

Cash Flows from (used in) Investing Activities

(Amortization and Depreciation already recognized)	-\$18,296.41	-\$15,732.24
Gain		
FMV Adjustment	-\$16,780.42	\$148,756.34
(Loss)		
LP Portion of OE Unrecoverable	\$164.25	-\$17,173.35
Net Cash provided by (used in) Investing Activities	-\$34,912.58	\$115,850.75

Cash Flows from (used in) Financing Activities***Increase in Equity***

Payments to Partners	\$78,829.11	\$78,289.25
Limited Partnership Distributions	\$4,209.57	
Limited Partnership Equity	\$1,258,050.00	\$2,949,376.32
Un-issued Units	\$3,015,297.84	\$2,743,175.00

(Decrease) in Equity

Payments to Partners	-\$78,829.11	-\$78,289.25
Limited Partnership Distributions	-\$4,209.57	-\$1,802,015.85
Un-issued Units	-\$1,611,922.84	-\$2,299,775.00
Net Cash provided by (used in) Financing Activities	\$2,661,425.00	\$1,590,760.47

Increase (Decrease) in Cash and Cash Equivalents

\$2,346,986.33	\$521,265.41
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Cash and Cash Equivalents at Beginning of Period

\$1,712,450.24	\$761,807.09
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Cash and Cash Equivalents at End of Period

\$4,059,436.57	\$1,283,072.50
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**ITEM 13
DATE AND CERTIFICATE**

Dated "April 26th, 2019 "

This Offering Memorandum does not contain a misrepresentation.


General Partner



Jonathan Veale



Richard DeLuca



James Stewart

Manager



Jonathan Veale



Richard DeLuca



James Stewart