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**No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Amended and Restated Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 "Risk Factors".**

**This Amended and Restated Offering Memorandum amends and restates the offering memorandum of the Issuer dated November 7, 2017 (the "Original Offering Memorandum").**

## AMENDED AND RESTATED OFFERING MEMORANDUM WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP

Date: April 30, 2018

### THE ISSUER

Name: Western Canadian Properties Group XII Limited Partnership (the "Issuer")

Head office: #205 - 930 Harbourside Drive, North Vancouver, British Columbia  
V7P 3S7  
Phone: (604) 980-8470  
Email: steeledave@shaw.ca  
Fax: (604) 648-8615

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: Class A2 Units (the "**Class A2 Units**"). For clarity, the offering of Class A1 Units ("**Class A1 Units**") made pursuant to the Original Offering Memorandum (as hereinafter defined) has been completed.

See Section 5.1 for more information.

Price per security: \$1.00 per Class A2 Unit.

See Section 5.1 for more information.

Minimum/Maximum offering: The maximum offering is for \$30,000,000 less the amount raised pursuant to the offering of Class A1 Units and Class B Units, for a total maximum offering of \$22,425,000. **There is no minimum**

**offering. You may be the only purchaser. Funds available under the Offering Memorandum may not be sufficient to accomplish our proposed objectives.**

Minimum subscription amount: \$25,000 minimum per investor. Subscriptions over \$25,000 will be accepted in increments of \$1,000 only.

Payment terms: All payments for Class A2 Units must be made by certified cheque or bank draft and be payable to the Issuer.

20% of the subscription price for Class A2 Units is due on June 14, 2018 (the "**Initial A2 Capital Contribution Date**"). 80% of the subscription price for Class A2 Units is due on a date to be determined by the General Partner, currently anticipated to be October 31, 2018 (the "**Additional A2 Capital Contribution Date**").

See Item 5.2 "Subscription Procedure" for further information.

Proposed closing date: The closing date for the Class A1 Units issued pursuant to the Original Offering Memorandum occurred on March 15th, 2018 and April 6th, 2018, and the closing date for the Class A2 Units is anticipated to occur on June 14, 2018 and the date to be determined by the General Partner, currently anticipated to be October 31, 2018. See Item 5.2 "Subscription Procedure" for further information.

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

Selling agent: Yes, see Item 7.

## **Resale Restrictions**

You will be restricted from selling your securities for an indefinite period. See Item 5.1 "Terms of Securities" and Item 10 "Resale Restrictions".

## **Purchaser's Rights**

You have two (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 "Purchaser's Rights".

## FORWARD-LOOKING STATEMENTS

This Amended and Restated Offering Memorandum contains statements based on "**forward-looking information**" within the meaning of Canadian securities legislation (collectively, "**forward-looking statements**"), including with respect to the ability of the Issuer to raise all funds necessary to carry out the Project, the availability of construction financing, the total term of the Project, the timeline for the completion of the Project, the dates or timelines for the Project's various component steps, the number and type of dwelling units proposed to be constructed, the timeline and process for receiving the various approvals contemplated in respect of the Project, the amount and percentage return on capital to be received by investors at the conclusion of the Project, the level of investor profit, the level of return, and an investor's return on investment. These forward-looking statements are made as of the date of this Amended and Restated Offering Memorandum.

In certain cases, forward-looking statements can be identified by use of words such as "**believe**," "**intend**," "**may**," "**will**," "**should**," "**plans**," "**anticipates**," "**believes**," "**potential**," "**intends**," "**expects**," "**intention**" and other similar expressions. Forward-looking statements reflect our current expectations and assumptions as of the date of the statements, and are subject to a number of known and unknown risks, uncertainties and other factors, many of which are beyond the Issuer's control, which may cause our actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

Investors are advised to carefully review and consider the risk factors identified in this Amended and Restated Offering Memorandum under Item 8 "**Risk Factors**" for a discussion of the factors that could cause actual results, performance and achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking statements.

These risks, uncertainties and other factors include, but are not limited to: risks associated with an investment in the Class A2 Units; risks associated with the Issuer; and risks associated with the Issuer's business and the development of the Project including all third-party approvals necessary in connection therewith.

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements include that: interest rates and the sales and rental markets for newly constructed strata lots and apartments in the City of Surrey and the Metro Vancouver Area, British Columbia, in which the Project is located, remaining relatively stable; the servicing, construction and development of the Project proceeding in accordance with the anticipated schedule; all necessary municipal zoning designations and required government or regulatory permits, approvals or other authorizations being obtained within the timeframe and at the cost currently contemplated; the construction and development of the Project occurring within the timeframe and budget contemplated; the absence of labour disputes or delays in the construction and development of the Project; the absence of environmental liabilities not known as of the date of this Amended and Restated Offering Memorandum; the level and amount of preconstruction soft costs for the Project remaining within the estimated levels; the level of ongoing operating costs remaining stable; and the interest of institutions and/or individual purchasers in the Project and the cap rate and/or individual purchase prices at which those purchasers would be interest in buying the Project at. These assumptions should be considered carefully by investors. Investors are cautioned not to place undue influence on the forward-looking statements or assumptions on which forward-looking statements are based.

Investors are further cautioned that the foregoing list of assumptions is not exhaustive and it is recommended that prospective investors consult the more complete discussion of the Issuer's business included in this Amended and Restated Offering Memorandum.

Although the Issuer believes that the assumptions on which the forward-looking statements are made are reasonable, based on information available to the Issuer on the date such statements were made, no assurances can be made as to whether these assumptions will prove to be correct. Accordingly, readers should not place undue reliance on forward-looking information. The Issuer does not undertake to update any forward-looking information except as, and to the extent, required by applicable Canadian securities laws. The forward-looking statements contained in this Amended and Restated Offering Memorandum are expressly qualified by this cautionary statement.

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## ITEM 1 - USE OF AVAILABLE FUNDS

### 1.1 Funds

The following table discloses the estimated gross proceeds of the Offering and the estimated net proceeds that will be available to the Issuer after the Offering.

		Minimum Offering <sup>(1)</sup>	Maximum Offering
A	Amount to be raised by this Offering	Nil	\$22,425,000
B	Selling commissions and fees		(\$1,121,250)
C	Estimated offering costs <sup>(2)</sup>	(\$50,000)	(\$50,000)
D	Available funds: $D = A - (B + C)$		\$21,253,750 <sup>(3)</sup>
E	Additional sources of funding required		Nil
F	Working capital deficiency		Nil
G	Total: $G = (D + E) - F$		\$21,253,750

Notes:

- (1) There is no minimum offering.
- (2) Estimated legal, accounting, audit, marketing, investor tours, information meetings, marketing materials, design and printing, travel and administrative expenses. These offering costs will be incurred regardless of the amount raised by this Offering.
- (3) Additional sources of funding will be required for the Issuer to carry out the Project. The Issuer intends to seek out suitable construction financing in order to carry out the construction. See Item 8 - "Risk Factors".

### 1.2 Use of Available Funds

The Issuer intends to use the net proceeds of the Offering as follows:

Use of Available Funds	Minimum Offering <sup>(1)</sup>	Maximum Offering
To commence and, together with 3rd party financing as described elsewhere, the subscription price paid for Class A1 Units, and the subscription price paid for Class B Units, complete the design, construction marketing and potentially sale or leasing of a 210-unit strata condominium building <sup>(2)</sup>		\$22,425,000
Total:		\$22,425,000

Notes:

- (1) There is no minimum offering.
- (2) The Available Funds will not be sufficient to carry out the Project. Additional funds will be required. See Item 8 - "Risk Factors".

### 1.3 Reallocation

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

## ITEM 2 - BUSINESS OF THE ISSUER

### 2.1 Structure

The Issuer is a limited partnership formed pursuant to the British Columbia *Partnership Act* on November 6, 2017. Its general partner is WCPG Highland Properties Ltd. (the "**General Partner**"), a British Columbia company. The head and principal office of the Issuer and its

General Partner is located at 205 - 930 Harbourside Drive, North Vancouver, British Columbia V7P 3S7.

The Issuer is governed by a limited partnership agreement dated November 6, 2017, as amended from time to time (the "**Limited Partnership Agreement**").

#### *Term*

The term for which the Issuer is to exist will expire upon the earlier of:

- the disposition of all of the assets of the Issuer and final distribution of the proceeds therefrom in accordance with the terms of the Limited Partnership Agreement;
- the bankruptcy, dissolution (except dissolution as a consequence of merger, amalgamation, consolidation or other corporate re-organization) or winding-up of the General Partner, or the occurrence of an event which would permit a trustee or receiver to acquire control of the affairs of the General Partner during the term of the Limited Partnership Agreement, unless the General Partner is replaced, pursuant to the Limited Partnership Agreement, within one hundred twenty (120) days of the date of such occurrence; or
- the consent of the General Partner and the passing of a special resolution approving the dissolution or winding up of the Issuer.

#### *Limited Partnership Units*

The limited partnership units of the Issuer are divided into Class A1 Units, Class A2 Units, Class A3 Units, Class B Units and Class C Units (collectively the "**Units**"). 5,950,000 Class A1 Units and 1,625,000 Class B Units have been issued as of the date of this Amended and Restated Offering Memorandum. For clarity, only the Class A2 Units are being offered for sale pursuant to this Amended and Restated Offering Memorandum. See Item 5.1 "Terms of Securities" for a detailed description of the Units.

#### *Removal of the General Partner*

The Limited Partners of the Issuer may, by unanimous resolution, and only with cause, remove the General Partner and appoint a new person to be the general partner, and without limiting the generality of the foregoing, upon the occurrence of any of the following events:

- the adjudication of the General Partner as bankrupt or the appointment of a receiver of the assets and undertaking of the General Partner;
- the dissolution, winding-up or liquidation of the General Partner;
- the General Partner making an assignment for the benefit of creditors;
- the General Partner failing to perform its duties hereunder in a material and substantive manner and then only if the General Partner does not remedy or correct its failure to perform, within a reasonable period of time of receiving notice of such failure to perform;
- and, in all cases, only if the Issuer's limited partners appoint by Special Resolution, concurrently with such removal, a person to act as general partner who, from the date of

such removal, assumes all of the responsibilities and obligations of the removed general partner, including without limitation, liabilities with regard to financing provided to the Issuer.

Upon the appointment of a new general partner, the removed General Partner will cease to be the general partner of the Issuer and, if the removed General Partner is a holder of Units, will be regarded as a Limited Partner with effect as of and from the date the removed General Partner ceased to be the general partner. In any event such General Partner will also be entitled to be paid the balance in its capital account as of the effective date of removal, such payment to be made on the effective date of removal.

## 2.2 Our Business

The Issuer's sole business is to acquire a 100% interest in the Project Lands and the Personal Property (each as hereinafter defined and together the "**Property**") located in the City of Surrey, British Columbia, which the Issuer completed on March 29, 2018, and will thereafter be to construct, market and sell a new building containing approximately 210 residential strata condominium units (the "**Project Strata Lots**") constructed over secured underground parking, on the Project Lands, and to conduct such other businesses and activities that are necessary or incidental to the foregoing or that can be conveniently carried on in relation to the foregoing including, without limitation, at the discretion of the General Partner, renting out the Existing Apartment Units (as hereinafter defined) and/or retaining ownership of some or all of the Project Strata Lots and renting them out for the purpose of deriving income therefrom (all of which is collectively the "**Project**").

The civic address of the Project Lands is as follows:

13265 104th Avenue, Surrey, B.C.

The legal description of the subject lands is as follows:

PID: 001-095-269      LOT 174 SECTION 22 BLOCK 5 NORTH RANGE 2 WEST  
NEW WESTMINSTER DISTRICT PLAN 39842 (the  
"**Project Lands**")

### Property Closing

On March 29, 2018 (the "**Property Completion Date**"), the Issuer completed the purchase of the Project Lands and certain other assets including all improvements constructed on the Project Lands, including a residential apartment building consisting of 57 residential apartment units (the "**Existing Apartment Units**") and other personal property as described in the Purchase Contract (the "**Personal Property**" and together with the Project Lands and the Existing Apartment Units, the "**Property**"). The Issuer paid a purchase price of \$13,650,000 for the Property, together with property transfer tax and other reasonable closing costs ordinarily paid in commercial transactions similar to the purchase of the Property.

On the Property Completion Date, the Issuer entered into a nominee and agency agreement (the "**Nominee Agreement**") with both Accorde WCPG Lots 12 Ltd. and Accorde WCPG Lots 12 (B) Ltd. (collectively the "**Nominees**") whereby the Nominees agreed to hold registered title to the Project Lands for and on behalf of the Issuer. The Nominees' sole shareholder is the General Partner, and the Nominees' sole directors are David Steele and Edward Archibald. Pursuant to the terms of the Nominee Agreement, the Issuer has agreed to indemnify and hold

the Nominees harmless for any liability incurred pursuant to the Nominees' role as nominee and agent for and on behalf of the Issuer. The Nominees may only deal with registered title to the Project Lands as directed by the Issuer.

The Existing Apartment Units are currently occupied by individual tenants. The Issuer took possession of the Property, including the Existing Apartment Units, free and clear of registered and unregistered legal notations, charges, liens, interests, claims, judgments, charges, caveats, encumbrances and tenancies whatsoever save and except for the tenants in place as of the Property Completion Date. The Issuer intends to continue renting the Existing Apartment Units to tenants until such time as the City of Surrey has indicated that a demolition or other permit authorizing the demolition of the Existing Apartment Units and the commencement of construction of the Project is forthcoming. The Issuer has engaged First Services Residential B.C. Ltd., doing business as Firstservice Residential (the "**Property Manager**"), as the manager, receiver and general agent of the Project Lands, including the Existing Apartment Units, and has agreed to pay the Property Manager a property management fee in the amount of 2.80% of the gross revenue derived from the operation of the Project Lands.

#### Project Lands - Zoning

The Lands are currently zoned under the City of Surrey Zoning Bylaw No. 12000 as RM-45 (Multiple Residential 45 Zone). See Item 8 "Risk Factors".

#### Project Financing

In order to finance the acquisition of the Property, the Issuer obtained acquisition financing from B.E.S. Investments Ltd. in the amount of \$7,500,000 (the "**First Acquisition Loan**") and acquisition financing from Stan Milacek in the amount of \$2,500,000 (the "**Second Acquisition Loan**") and collectively with the First Acquisition Loan, the "**Acquisition Loans**").

The First Acquisition Loan is secured by a mortgage and assignment of rents registered against the Project Lands in favour of B.E.S. Investments Ltd. together with additional security collateral thereto including, without limitation, several guarantees made by David Steele and Edward Archibald (collectively the "**First Acquisition Loan Security**"). The First Acquisition Loan is made for a term of 18 months, with interest chargeable at a fixed rate of 5.75%, and is closed for repayment for a term of 12 months.

The Second Acquisition Loan is secured by a mortgage and assignment of rents registered against the Project Lands in favour of Stan Milacek together with additional security collateral thereto including, without limitation, several guarantees made by David Steele and Edward Archibald (collectively the "**Second Acquisition Loan Security**"). The Second Acquisition Loan is made for a term of 18 months, with interest chargeable at a fixed rate of 8.00%, and is closed for repayment for a term of 12 months.

B.E.S. Investments Ltd. and Stan Milacek are related persons, and there are cross-default provisions amongst the First Acquisition Loan Security and the Second Acquisition Loan Security providing that any default under either of the First Acquisition Loan or the Second Acquisition Loan constitutes a default under the other, and both Acquisition Loans will be repayable upon a default thereunder.

The agreement governing the First Acquisition Loan is hereinafter referred to as the "**First Acquisition Loan Commitment**" and the agreement governing the Second Acquisition Loan is hereinafter referred to as the "**Second Acquisition Loan Commitment**".

In order to finance the construction of the Project, the Issuer will seek to obtain construction financing from a third party lender (the "**Construction Loan**") in the amount of approximately \$53,000,000. It is anticipated that a portion of the Construction Loan will be used to repay the amount owing under the Acquisition Loans. It is anticipated that a mortgage will be placed on the Project Lands and other collateral security taken by the lender as security for the Construction Loan. As at the date of this Amended and Restated Offering Memorandum, no commitment letter has been issued in connection with the Construction Loan. There can be no guarantee or assurance that the Issuer will obtain the Construction Loan on terms acceptable to it or at all. See Item 8 "Risk Factors".

*Management of the Project – General*

WCPG and Accorde (104th) have entered into a project management agreement with the Issuer (the "**Project Management Agreement**") for the purpose of setting out the terms of the management of the Project. The Project Management Agreement delegates many of the responsibilities in carrying out the Project to WCPG and Accorde (104th) including each of the following:

- (a) subject to Issuer approval, making initial arrangements to obtain the Construction Loan;
- (b) supervise, manage and complete the construction of the Project in accordance with the Project budget;
- (c) attend to all marketing and sales activities in respect of the Project Strata Lots, including but not limited to engaging marketing and sales staff in connection therewith;
- (d) supervise, manage and complete the sales and marketing plan for the Project Strata Lots;
- (e) oversee the preparation, execution and filing of all legal documents required in connection with the marketing and sale of the Project Strata Lots, including any required disclosure statement and any amendments thereto and all related strata corporation and *Strata Property Act* (British Columbia) documents;
- (f) coordinate and supervise rectification of all deficiencies in connection with the completion of construction of the Project;
- (g) make application to and negotiate with the City of Surrey and other applicable authorities for all necessary municipal Project approvals;
- (h) negotiate and organize all documents and plans required to create the Project Strata Lots and in that regard, to engage surveyors and other consultants;
- (i) demolition of any existing improvements on the Project Lands;
- (j) oversee construction and completion of foundations, framing, exterior and interior walls, windows, floors, roof, plumbing, electrical and fire protection systems and the balance of the Project by WCCC and issuance of an occupancy permit in respect of the Project Strata Lots and the Project by the City of Surrey;

- (k) arrange for supply of temporary services and site facilities site hoardings, access, storage areas, temporary power and lighting, and security for materials and personnel;
- (l) ensure compliance with all laws, zoning, building and other bylaws and legal requirements of any body having authority over the Project applicable to the use, ownership, servicing, development or construction of the Project; and
- (m) guide the design of the Project.

The Project Management Agreement reserves many key Project decisions for the Issuer including each of the following:

- (a) approval of the Project budget, Project construction schedule and Project plans and specifications;
- (b) any material changes to the Project budget, Project construction schedule and Project plans and specifications provided that any change which results in an expenditure not provided in such Project budget, Project construction schedule and Project plans and specifications in excess of \$75,000 for a particular change order related to a budget category, with the aggregate of such additional expenditures not to exceed 5% of the total project budget in any one year period;
- (c) the choice of construction contractors and the terms of the Construction Management Contract;
- (d) the final form and terms of the Construction Loan;
- (e) the terms and conditions of any sale, syndication, or refinancing of the Project or any component thereof, including the Project Strata Lots; and
- (f) distribution of income or profit or cash flow, except with respect to such expenditures permitted under the Project Management Agreement.

The Project Management Agreement will provide that in consideration for the provision of project management services by WCPG and Accorde (104th), the Issuer will pay WCPG and Accorde (104th) project management fees (the "**Project Management Fees**") in the amount of 4% of gross revenues for the Project.

#### Construction of the Project - General

The Issuer intends to enter into a CCDC5B Contract (the "**Construction Management Contract**") with Western Canadian Construction Company ("**WCCC**") whereby WCCC will manage the construction of the Project.

WCCC is a British Columbia company of which David Steele is a director and Principal Holder.

Construction of the Project is subject to municipal approvals, including the issuance of a development permit and one or more building permits from the City of Surrey authorizing the construction of the Project. It is anticipated that the City of Surrey may impose terms and conditions for the issuance of the necessary approvals and permits. As at the date of this Amended and Restated Offering Memorandum, no application has been made to the City of

Surrey. There can be no guarantee or assurance that the application for municipal approval will be made or approved. See Item 8 "Risk Factors".

It is anticipated that construction of the Project will take approximately 37 months to complete from the Completion Date. It is expected that construction will not commence until the first half of 2019.

### Completion of the Project

Upon completion of the construction of the Project, the Issuer intends to seek third party purchasers for the Project Strata Lots to be constructed as part thereof. Notwithstanding the foregoing, the Issuer reserves the right to seek suitable tenants for the Project with a view to earning rental income and deriving profit therefrom. In the event the Issuer elects to seek suitable tenants for the Project, the Issuer also intends to seek to obtain financing that will retire the Construction Loan (the "**Take Out Financing**"). As at the date of this Amended and Restated Offering Memorandum, the Issuer has not entered into any commitments with respect to such financing, and there can be no guarantee or assurance that such financing will be obtained, on terms and conditions acceptable to the Issuer or at all. See Item 8 "Risk Factors".

## **2.3 Development of Business**

The Issuer is newly formed as of November 6, 2017, with the sole business objective of acquiring an interest in the Project Lands (which has been completed as previously described), developing the Project, selling the Project Strata Lots and/or renting out the Project Strata Lots, all with a view to deriving profit therefrom.

As described in Item 2.2 under the heading Property Closing, the Issuer has entered into the Nominee Agreement.

As described in Item 2.2 under the heading Management of the Project – General, the Issuer has entered into the Project Management Agreement.

The Issuer has not yet entered into the Construction Management Contract.

The Issuer has been offering the Units to accredited investors and family, friends and business associates of the Principal Holders of the General Partner, without an Amended and Restated Offering Memorandum (the "**Concurrent Financing**"). The Issuer will offer these same ♦ Class A2 Units pursuant to the Concurrent Financing, together with an additional 15,000,000 Units.

## **2.4 Long Term Objectives**

The Issuer has set out the following long term objectives:

- To carry out the Project and complete construction of the Project, including renting out the Existing Apartment Units as market circumstances dictate;
- To sell the Project Strata Lots; and
- To potentially rent out some or all of the Project Strata Lots as market circumstances dictate, and in such event to obtain the Take Out financing;

## **2.5 Short Term Objectives and How We Intend to Achieve Them**

The Issuer's short-term objectives over the next 12 month period are as follows:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete (\$)
Raise capital as described in this Amended and Restated Offering Memorandum	October 31, 2018, subject to the Issuer's discretion	\$1,171,250
Rent out the Existing Apartment Units as described in Item 2.2 above for the purpose of deriving income therefrom	From Property Completion Date until January 2019	Nil
Apply for approval for the construction of the Project	November 30, 2018	Included in commencement of construction of the Project
Obtain Construction Loan	April 15, 2019	Included in commencement of construction of the Project
Commence construction of the Project	During 2019	\$1,092,000

## 2.6 Insufficient Funds

The funds available from the Offering will not be sufficient to accomplish all of the Issuer's proposed objectives. To complete the acquisition of the Property and to complete the Project, the following proceeds will be necessary:

- (a) Subscriptions from the Concurrent Financing, which when added together with the funds raised pursuant to the issuance of Class A1 Units completed pursuant to the Original Offering Memorandum and the funds raised pursuant to the issuance of Class A2 Units pursuant to this Amended and Restated Offering Memorandum, will equal as much as \$45,000,000 (assuming completion of the maximum offering);
- (b) The Construction Loan for approximately \$53,000,000;

As at the date of this Amended and Restated Offering Memorandum, the Issuer has not obtained a commitment for the Construction Loan. There is no assurance or guarantee that the Issuer will be able to obtain the necessary Construction Loan on terms favorable to the Issuer, or at all. See Item 8 "Risk Factors".

## 2.7 Material Agreements

### Limited Partnership Agreement

The Issuer and the Units are governed by the Limited Partnership Agreement. A description of the Limited Partnership Agreement can be found in Item 2.1 "Structure" and further description of the Units can be found in Item 5.1 "Terms of Securities".

The Issuer intends to enter into the Construction Management Contract with related parties to the Issuer or the General Partner, all as described in Item 2.2 "Our Business".

In addition, the Issuer hopes to enter into a commitment letter for the Construction Loan at a future date.

Nominee Agreement

Please see Item 2.2 under the heading "Property Closing".

Project Management Agreement

Please see Item 2.2 under the heading "Management of the Project - General".

Construction Management Contract

Please see Item 2.2 under the heading "Construction of the Project - General".

First Acquisition Loan Commitment and First Acquisition Loan Security

Please see Item 2.2 under the heading "Project Financing".

Second Acquisition Loan Commitment and Second Acquisition Loan Security

Please see Item 2.2 under the heading "Project Financing".

### ITEM 3 - INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

#### 3.1 Compensation and Securities Held

The following table sets out the specified information about each director, officer, and promoter of the General Partner, and each person (a "**Principal Holder**") who, directly or indirectly, beneficially owns or controls 10% or more of: (a) any class of limited partnership units of the Issuer, or (b) any class of voting securities of the General Partner.

Name and municipality of principal residence	Positions held /date of obtaining position	Compensation anticipated to be paid in the current financial year	Number, type and % of securities of the Issuer or General Partner held after completion of Minimum Offering <sup>(1)</sup>	Number, type and % of securities of the Issuer or General Partner held after completion of Maximum Offering <sup>(1)</sup>
David Steele, North Vancouver, B.C.	Director and Principal Holder of the General Partner, October 17, 2017	Nil	150 Class A Common Voting Shares of the General Partner and 6 Class C Units of the Issuer	150 Class A Common Voting Shares of the General Partner and 6 Class C Units of the Issuer
Edward Archibald, Squamish, B.C.	Director and Principal Holder of the General Partner, October 17, 2017	Nil	100 Class A Common Voting Shares of the General Partner and 4 Class C Units of the Issuer	100 Class A Common Voting Shares of the General Partner and 4 Class C Units of the Issuer
Fresno Holdings Ltd., Vancouver, B.C.	Limited Partner	Nil	500,000 Class B Units of the Issuer	500,000 Class B Units of the Issuer
Pat Delesalle, West Vancouver, B.C.	Limited Partner	Nil	500,000 Class B Units of the Issuer	500,000 Class B Units of the Issuer
Y.M.F. Holdings Limited, Vancouver, B.C.	Limited Partner	Nil	500,000 Class B Units of the Issuer	500,000 Class B Units of the Issuer

Note:

(1) There is no minimum offering.

### 3.2 Management Experience

The principal occupations of the directors and executive officers of the General Partner over the past five years and any relevant experience in a business similar to the Issuers are set out in the following table.

Name	Principal occupation and related experience
David Steele	Mr. Steele has had an extensive entrepreneurial career in Canada and the United States. He has been involved in the purchase, conversion and sale of numerous residential real estate projects across Canada and the Western United States with property values well over \$500 Million. For the past five (5) years Mr. Steele has been the principal of Western Canadian Properties Group of Companies which has developed or redeveloped several multi-unit residential properties
Edward Archibald	Mr. Archibald is a development professional with over 12 years in the real estate industry. Mr. Archibald is the President of Accorde Properties Corp., which is currently developing/co-developing in excess of \$300 million in projects. During the last 5 years Edward served as VP Development for Adera Development Corporation, overseeing in excess of \$500 million in projects throughout the Lower Mainland. Prior to that Edward served as the Director of Development and Construction for Serracan Properties where he oversaw in excess of \$350 million of projects.

### 3.3 Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions that have been in effect during the last 10 years, or any cease trade orders that have been in effect for a period of more than 30 consecutive days during the past 10 years against: (i) a director, executive officer or control person of the Issuer; or (ii) an issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

There are no declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointments of a receiver, receiver manager or trustee to hold assets, that have been in effect during the last 10 years with regard to any: (i) director, executive officer or control person of the Issuer; or (ii) issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

### 3.4 Loans

As at the date of this Amended and Restated Offering Memorandum, none of the directors, management, promoters or Principal Holders of the Issuer or the General Partner is indebted or has been indebted to the Issuer or the General Partner.

## ITEM 4 - CAPITAL STRUCTURE

### 4.1 Share Capital

The following table sets out information with respect to the Issuer's authorized and issued capital as at the date of this Amended and Restated Offering Memorandum.

Description of security	Number authorized to be issued	Price per security (\$)	Number outstanding as at the date of this Amended and Restated Offering Memorandum	Number outstanding after Minimum Offering <sup>(1)(2)</sup>	Number outstanding after Maximum Offering <sup>(2)</sup>
Class A1 Units	N/A	\$1	5,950,000	Nil	45,000,000 (cumulative with A2, A3 and B Units)
Class A2 Units	N/A	\$1	Nil	Nil	45,000,000 (cumulative with A1, A3 and B Units)
Class A3 Units	N/A	\$1	Nil	Nil	45,000,000 (cumulative with A1, A2 and B Units)
Class B Units	N/A	\$1	1,625,000	Nil	45,000,000 (cumulative with A1, A2 and A3 Units)
Class C units	10	\$10	10	10	10

Notes:

- (1) There is no minimum offering.
- (2) An aggregate of 45,000,000 Class A1 Units, Class A2 Units, Class A3 Units and Class B Units will be offered in the Concurrent Financing.

## 4.2 Long Term Debt Securities

As at the date of this Amended and Restated Offering Memorandum, the Issuer's only long term debt is comprised of the Acquisition Loans.

The Issuer intends to obtain additional long term debt by way of the Construction Loan and potentially the Take Out Financing. As at the date of this Amended and Restated Offering Memorandum, there are no commitments for the Construction Loan or the Take Out Financing.

## 4.3 Prior Sales

As at the date of this Amended and Restated Offering Memorandum, the Issuer has sold ten (10) Class C Units, 5,950,000 Class A1 Units and 1,625,000 Class B Units.

# ITEM 5 - DESCRIPTION OF THE LIMITED PARTNERSHIP UNITS

## 5.1 Terms of Securities

A description of the Issuer's Class A1 Units, Class A2 Units, Class A3 Units, Class B Units and Class C Units is provided below, though only the Class A2 Units are offered under this Amended and Restated Offering Memorandum. The Issuer is offering an aggregate maximum of 45,000,000 Class A1 Units, Class A2 Units, Class A3 Units and Class B Units pursuant to the Concurrent Financing. All terms used in this Section 5.1 but not defined therein will have the meaning ascribed to them in the Limited Partnership Agreement, including that wherever reference is made to a "Class A Unit" or "Class A Limited Partner", such reference is intended to

refer to any or all of the Class A1 Units, Class A2 Units, Class A3 Units, Class A1 Limited Partners, Class A2 Limited Partners and Class A3 Limited Partners.

## 1. **The Class A1 Units**

The following provides a general discussion of the special rights and restrictions attached to the Class A1 Units.

### Priority Return of Class A Capital Contribution

Each Class A1 Unit entitles the Limited Partner holding such Class A1 Unit (the "**Class A Limited Partner**") to receive a return of their Class A1 Capital Contributions in priority to the return of the Class C Capital Contributions, prorata in accordance with the Class A ProRata Interests.

### Subscription Price

The subscription price payable for each Class A1 Unit was \$1.00.

### Payment of Subscription Price

The subscription price payable in respect of the issuance of Class A1 Units was due and payable on or before April 6, 2018.

### Meetings and Voting

Each Class A1 Unit entitles the holder thereof to one vote per Class A1 Unit.

Meetings of the Partners may be called at any time by the General Partner and will be called by the General Partner upon the written request of Class A Limited Partners holding in the aggregate not less than 50% of the outstanding Class A Units, and such request will specify the purposes for which such meeting is to be called. Any such meeting will be held in the City of Vancouver, British Columbia or such other place within British Columbia as the General Partner will designate. If the General Partner fails to convene a meeting upon any such request of Class A Limited Partners within a period of twenty-one (21) days after the giving of such request, the requesting Class A Limited Partners may convene such meeting and the notice calling such meeting will be signed by one or more of requesting Class A Limited Partners. Any meeting called by such requesting Class A Limited Partners will be conducted in accordance with the provisions of this Agreement.

Every question submitted to a meeting of the Issuer's partners will be decided by special resolution, with each holder of Class A Units entitled to one vote per Class A Unit. A "special resolution" means a resolution passed by the affirmative vote of partners entitled to vote on the resolution, in person or by proxy, or a written resolution signed in one or more counterparts by partners, holding in the aggregate not less than 75% of the Class A Units then outstanding.

## 2. **The Class A2 Units**

The following provides a general discussion of the special rights and restrictions attached to the Class A2 Units.

### Priority Return of Class A Capital Contribution

Each Class A2 Unit entitles the Limited Partner holding such Class A2 Unit (the "**Class A Limited Partner**") to receive a return of their Class A2 Capital Contributions in priority to the return of the Class C Capital Contributions, prorata in accordance with the Class A ProRata Interests.

Subscription Price

The subscription price for each Class A2 Unit will be between \$1.00 and \$2.00, as determined by the General Partner in its sole discretion. Notwithstanding the foregoing, the offering made hereunder is that the subscription price for each Class A2 Unit will be \$1.00.

Payment of Subscription Price

The subscription price payable in respect of the issuance of Class A2 Units will be due and payable as follows:

- (a) Each Class A2 Limited Partner will be required to advance 20% of their aggregate subscription price (such amount the "**Initial A2 Capital Contribution**") to the Limited Partnership on a date to be determined by the General Partner in its sole and absolute discretion (the "**Initial A2 Capital Contribution Date**"). The Initial A2 Capital Contribution Date is intended to be the date upon which the General Partner accepts a Class A2 subscription agreement from a subscriber.
- (b) Each Class A2 Limited Partner will be required to advance the balance of their aggregate subscription price (such amount the "**Additional A2 Capital Contribution**") to the Limited Partnership on the date which is 30 days after the General Partner delivers written notice (the "**Call Notice**") to such Class A2 Limited Partner informing them of the requirement to advance their Additional A2 Capital Contribution (the "**Additional A2 Capital Contribution Date**"). The General Partner currently anticipates that the Additional A2 Capital Contribution Date will be October 31, 2018.
- (c) All Additional A2 Capital Contributions will be credited to the Class A2 Limited Partner's Class A2 Capital Account on the Additional A2 Capital Contribution Date, and under no circumstances will the aggregate of the Initial A2 Capital Contribution and the Additional A2 Capital Contribution exceed a Class A2 Limited Partner's Capital Contribution Commitment.
- (d) Any Class A2 Limited Partner who fails to pay their Additional A2 Capital Contribution in accordance with the Call Notice and section 3.9 of the Limited Partnership Agreement shall be deemed to be a Defaulting Limited Partner, and the terms of Sections 15.2 and 15.4 of the Limited Partnership Agreement shall apply.

Meetings and Voting

Each Class A2 Unit entitles the holder thereof to one vote per Class A2 Unit.

Meetings of the Partners may be called at any time by the General Partner and will be called by the General Partner upon the written request of Class A Limited Partners holding in the aggregate not less than 50% of the outstanding Class A Units, and such request will specify the purposes for which such meeting is to be called. Any such meeting will be held in the City of Vancouver, British Columbia or such other place within British Columbia as the General Partner

will designate. If the General Partner fails to convene a meeting upon any such request of Class A Limited Partners within a period of twenty-one (21) days after the giving of such request, the requesting Class A Limited Partners may convene such meeting and the notice calling such meeting will be signed by one or more of requesting Class A Limited Partners. Any meeting called by such requesting Class A Limited Partners will be conducted in accordance with the provisions of this Agreement.

Every question submitted to a meeting of the Issuer's partners will be decided by special resolution, with each holder of Class A Units entitled to one vote per Class A Unit. A "special resolution" means a resolution passed by the affirmative vote of partners entitled to vote on the resolution, in person or by proxy, or a written resolution signed in one or more counterparts by partners, holding in the aggregate not less than 75% of the Class A Units then outstanding.

### 3. The Class A3 Units

The following provides a general discussion of the special rights and restrictions attached to the Class A3 Units.

#### Priority Return of Class A Capital Contribution

Each Class A3 Unit entitles the Limited Partner holding such Class A3 Unit (the "**Class A Limited Partner**") to receive a return of their Class A1 Capital Contributions in priority to the return of the Class C Capital Contributions, prorata in accordance with the Class A ProRata Interests.

#### Subscription Price

The subscription price for each Class A3 Unit will be between \$0.75 and \$2.00, as determined by the General Partner in its sole discretion. Neither the General Partner nor any of its principals, Affiliates or Related Parties (as those terms are defined in the Limited Partnership Agreement) will have the right to subscribe for Class A3 Units.

#### Payment of Subscription Price

The subscription price payable in respect of the issuance of Class A3 Units will be due and payable on dates to be determined by the General Partner in its sole and absolute discretion.

#### Meetings and Voting

Each Class A3 Unit entitles the holder thereof to one vote per Class A3 Unit.

Meetings of the Partners may be called at any time by the General Partner and will be called by the General Partner upon the written request of Class A Limited Partners holding in the aggregate not less than 50% of the outstanding Class A Units, and such request will specify the purposes for which such meeting is to be called. Any such meeting will be held in the City of Vancouver, British Columbia or such other place within British Columbia as the General Partner will designate. If the General Partner fails to convene a meeting upon any such request of Class A Limited Partners within a period of twenty-one (21) days after the giving of such request, the requesting Class A Limited Partners may convene such meeting and the notice calling such meeting will be signed by one or more of requesting Class A Limited Partners. Any meeting called by such requesting Class A Limited Partners will be conducted in accordance with the provisions of this Agreement.

Every question submitted to a meeting of the Issuer's partners will be decided by special resolution, with each holder of Class A Units entitled to one vote per Class A Unit. A "special resolution" means a resolution passed by the affirmative vote of partners entitled to vote on the resolution, in person or by proxy, or a written resolution signed in one or more counterparts by partners, holding in the aggregate not less than 75% of the Class A Units then outstanding.

#### 4. **The Class B Units**

The following provides a general discussion of the special rights and restrictions attached to the Class B Units.

##### Priority Return of Class B Capital Contribution

Each Class B Unit entitles the Limited Partner holding such Class B Unit (the "**Class B Partner**") to receive a return of their Class B Capital Contributions in priority to the return of the Class A Capital Contributions and the Class C Capital Contributions;

##### Class B Preferred Return

Each Class B Unit entitled the Class B Limited Partner to receive a preferred return on their Class B Capital Contribution in an amount equal to fourteen percent (14%) per annum annually, non-compounding, on such Class B Limited Partner's Class B Capital Contribution, adjusted from time to time pursuant to the provisions of the Limited Partnership Agreement, calculated on a pre-tax basis from the date on which such Class B Capital Contribution was paid to the Partnership until the date such Class B Capital Contribution is repaid to such Limited Partner in accordance with the terms of the Limited Partnership Agreement (the "**Class B Preferred Return**").

##### Subscription Price

The subscription price payable for each Class B Unit will be \$1.00.

##### Meetings and Voting

The Class B Units do not have the right to vote.

#### 5. **The Class C Units**

The following provides a general discussion of the special rights and restrictions attached to the Class C Units.

##### Meetings and Voting

The Class C Units do not have the right to vote.

##### Subscription Price

The subscription price payable for each Class C Unit will be \$10.00.

##### Payment of Subscription Price

The subscription price payable in respect of the issuance of Class A1 Units will be due and payable on November 6, 2017.

**6. The Class A1 Units, Class A2 Units, Class A3 Units, Class B Units and Class C Units**

The following provides a general discussion of the rights and restrictions attached to the Class A1 Units, Class A2 Units, Class A3 Units, the Class B Units and the Class C Units (collectively herein the "**Units**"). For clarity, only the Class A1 Units are being offered for sale pursuant to this Amended and Restated Offering Memorandum.

Redemption

None of the Units are redeemable.

Repayment of Capital and Distribution of Surplus Proceeds

All funds which are of a capital nature and not income which arise or are realized or received:

- (a) upon the wind-up or dissolution of the Limited Partnership;
- (b) upon the sale or disposition of assets of the Limited Partnership; and/or
- (c) upon any refinancing of the assets of the Limited Partnership (for greater certainty, any increase in the principal amount of such indebtedness refinanced shall be deemed to be of the nature of capital) or otherwise,

will be used or distributed as follows:

- (a) firstly, to pay all current debts, liabilities and obligations of the Limited Partnership to its creditors;
- (b) secondly, to create a Reserve in an amount as determined in the sole discretion of the General Partner;
- (c) thirdly, to each Class B Limited Partner in proportion to such Class B Limited Partner's respective ProRata Interest in an amount sufficient to repay any existing balance in such Class B Limited Partner's Current Account;
- (d) fourthly, to each Class B Limited Partner, in proportion to such Class B Limited Partner's respective ProRata Interest, until each such Class B Limited Partner has received a return of its respective Class B Capital Contribution;
- (e) fifthly, to each Class B Limited Partner in proportion to such Class B Limited Partner's respective ProRata Interest in an amount sufficient to pay the Class B Preferred Return;
- (f) sixthly, to each Class A Limited Partner in proportion to such Class A Limited Partner's respective ProRata Interest in an amount sufficient to repay any existing balance in such Class A Limited Partner's Current Account;
- (g) seventhly, to each Class A Limited Partner, in proportion to such Class A Limited Partner's respective ProRata Interest, until each such Class A Limited Partner has received a return of its respective Class A1 Capital Contribution, Class A2 Capital Contribution or Class A3 Capital Contribution, as applicable;

- (h) eighthly, to each Class C Limited Partner in proportion to such Class C Limited Partner's respective ProRata Interest in an amount sufficient to repay any existing balance in such Class C Limited Partner's Current Account;
- (i) ninthly, to each Class C Limited Partner, in proportion to such Class C Limited Partner's respective ProRata Interest, until each such Class C Limited Partner has received a return of its respective Class C Capital Contribution;
- (j) tenthly, the balance shall be distributed as follows:
  - (i) 0.001% to the General Partner;
  - (ii) 85%, to the Class A Limited Partners in proportion to such Class A Limited Partner's Class A ProRata Interest; and
  - (iii) 14.999% to the Class C Limited Partners in proportion to such Class C Limited Partner's ProRata Interest,until such time as the aggregate of all distributions made to the Class A Limited Partners, including those already made pursuant to Sections 8.8 and 8.10 of the Limited Partnership Agreement equals the 18% Annualized Return; and
- (k) eleventhly, the balance shall be distributed as follows:
  - (i) 15% to the Class A Limited Partners, in proportion to such Class A Limited Partner's Class A ProRata Interest; and
  - (ii) 85% to the Class C Limited Partners, in proportion to such Class C Limited Partner's respective ProRata Interests.

Allocation of Net Income - No Additional Units

If there was no issuance of additional Units during the fiscal year, Net Income for accounting purposes will be determined and allocated for each fiscal year of the Limited Partnership as follows:

- (a) firstly, to the Class B Limited Partners in proportion to such Class B Limited Partner's ProRata Interests as at fiscal year-end, until the aggregate amount of Net Income allocated to each of the Class B Limited Partners in such fiscal year and all prior fiscal years would produce, on a cumulative basis, an amount equal to the Class B Preferred Return;
- (b) secondly, the balance shall be allocated as follows:
  - (i) 0.001% to the General Partner;
  - (ii) 85%, to the Class A Limited Partners in proportion to such Class A Limited Partner's ProRata Interest; and
  - (iii) 14.999% to the Class C Limited Partners in proportion to such Class C Limited Partner's Class A ProRata Interest,

until such time as the aggregate of all allocations of Net Income made to the Class A Limited Partners pursuant hereto equals the 18% Annualized Return; and

- (c) thirdly, the balance shall be allocated as follows:
  - (i) 15%, to the Class A Limited Partners in proportion to such Class A Limited Partner's Class A ProRata Interest; and
  - (ii) 85% to the Class C Limited Partners in proportion to such Class C Limited Partner's ProRata Interest.

Allocation of Net Losses - No Additional Units

If there was no issuance of additional Units during the fiscal year, Net Losses of the Partnership for each fiscal year shall be allocated as follows with all such allocations being equal in priority:

- (a) 100% to the Class B Limited Partners, as a group, in proportion to their respective ProRata Interests as at the fiscal year-end, until such time as the balance of such Class B Limited Partners' Current Account is zero; and
- (b) thereafter 100% to the Class A Limited Partners, in proportion to their respective Class A ProRata Interests as at the fiscal year-end, until such time as the balance of such Class A Limited Partners' Current Account is zero; and
- (c) thereafter 100% to the Class C Limited Partners, in proportion to their respective ProRata Interests as at the fiscal year-end, until such time as the balance of such Class C Limited Partners' Current Account is zero; and
- (d) thereafter, any remaining Net Loss will be allocated to the General Partner.

Issuance of Additional Units during the Fiscal Year

1. If there was an issuance of additional Units during the fiscal year, then:

- (a) any Net Income earned as of the valuation date of the assets pursuant to Section 3.6(c) of the Limited Partnership Agreement, if applicable, including the gains resulting from the valuation of the Limited Partnership property will be allocated:
  - (i) firstly, to the Class B Limited Partners in proportion to such Class B Limited Partner's ProRata Interests as at the valuation date, until the aggregate amount of Net Income allocated to each of the Class B Limited Partners in such fiscal year and all prior fiscal years would produce, on a cumulative basis, an amount equal to the Class B Preferred Return;
  - (ii) secondly, the balance shall be allocated as follows:
    - (A) 0.001% to the General Partner;
    - (B) 85%, to the Class A Limited Partners in proportion to such Class A Limited Partner's Class A ProRata Interest; and
    - (C) 14.999% to the Class C Limited Partners in proportion to such Class C Limited Partner's ProRata Interest,

until such time as the aggregate of all allocations of Net Income made to the Class A Limited Partners pursuant hereto equals the 18% Annualized Return; and

(iii) thirdly, the balance shall be allocated as follows:

- (A) 15%, to the Class A Limited Partners in proportion to such Class A Limited Partner's Class A ProRata Interest; and
- (B) 85% to the Class C Limited Partners in proportion to such Class C Limited Partner's ProRata Interest.

(b) any remaining Net Income will be allocated as follows:

(i) firstly, to the Class B Limited Partners in proportion to such Class B Limited Partner's ProRata Interests as at fiscal year-end, until the aggregate amount of Net Income allocated to each of the Class B Limited Partners in such fiscal year and all prior fiscal years would produce, on a cumulative basis, an amount equal to the Class B Preferred Return;

(ii) secondly, the balance shall be allocated as follows:

- (A) 0.001% to the General Partner;
- (B) 85%, to the Class A Limited Partners in proportion to such Class A Limited Partner's Class A ProRata Interest; and
- (C) 14.999% to the Class C Limited Partners in proportion to such Class C Limited Partner's ProRata Interest

until such time as the aggregate of all allocations of Net Income made to Class A Limited Partners pursuant hereto, including any amount previously allocated pursuant to Section 10.2(a) of the Limited Partnership Agreement, equals the 18% Annualized Return; and

(iii) thirdly, the balance shall be allocated as follows:

- (A) 15%, to the Class A Limited Partners in proportion to such Class A Limited Partner's Class A ProRata Interest; and
- (B) 85% to the Class C Limited Partners in proportion to such Class C Limited Partner's ProRata Interest.

2. If there was an issuance of additional Units during the year then any Net Losses as of the valuation date of the assets pursuant to Section 3.6(c) of the Limited Partnership Agreement, if applicable, including the losses resulting from a valuation of the Limited Partnership property, will be allocated as follows, with all such allocations being equal in priority:

- (a) 100% to the Class B Limited Partners, as a group, in proportion to their respective ProRata Interests as at the valuation date, until such time as the balance of such Class B Limited Partners' Current Account is zero; and

- (b) thereafter 100% to the Class A Limited Partners, in proportion to their respective Class A ProRata Interests as at the valuation date, until such time as the balance of such Class A Limited Partners' Current Account is zero; and
- (c) thereafter 100% to the Class C Limited Partners, in proportion to their respective ProRata Interests as at the valuation date, until such time as the balance of such Class C Limited Partners' Current Account is zero; and
- (d) thereafter, any remaining Net Loss will be allocated to the General Partner.

Distributions of Annual Cash Flow from Operations

The General Partner will distribute at least annually to the Partners, and not later than 120 days after each fiscal year end of the Limited Partnership, the cash from operations which, in the sole determination of the General Partner, is not required by the Partnership to meet all current obligations of the Limited Partnership, including without limitation, the Project Management Fee and monies owing to third party lenders of the Partnership, or as a Reserve or for working capital, as follows:

- (a) firstly, to each Class B Limited Partner in proportion to such Class B Limited Partner's respective ProRata Interest in an amount sufficient to repay any existing balance in such Class B Limited Partner's Current Account;
- (b) secondly, to each Class B Limited Partner in proportion to such Class B Limited Partner's respective ProRata Interest in an amount sufficient to pay the Class B Preferred Return;
- (c) thirdly, to each Class A Limited Partner in proportion to such Class A Limited Partner's respective Class A ProRata Interest in an amount sufficient to repay any existing balance in such Class A Limited Partner's Current Account;
- (d) fourthly, to each Class C Limited Partner in proportion to such Class C Limited Partner's respective ProRata Interest in an amount sufficient to repay any existing balance in such Class C Limited Partner's Current Account;
- (e) fifthly, the balance shall be distributed as follows:
  - (i) 0.001% to the General Partner;
  - (ii) 85%, to the Class A Limited Partners in proportion to such Class A Limited Partner's ProRata Interest; and
  - (iii) 14.999% to the Class C Limited Partners in proportion to such Class C Limited Partner's Class A ProRata Interest,until such time as the aggregate of all distributions made to the Class A Limited Partners, including those already made pursuant to Section 10.3 of the Limited Partnership Agreement, equals the 18% Annualized Return; and
- (f) sixthly, the balance shall be distributed as follows:
  - (i) 15%, to the Class A Limited Partners, in proportion to such Class A Limited Partner's Class A ProRata Interest; and

- (ii) 85% to the Class C Limited Partners, in proportion to such Class C Limited Partner's respective ProRata Interests.

Limitation on Demand for Return of Capital

Subject to the rights of the General Partner regarding return of capital upon removal or resignation respectively, a Partner will only be entitled to demand the return of its Capital Account upon:

- (a) the sale or disposition of all or substantially all of the property and assets of the Limited Partnership; or
- (b) the wind-up or dissolution of the Limited Partnership.

Transfer/Assignment of Units

Subject to the following paragraph, or as may be consented to in writing by the General Partner, a Partner will not transfer, assign, pledge, encumber or dispose of its Units. No Partner may sell, transfer or dispose of less than 100% of its Units at any time. In the event of a sale, transfer or other disposal of any of its Units, a Partner will ensure that said sale, transfer or disposal complies with all securities laws and regulations applicable to the sale of the Units in the Province of British Columbia, including all federal laws applicable therein.

Notwithstanding the preceding paragraph, the Class C Unit holders may transfer, assign, pledge, encumber or dispose of any of their Units in their sole discretion.

## **5.2 Subscription Procedure**

**This Offering is available to residents of British Columbia only, subject to the Issuer's discretion to allow other individuals to participate on a case-by-case basis. The Offering may terminate at any time without notice, and in such event the Issuer will not be required to accept later subscription offers.**

Investors wishing to purchase the Class A2 Units must complete and sign a subscription agreement in the form provided by the Issuer and submit same to the Issuer at its Head Office address shown on the first page of this Amended and Restated Offering Memorandum.

Subscription amounts are payable in the manner described in Item 5.1 2. under the heading "Payment of Subscription Price".

**If a potential Investor fails to make any payment required pursuant to the terms of the subscription agreement, the General Partner may cancel the subscription agreement or do anything else authorized pursuant to Sections 15.2 and 15.4 of the Limited Partnership Agreement. In addition, the General Partner may elect, in its sole discretion, not to accept any subscription agreement given to the General Partner by any potential Investor for any reason whatsoever. Such subscriptions will be subject to rejection or acceptance in whole or in part by the Issuer. The Issuer will not accept subscriptions from persons whom it has made loans to or holds mortgage interests against.**

**This Offering is not subject to any minimum subscription level, and therefore any funds received from an Investor are available and need not be refunded to the Investor once the Class A2 Units have been issued to such Investor.**

For clarity, the Issuer shall only issue Class A2 Units to Investors who's subscription agreements have been accepted by the General Partner and who have made payment as required hereunder. Upon receipt of the completed subscription agreement and all payment required thereunder and in accordance with the terms of the Limited Partnership Agreement, the Issuer shall only issue the Investor that number of Class A2 Units corresponding to the amount advanced to and accepted by the Issuer, and the Investor's interest in the assets and undertaking of the Issuer will only be with respect to the Class A2 Units so issued. For more information with respect to the payment of the subscription amount and the issuance of Class A2 Units, potential Investors should review Item 5.1 2 Payment of Subscription Price.

A potential Investor should carefully review the terms of the subscription agreement provided by the Issuer for more detailed information concerning the rights and obligations of the investor and the Issuer. Execution and delivery of the subscription agreement will, upon acceptance by the Issuer, bind the Investor to the terms thereof, whether executed by the Investor or by an agent on the Investor's behalf. The potential investor should consult with its own professional advisors. See Item 8 "Risk Factors".

#### ITEM 6 - CANADIAN INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

You should consult with your own professional advisors to obtain advice on the income tax consequences that apply to you.

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, nor any foreign income tax considerations applicable to holders or prospective holders of Class A2 Units.

The following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") generally applicable, as of the date of this Amended and Restated Offering Memorandum, to a person who acquires Class A2 Units pursuant to the Offering. This summary is applicable only to a person who subscribes, as principal, for Class A2 Units pursuant to the terms of this Amended and Restated Offering Memorandum and who, all for the purposes of the Tax Act, is a resident of Canada, holds the Class A2 Units as capital property, has not entered and will not enter into a "**derivative forward agreement**" (as defined in the Tax Act) with respect to his, her or its Class A2 Units, deals at arm's length with the General Partner and the Issuer and is not affiliated with the General Partner or the Issuer. Class A2 Units will generally be considered to be capital property to the holder, provided that the holder does not hold Units in the course of carrying on a business and has not acquired Class A2 Units in one or more transactions considered to be an adventure or concern in the nature of trade. A holder which, all for purposes of the Tax Act, is a person or partnership, an interest in which would be a "**tax shelter investment**" or holds its Class A2 Units as a "**tax shelter investment**" or is a non-resident of Canada or a partnership that is not a "**Canadian partnership**" or is a "**financial institution**", as defined in subsection 142.2(1), of the Tax Act or a person or partnership that would cause the Issuer to be a "**SIFT partnership**", is not eligible to become a limited partner of the Issuer, and this summary is not applicable to any such holder. This summary is not applicable to an entity that has elected under the Tax Act to report its Canadian tax results in a currency other than Canadian currency. In addition, this summary does not address the deductibility of interest by a subscriber which has borrowed money in order to acquire Class A2 Units. Such investors should consult their own tax advisors, including with respect to the deduction of interest on money borrowed to acquire Class A2 Units.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this Amended and Restated Offering Memorandum (the "**Tax Proposals**") and the current published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**"). Except as described in the immediately preceding sentence, this summary does not take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, regulatory, administrative or judicial action. Furthermore, this summary does not take into account provincial, territorial or foreign income tax legislation or considerations. No ruling has been sought from the CRA as to the tax position of the Issuer or its limited partners.

This summary also assumes that neither the Class A2 Units nor any other "**investments**" in the Issuer will be listed or traded at any time on a stock exchange or other public market, such that the Issuer will not be a "**SIFT partnership**" as defined in subsection 197(1) of the Tax Act. For these purposes, an "**investment**" would include an interest in or debt issued by the Issuer as well as any right that may reasonably be considered to replicate a return on, or the value of, any such interest or debt. A stock exchange or other public market includes a trading system or other organized facility on which securities that are qualified for public distribution are listed or traded but does not include a facility that is operated solely to carry out the issuance of a security or its redemption, acquisition or cancellation by the issuer. None of the Class A2 Units will be listed or traded on a stock exchange, and the General Partner does not anticipate that the Class A2 Units will trade on a trading system or other organized facility on which securities are listed or traded. In the event that the Issuer was considered to be a SIFT partnership, the tax consequences described below may be materially different.

This summary assumes that, at all material times, no interest in any limited partner of the Issuer will be a "**tax shelter investment**" as defined in the Tax Act. Class A2 Units may be considered to be a tax shelter investment if they are considered to have been financed on a limited recourse basis for purposes of the Tax Act and will be so considered unless (i) bona fide arrangements are made in writing at the time that the financing is obtained providing for repayment within a reasonable period, not exceeding ten years; (ii) interest is payable at least annually, at a rate that is not less than the lesser of (A) the prescribed rate under the Tax Act as at the time that the indebtedness arose and (B) the prescribed rate under the Tax Act as is applicable from time to time while the indebtedness remains outstanding; and (iii) interest is paid no later than 60 days after the end of each taxation year. If Class A2 Units were held by a Limited Partner, an interest in which would be a "**tax shelter investment**" or which held its Class A2 Units as a "**tax shelter investment**" for purposes of the Tax Act, there may be adverse tax consequences to the other limited partners of the Issuer and to the Issuer.

Certain of the Issuer's limited partners that are corporations and have a "**significant interest**", as defined in subsection 34.2(1) of the Tax Act, in the Issuer will be required to accrue additional income from the Issuer where such corporations have a taxation year that differs from the Issuer's December 31 fiscal year end. In general, a corporation will have a "significant interest" in the Issuer where it (together with one or more persons or partnerships related to or affiliated with the corporation) is entitled to more than 10% of the income or loss of the Issuer or the assets (net of liabilities) of the Issuer on its dissolution. The summary below does not address the tax consequences to the Issuer's limited partners that are corporations that would have a significant interest in the Issuer as described above, and such limited partners should consult their own tax advisors with respect to this issue.

**This summary is of a general nature only and is not intended, nor should it be construed, to be legal or tax advice to any particular prospective investor. The income and other tax**

consequences to a limited partner of acquiring, holding or disposing of Class A2 Units vary according to the status of the holder, the province or territory in which the holder resides or carries on business and the holder's own particular circumstances. You should obtain independent advice regarding the income tax consequences under federal and provincial tax legislation of acquiring, holding and disposing of Class A2 Units based on your own particular circumstances.

#### Taxation of the Issuer

Under the Tax Act, the Issuer is not liable for Canadian federal income tax. However, the income or loss of the Issuer will be computed for each fiscal period as if it were a separate person resident in Canada. The fiscal period of the Issuer will end on December 31 each year. The income or loss of the Issuer, for purposes of the Tax Act, may differ from its income or loss for accounting purposes and may not be matched by cash distributions.

In computing its income, the Issuer will generally be entitled to deduct expenses in the fiscal period of the Issuer in which they are incurred to the extent that they are reasonable and are permitted by the Tax Act. Certain of the Issuer's expenses may not be deductible and may instead be added to the tax cost of the properties comprising the Project, to the extent that such expenses are reasonable.

Generally, interest expenses, costs relating to pre-development activities and land development costs as incurred by the Issuer to acquire and develop the Project may be required to be capitalized and added to the cost amount of properties comprising the Project or may be treated as depreciable capital property that will be depreciated at a rate of 5% on a declining balance basis.

The characterization of any gain or loss realized by the Partnership from the disposition of an investment as either a capital gain or loss or ordinary income or loss will be based on the facts and circumstances relating to the particular disposition. It is generally anticipated that the Issuer will earn income and not realize capital gains from its interest in the Project.

The Issuer may generally deduct the costs and expenses of issuing Class A2 Units pursuant to the Offering, incurred by the Issuer and not reimbursed, at the rate of 20% per year pro-rated where the Issuer's fiscal year is less than 365 days.

#### Taxation of Limited Partners

The income or loss of the Issuer for Canadian federal income tax purposes for each fiscal period of the Issuer will be allocated among the partners holding Class A2 Units at any time during that fiscal period. In general, a limited partner's share of any income or loss of the Issuer from a particular source (including its share of any taxable capital gain or any allowable capital loss) will retain its character as such, and any provisions of the Tax Act applicable to that type of income or loss will apply to the share of such income or loss allocated to the limited partner.

Each person which is a limited partner at the end of a fiscal period of the Issuer will be required to include and, subject to the application of the “**at-risk rules**” described below, will be entitled to deduct in the manner described below, in computing its income or loss for tax purposes for its taxation year in which such fiscal period ends, his, her or its share of the income or loss of the Issuer allocated to the limited partner pursuant to the Limited Partnership Agreement for the fiscal period from every source (including its allocated share, if any, of any taxable capital gain or allowable capital loss of the Issuer), whether or not it has received or will receive a

distribution from the Issuer. Accordingly, the income or loss allocated to a limited partner may exceed or be less than the amount of cash (if any) distributed to such limited partner.

Subject to the "**at-risk rules**" and "**alternative minimum tax rules**" discussed below, a limited partner's allocated share of the losses from any source (other than allowable capital losses) of the Issuer for any fiscal period may generally be applied against the limited partner's income from any source in order to reduce the limited partner's overall net income in the relevant taxation year and, to the extent such amount exceeds other income for that year, may be carried back three years and forward 20 years and deducted in computing taxable income for such other years to the extent and under the circumstances described in the Tax Act.

A limited partner's allocated share of the allowable capital losses of the Issuer for any fiscal period may generally be applied against the limited partner's taxable capital gains in the relevant taxation year and, to the extent such amount exceeds such taxable capital gains, may be carried back three years and carried forward indefinitely against taxable capital gains realized in such other years to the extent and under the circumstances described in the Tax Act.

The "**at-risk rules**" contained in the Tax Act generally provide that, notwithstanding the income or loss allocation provisions of the Tax Act, a limited partner's allocated share of the losses (other than allowable capital losses) of the Issuer for a fiscal period will be deductible by the limited partner in computing its income for a taxation year only to the extent that its share of such losses does not exceed its "**at-risk amount**" in respect of the Issuer at the end of the fiscal period. In general terms, the "**at-risk amount**" in respect of the Issuer at the end of a fiscal period of the Issuer is generally equal to (i) the adjusted cost base to the limited partner of its Class A2 Units at that time, plus (ii) subject to certain adjustments, the limited partner's share of the income from all sources of the Issuer for the fiscal period, less (iii) subject to certain exceptions, all amounts owing by the limited partner (or by a person or partnership which does not deal at arm's length with the limited partner) to the Issuer (or to a person or partnership that does not deal at arm's length with the Issuer ) and less (iv) subject to certain exceptions, any amount or benefit which the limited partner (or a person who does not deal at arm's length with the limited partner) is entitled to receive where the amount or benefit is intended to reduce the impact of any loss the limited partner might sustain by virtue of being a member of the Issuer or of holding or disposing of its Class A2 Units.

A limited partner's share of the losses of the Issuer that is not deductible by the limited partner in a taxation year as a result of the application of the "**at-risk rules**" is considered to be that limited partner's "**limited partnership loss**" in respect of the Issuer for the year. Such a limited partnership loss may be deducted by the limited partner (unless the limited partner is itself a partnership) in any subsequent taxation year against any income for that year from the Issuer to the extent, generally, that the limited partner's "at-risk amount" at the end of the Issuer's last fiscal period ending in that year exceeds the limited partner's share of any losses of the Issuer from a business or property for that fiscal period in accordance with the rules contained in the Tax Act.

#### Disposition of Class A2 Units

A limited partner who disposes, or is deemed to have disposed, of a Class A2 Units will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the Class A2 Units, net of any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base to the limited partner of the Class A2 Units. In general, the adjusted cost base to a limited partner of a Class A2 Unit at a particular time will be equal to the actual cost of the Class A2 Unit plus, subject to certain adjustments, the limited partner's allocated share of

the income of such Issuer from any source for all fiscal periods of the Issuer ending before the particular time, less, subject to certain adjustments, the limited partner's allocated share of the losses of the Issuer from any source for all fiscal periods of the Issuer ending before the particular time (except that where any portion of such losses is considered to be the limited partner's "limited partnership loss" in respect of the Issuer, such losses will reduce the adjusted cost base of the limited partner's Class A2 Units only to the extent that they have been deducted by the limited partner) and the amount of any distributions made to the limited partner by the Issuer before the relevant particular time. The allocated income for a fiscal period will not be added to the adjusted cost base of the Class A2 Units until after the end of that fiscal period. If a limited partner disposes of all of his, her or its Class A2 Units, income or loss of the Issuer allocated to such limited partner for the year of disposition will be added to or subtracted from his, her or its adjusted cost base of the Class A2 Units as if that year was a completed fiscal year. Where the adjusted cost base to a limited partner of his, her or its Class A2 Units is negative at the end of a fiscal period of the Issuer, the negative amount will be deemed to be a capital gain of the limited partner. The adjusted cost base of the limited partner's Class A2 Units will be increased by the amount of this deemed capital gain.

In general, one-half of a capital gain must be included in computing the income of a limited partner (a "**taxable capital gain**"), and one-half of a capital loss (an "**allowable capital loss**") must be deducted by a limited partner from taxable capital gains realized in the year and, to the extent that such allowable capital losses exceed taxable capital gains in the year, may be applied against net taxable capital gains realized in any of the three years preceding the year or any year following the year, to the extent and under the circumstances described in the Tax Act. Where a limited partner disposes of a Class A2 Units to a tax exempt person or a non-resident person, 100% of the capital gain will be included in income as a taxable capital gain. A look-through rule will apply for these purposes where the Class A2 Units are disposed of to a partnership or a Canadian-resident trust (other than a mutual fund trust as defined in the Tax Act) that has certain direct or indirect partners or beneficiaries, as the case may be, that are tax exempt and/or non-resident persons.

A limited partner which is a Canadian-controlled private corporation (as defined in the Tax Act) throughout a taxation year may be liable to pay an additional refundable tax on certain investment income, including taxable capital gains.

#### Dissolution of the Issuer

On the dissolution of the Issuer, limited partners will generally be considered to have disposed of their Class A2 Units for proceeds of disposition equal to the fair market value of the property received or receivable by them on the dissolution and the Issuer will be deemed to have disposed of, and the limited partners will be deemed to have acquired, such property at its fair market value.

A capital gain (or capital loss) will be realized by a limited partner on the disposition of such Class A2 Units to the extent that such proceeds, net of reasonable disposition costs, exceed (or are less than) the adjusted cost base of the limited partner's Class A2 Units, calculated as described above. Any income, capital gain or loss realized by the Issuer on the disposition of property in the fiscal period ending as a result of the dissolution of the Issuer will be included in the income or loss of the Issuer for that fiscal period and allocated to the partners in accordance with the Limited Partnership Agreement.

#### Alternative Minimum Tax

A limited partner subject to the alternative minimum tax rules in the Tax Act must generally calculate the minimum tax payable without deducting certain partnership losses allocated to the limited partner and associated carrying charges from adjusted taxable income. The realization of a capital gain on the disposition of Class A2 Units or the realization by the Issuer of a capital gain may give rise to an increased liability for alternative minimum tax. Limited partners should consult their own tax advisors for advice respecting the application of the alternative minimum tax rules in their particular circumstances.

#### Filing Requirements

Each limited partner will generally be required to file an income tax return reporting its share of the income or loss of the Issuer. While the Issuer will provide each limited partner with the information required for income tax purposes pertaining to him or her, the Issuer will not prepare or file income tax returns on behalf of any limited partner. Each person who is a partner of the Issuer at any time in a fiscal period of the Issuer is required to make and file an information return in respect of that period in prescribed form, including the income or loss of the Issuer for that period and the allocation of such income or loss among the partners. The filing of an annual information return by the General Partner on behalf of all limited partners will satisfy this requirement, and the General Partner is required to make such filing.

#### Non-Eligibility for Investment by Registered Plans

The Class A2 Units will not be a "qualified investment" under the Tax Act for RRSPs, TFSAs or RRIFs.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder or prospective holder of Class A2 Units, and no representations with respect to the income tax consequences to any holder or prospective holder are made.**

### **ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS**

As at the date of this Amended and Restated Offering Memorandum, the Issuer has not arranged for any sellers or finders with respect to the Offering, but reserves the right to retain one or more selling agents during the course of this Offering. The Issuer may pay a capital raising fee of up to 5% of such selling agents.

Investors acquiring Class A2 Units through registered dealers or sales agents will be responsible for the payment of any additional commissions that may be negotiated by them and such dealers or agents.

### **ITEM 8 - RISK FACTORS**

The Offering should be considered highly speculative due to the nature of the Issuer's business. The purchase of Class A2 Units involves a number of significant risk factors. In addition to the risk factors set forth elsewhere in this Amended and Restated Offering Memorandum, prospective investors should consider the following risks before purchasing Class A2 Units. Any or all of these risks, or other as yet identified risks, may have a material adverse effect on the Issuer, its business or to holders of Class A2 Units.

#### **1. Investment Risks**

##### Non-Reporting Issuer

The Offering constitutes a private placement offering of the Class A2 Units by the Issuer only in those jurisdictions where, and to those persons to whom, they may be lawfully offered for sale under exemptions from the prospectus and registration requirements under applicable securities laws. This Amended and Restated Offering Memorandum is not, and under no circumstances should be construed as, a prospectus, advertisement or public offering of the Class A2 Units. The Issuer is not a reporting issuer in any jurisdiction, and undertakes no obligation to provide continuous disclosure as to its business and operations except as otherwise required under applicable securities laws.

#### No Market

The Class A2 Units are not listed for trading on any securities exchange or market, nor is there any present intention to qualify the Class A2 Units for sale to the public by way of a prospectus. The Class A2 Units are subject to indefinite resale restrictions under applicable securities legislation, and Class A2 Units are also subject to resale restrictions under the Limited Partnership Agreement. There is no market which the Class A2 Units may be sold and the Issuer does not expect that any market will develop pursuant to this Offering or in the future. Accordingly, an investment in the Class A2 Units should only be considered by investors who do not require liquidity. See Item 10 "Resale Restrictions".

#### Nature of Class A1 Units, Class A2 Units and Class A3 Units and Ownership of Property

Registered title to the Project Lands is held by the Nominees, which are controlled by the General Partner. The Class A2 Units, in and of themselves, do not represent a direct investment in the Project Lands, any of the other Property, and/or the Project. Holders of Class A2 Units do not have the statutory rights normally associated with ownership of shares of a corporation, such as, for example, the right to bring oppression or derivative actions.

#### No Participation in Management and Reliance on Others

Limited partners will have no right or power to participate in the management or control of the business of the Issuer and thus must depend solely upon the ability of the General Partner with respect thereto. In assessing the risks and rewards of an investment in Class A2 Units, potential investors should therefore appreciate that they are relying on the good faith, experience and judgment of the General Partner and the Principal Holders thereof and their ability to manage the business and affairs of the Issuer. Similarly, potential investors should appreciate that they are relying on the good faith, experience and judgment of the Principal Holders, directors, officers and employees of the General Partner, and of their respective affiliates, in managing, developing, constructing, financing, marketing and selling the Project and making appropriate decisions in respect thereof. It would be inappropriate for investors to purchase Class A2 Units if they are unwilling to rely upon, and entrust, the General Partner and the Principal Holders thereof with all aspects of the management of the Project.

Furthermore, the loss of one or more of the key individuals employed or retained by the General Partner could also have a material adverse effect on the Project and, consequently, the Issuer. Neither the General Partner nor the Issuer maintains key-man insurance.

#### Net Worth of General Partner and Limitation of Liability

The General Partner will have nominal net worth. In addition, pursuant to the terms of the Limited Partnership Agreement, the General Partner is not liable for any act taken or failed to be taken within the scope of authority conferred on the General Partner, unless such act or

omission constitutes gross negligence or wilful misconduct in the performance of its obligations under the Limited Partnership Agreement.

#### Arbitrary Determination of Price

The sale price of the Class A2 Units was and will be arbitrarily determined by the Issuer in accordance with the terms of the Limited Partnership Agreement, having regard to the size of the Offering and the Project's financial needs, and is not necessarily related to the Project's asset or book value, net worth or other relevant criteria.

#### Tax-related Risks

Canadian federal and provincial tax aspects should be considered prior to investing in the Class A2 Units. See Item 6 "Income Tax Consequences and RRSP Eligibility". The discussion of income tax considerations therein is based upon current Canadian federal income tax laws and regulations and the Tax Proposals (as defined therein). There can be no assurance that tax laws will not be changed in a manner that adversely affects a limited partner's return.

#### Conflicts of Interest

The General Partner has made certain loans to the Issuer and may make certain other loans to the Issuer throughout the duration of the Project. The Issuer has agreed to pay interest on those General Partner loans at the rate of 12% per annum.

As compensation for sourcing and securing the purchase of the Property and the opportunity to develop the Project, the Issuer has paid an acquisition fee in the aggregate amount of 2% of the Original Purchase Price to Western Canadian Properties Group Ltd. ("**WCPG**"), a company owned and controlled by Mr. Steele, and Accorde (104th Avenue) Properties Corp. ("**Accorde (104th)**"), a company owned and controlled by Mr. Archibald.

Messrs. Steele and Archibald are the sole directors of the Nominees.

WCPG and Accorde (104th) have entered into the Project Management Agreement with the Issuer for the purpose of managing the Project. In connection therewith they will be paid the Project Management Fee. As referenced above Mr. Steele owns and controls WCPG, and Mr. Archibald owns and controls Accorde (104th).

Mr. Steele also owns and controls WCCC, which may construct the Project pursuant to the Construction Management Contract for the Issuer.

The Issuer has engaged and intends to continue to engage WCPG for provision of office, accounting, and other administrative services throughout the duration of the Project and will pay WCPG market rates for the provision of those services.

Mr. Steele and Mr. Archibald have various conflicts of interest in negotiating agreements between the General Partner on behalf of the Issuer and all of these other companies owned and controlled by each of them, given their positions as directors of both the General Partner and these other companies, as applicable.

## **2. Issuer Risks**

#### Potential Loss of Limited Liability

The provisions of the *Partnership Act* (British Columbia) provide that the liability of a limited partner is limited to the amount contributed or agreed to be contributed to the partnership. Limited partners may, however, lose the protection of limited liability in certain circumstances, including as a result of taking part in the management or control of the business of the Issuer.

The Issuer will try, in the reasonable judgment of the General Partner, to obtain contractual protection in favour of the limited partners and take any other reasonably available measures for the purpose of preserving their limited liability. However, should limited liability protection be lost for any reason, the limited partners may be considered to be general partners by creditors and others having claims against the Issuer.

#### Possible Claims against Limited Partners

If the available assets of the Issuer are insufficient to discharge obligations incurred by the Issuer or if the Issuer is dissolved, the creditors of the Issuer may have a claim against a limited partner for the repayment of any distributions or return of contributions received by such limited partner to the extent that such obligations arose before the distributions or returns of contributions sought to be recovered by the Issuer. A limited partner who has transferred his, her or its Class A2 Units in accordance with the terms of the Limited Partnership Agreement nevertheless remains liable to make such repayments.

### **3. Business Risk**

#### Very Early Stage - No Assets

WCPG XII LP's ability to continue ownership of the Property and to carry out and successfully complete the Project is dependent upon its ability to raise funds through the sale of its Units. The sale of its Units has not completed. There can be no assurance that the sale of its Units will succeed.

#### Approvals for the Project

The Project must receive approval of the City of Surrey to proceed with the development and construction of all components of the Project. The City of Surrey may impose conditions on such approval. There can be no assurance that such approval will be forthcoming on terms and conditions acceptable to the Issuer or at all.

#### Financing of the Project

In order to proceed with the development of the Project, the Issuer will require construction financing. As at the date of this Amended and Restated Offering Memorandum, there is no commitment for the Construction Loan and there can be no assurance that any such financing will be available on terms acceptable to the Issuer or at all. In such case, the Issuer will not have the funds to proceed with the Project.

In addition, the Issuer will be obligated to repay the balance owing pursuant to the Acquisition Loans on or before September 29, 2019. While the Issuer intends that the Construction Loan will be used, in part, to repay the balance owing pursuant to the Acquisition Loans, there is no commitment for repayment of the Acquisition Loans and there can be no assurance that any such financing will be available on terms acceptable to the Issuer at all. In such case, the Issuer will not have the funds to repay the Acquisition Loans, and the lenders pursuant thereto will be free to commence foreclosure proceedings with respect to the Project Lands and to otherwise enforce the First Acquisition Loan Security and the Second Acquisition Loan Security.

### Investment in the Project

There is no assurance that the Project will be operated successfully. The potential return to the investors depends on the revenues generated by the Project. However, there can be no assurance that such business activities will generate revenues sufficient to meet the return objectives of the Issuer.

The Project will also be subject to the risks inherent in the development of a residential condominium building in the Metro Vancouver area of British Columbia, including the inability to obtain construction financing on reasonable terms or at all, the inability or failure or unwillingness of the General Partner, the Nominee, the Principal Holders or any third party, when and if required, to provide or procure guarantees, security and other credit support to secure all necessary Project financing, the inability to sell a sufficient number of Project Strata Lots at profitable prices or at all, the failure or refusal of tenants occupying the Existing Apartment Units to pay their rent prior to the commencement of construction of the Project, undisclosed liabilities relating to the Project, fluctuations in interest rates, fluctuations in or volatility of real estate markets (particularly the residential condominium property market in the Metro Vancouver Area) and general economic conditions, failure to repay or refinance mortgages resulting in foreclosures or powers of sale, construction delays due to force majeure, strikes, shortages of materials or labour, competition from other properties, limits on insurance coverage and increases in development costs caused by general economic conditions.

Certain significant expenditures, including property taxes, development charges, maintenance costs, servicing costs, mortgage payments, insurance costs, professional services and advisory fees and all related charges, must be made regardless of whether or not the Project is producing sufficient income to service such expenses. Any financing procured for the Project will require debt service payments. If mortgage payments on the Project are not satisfied on a timely basis, losses could be sustained as a result of the exercise by the lenders of their rights of foreclosure or sale.

The failure of any of these conditions to be satisfied may result in a delay in the development or operation of the Project or, in certain circumstances, the termination of the Project Management Agreement, the Acquisition Loans, the Construction Management Contract and/or the Construction Loan.

### The Metro Vancouver Area Real Estate Market

The Project is subject to the risks associated with fluctuations in or the volatility in the Metro Vancouver Area real estate market and, specifically, the market for condominium units in Surrey and the Metro Vancouver Area. The demand for condominium units in the Metro Vancouver Area is affected by numerous factors, including, but not limited to, the supply of available housing units, incoming residents to the Metro Vancouver Area, the Metro Vancouver Area real estate market and general economic conditions. The Metro Vancouver Area real estate market is subject to change and there can be no assurance that demand for condominium units in the Metro Vancouver Area will not decline. A drop in the demand for, or increase in the supply of, housing units in the Metro Vancouver Area could materially adversely affect the Project's viability, and, as a result, the Project could be temporarily delayed or cancelled.

### Future Financing Needs

The Project will not be able to fund its future capital needs from the proceeds of the Offering or the Concurrent Financing or from income generated from operations. The Project will therefore

have to rely on third party sources of financing, which may or may not be available on favourable terms, if at all. In particular, the following financing will be required to be procured to complete the Project:

- (a) the Issuer will not be able to proceed with the construction of the Project without the Construction Loan; and
- (b) upon completion of the construction of the Project, if the Issuer elects to retain ownership of some or all of the Project Strata Lots, the Issuer shall seek the Take Out Financing.

The Project's access to third party sources of financing depends on a number of things, including the market's perception of its potential and its current and potential future earnings, and the ability of the General Partner to obtain adequate financing and to provide or procure guarantees in respect of same. If the General Partner is unable to obtain the mortgage or project financing from third parties, the Issuer may not be able to develop the Project or satisfy the Project's debt obligations and the Issuer may be unable to make distributions to the Limited Partners.

Interest rates may fluctuate during the term of the Project and thus affect the cost of borrowing and potentially the feasibility of the Project and the profits of the Issuer.

#### Competition

The market for development projects similar to the Project in the Metro Vancouver Area is competitive, with numerous developers continuously undertaking and marketing projects. The Project will compete with several residential real estate project developers within the area. These developers own developments that may compete directly with the Project, some of which may have greater capital resources than the Issuer.

In the face of competition, the Project may lose potential purchasers of the Project Strata Lots or tenants, and there may be pressure to discount sales prices and/or rents below what would otherwise be charged in order to attract purchasers and/or tenants. As a result, the Project's revenues may decrease, which could impair the Issuer's ability to satisfy debt service obligations and the Issuer's ability to pay distributions. In addition, increased competition for purchasers and/or tenants may require the General Partner to make improvements to the Project Strata Lots or provide inducements to purchasers and/or tenants that it would not have otherwise made or provided. Any unbudgeted capital improvement that is required to be undertaken may reduce cash available for debt servicing, operations and distributions.

#### Environmental Risks

Under various environmental laws, the Issuer could become liable for the costs of removal or remediation of hazardous or toxic substances present or released on, at or under the Lands. The failure to remove or remediate such substances, if any, could adversely affect an owner's ability to market the Project or to borrow using the Project as collateral and, the owner of the Project (and the Issuer, indirectly, by virtue of its beneficial ownership of the Project) could also be subject to claims by private plaintiffs. In addition, enforcement action, including fines and penalties, could be available to governmental authorities in respect of any such hazardous or toxic substance present or released on, at or under the Project (and which are not removed or remediated). It is also possible that such authorities could order the Issuer to take steps to study, contain, stop or remedy any such contamination. Such orders can be issued against

property owners even in circumstances where those owners did not cause or contribute to the contamination. If remediation or containment steps are required to be taken, the Project's viability and/or profitability, and the profitability of an investor's investment in the Issuer, may be materially adversely affected.

#### Changes in Applicable Laws

The Project must comply with numerous federal, provincial and local laws and regulations, some of which may conflict with one another or be subject to limited judicial or regulatory interpretations. These laws and regulations may include zoning laws, building codes and other laws generally applicable to the development, construction, leasing, marketing and sale of newly constructed homes in the Metro Vancouver Area and the City of Surrey. Non-compliance with laws could expose the Project and the Issuer to liability. Unanticipated changes in applicable laws could negatively affect the viability or profitability of the Project.

#### Risk of Change in Investment Return

The amount of income to be allocated, and cash to be distributed, to an Investor holding Class A2 Units and the timing of such distributions are dependent upon the amounts receivable by the Issuer in respect of profits generated from the Project and the date upon which the sale and/or rental of apartments is commenced, if at all. An Investor has no assurance, therefore, that any amount will be distributed to him, her or it when any such distributions are required to be made.

In addition to the foregoing, the returns payable to the Class A1 Limited Partners, Class A2 Limited Partners and Class A3 Limited Partners will vary depending on the subscription price set and the amount of subscription proceeds raised pursuant to the issuance and sale of Class A2 Units and Class A3 Units. Pursuant to the terms of the Limited Partnership Agreement, the General Partner has discretion to set the subscription price for Class A2 Units between \$1.00 and \$2.00 per Class A2 Unit, and for Class A3 Units between \$0.75 and \$2.00 per Class A3 Unit. Notwithstanding the foregoing, the General Partner has set the subscription price for Class A2 Units at \$1.00 per Class A2 Unit. For the protection of the interests of the investors, neither the General Partner nor any of its principals, Affiliates or Related Parties (as those terms are defined in the Limited Partnership Agreement) will have the right to subscribe for Class A3 Units.

#### Limited Operating History

The Issuer is a newly organized entity with no operating history. There is no assurance that the Issuer will be able to successfully implement its business plans or operate profitably over the short term or an extended period.

**For all of the aforesaid reasons and others set forth and not set forth herein, the Class A2 Units involve a certain degree of risk. Any person considering the purchase of Class A2 Units should be aware of these and other factors set forth in this Amended and Restated Offering Memorandum and should consult with his or her own legal, tax and financial advisors prior to making an investment in the Class A2 Units. The Class A2 Units should only be purchased by purchasers who can afford to lose all of their investment.**

### **ITEM 9 - REPORTING OBLIGATIONS**

The Issuer is not a "reporting issuer" as defined in applicable securities legislation of any jurisdiction. Accordingly, continuous disclosure obligations do not generally apply to the Issuer, and investors may not receive any financial statements or other information or disclosures

regarding the Issuer and its investments, other than as required by law. The Issuer will, however, make available to its investors any information required to enable the filing of Canadian income tax returns.

### **ITEM 10 - RESALE RESTRICTIONS**

The Class A2 Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under applicable securities legislation.

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Issuer becomes a reporting issuer in any province or territory of Canada.

**The Issuer has no present intention to become a reporting issuer in any jurisdiction and therefore the foregoing restriction on trading may continue indefinitely (subject to the availability of certain limited exemptions which may not apply in the circumstances).**

Further, the Class A2 Units are subject to specific rights and restrictions under the Limited Partnership Agreement: see Item 5.1 "Terms of Securities".

### **ITEM 11 - PURCHASER'S RIGHTS**

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

#### **1. Two Day Cancellation Right**

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the subscription agreement to buy the Class A2 Units.

#### **2. Statutory Rights of Action in the Event of a Misrepresentation**

If there is a misrepresentation in this Amended and Restated Offering Memorandum, you have a statutory right to sue: (a) the Issuer to cancel your subscription agreement; or (b) for damages against the Issuer, its directors as at the date of this Amended and Restated Offering Memorandum, and every person or company who signed this Amended and Restated 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 above, you must do so within strict time limitations. You must commence your action no later than 180 days after the day of the transaction that gave rise to the cause of action. In British Columbia, you must commence your action for damages no later than the earlier of: (A) 180 days after the day you first had knowledge of the facts giving rise to the cause of action; or (B) 3 years after the day of the transaction that gave rise to the cause of action.

Reference is made to the *Securities Act* (British Columbia) for the complete text of the provisions under which these rights are respectively conferred, and this summary is subject to the express provisions of that Act.

## **ITEM 12 - FINANCIAL STATEMENTS**

The audited financial statements of the Issuer for the two month period beginning on the date of creation of the Issuer and ending on December 31, 2017, and the audited financial statements of the General Partner for the three month period ending on December 31, 2017.

**CERTIFICATE**

**This Amended and Restated Offering Memorandum does not contain a misrepresentation.**

DATED April 30, 2018

**WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP**  
By its general partner **WCPG HIGHLAND PROPERTIES LTD.**



Per David Steele, CEO and director



Per Edward Archibald

**WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP**

**Financial Statements**

**Two Month Period Ended December 31, 2017**

*(Unaudited)*

**Gray & Associates**

CHARTERED PROFESSIONAL ACCOUNTANTS

**WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP**

**Index to Financial Statements**

**Two Month Period Ended December 31, 2017**

*(Unaudited)*

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FINANCIAL STATEMENTS	
Balance Sheet	2
Statement of Partners' Capital	3
Statement of Cash Flow	4
Notes to Financial Statements	5 - 11

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**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

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To the Partners of Western Canadian Properties Group XII Limited Partnership

We have reviewed the accompanying financial statements of Western Canadian Properties Group XII Limited Partnership that comprise the balance sheet as at December 31, 2017 and the statements of partners' capital and cash flow for the two month period then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Practitioner's Responsibility**

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of Western Canadian Properties Group XII Limited Partnership as at December 31, 2017, and the results of its operations and its cash flows for the two month period then ended in accordance with the Canadian accounting standards for private enterprises.

North Vancouver, British Columbia  
May 9, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

**WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP****Balance Sheet****December 31, 2017***(Unaudited)*

---

**ASSETS****CURRENT**

Cash	\$	67,504
Goods and services tax recoverable		1,498
Prepaid financing fees <i>(Note 7)</i>		25,000
Preacquisition costs for land development <i>(Note 4)</i>		43,300
Deposit on purchase of land and building <i>(Note 7)</i>		650,000

---

\$ 787,302

---

**LIABILITIES AND PARTNERS' CAPITAL****CURRENT**

Accounts payable and accrued liabilities	\$	6,177
Due to WCPG Capital Ltd. <i>(Note 6)</i>		655,250
Due to WCPG Highland Properties Ltd. <i>(Note 6)</i>		125,675

---

787,102

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PARTNERS' CAPITAL *(Notes 5, 6, 7)*

200

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\$ 787,302

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SUBSEQUENT EVENTS *(Note 7)*

**APPROVED BY THE GENERAL PARTNER**

\_\_\_\_\_  
*Director*

**WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP****Statement of Partners' Capital****Two Month Period Ended December 31, 2017***(Unaudited)*

	Units	Net Income	Contributions	Withdrawals	2017 Balance
General Partnership Unit <i>(Notes 5, 6)</i>	1	\$ -	\$ 100	\$ -	\$ 100
Initial Class C Limited Partnership Units <i>(Notes 5, 6)</i>	10	-	100	-	100
Partners' total	11	\$ -	\$ 200	\$ -	\$ 200

**WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP****Statement of Cash Flow****Two Month Period Ended December 31, 2017***(Unaudited)*

---

**OPERATING ACTIVITIES**

Net income	\$ -
Changes in non-cash working capital:	
Preacquisition costs for land development	(43,300)
Accounts payable and accrued liabilities	6,177
Prepaid financing fees	(25,000)
Goods and services tax payable	(1,498)
Deposit on purchase of land and building	(650,000)
	(713,621)
Cash flow used by operating activities	(713,621)

**FINANCING ACTIVITIES**

Partners' contributions	200
Advance from WCPG Capital Ltd.	655,250
Advances from WCPG Highland Properties Ltd.	125,675
Cash flow from financing activities	781,125

**INCREASE IN CASH FLOW** 67,504

Cash - beginning of period -

**CASH - END OF PERIOD** \$ 67,504

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# WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP

## Notes to Financial Statements

### Two Month Period Ended December 31, 2017

(Unaudited)

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#### 1. NATURE OF OPERATIONS

Western Canadian Properties Group XII Limited Partnership (the "Partnership") is a limited partnership formed under the laws of the Province of British Columbia, established by the Limited Partnership Agreement on November 6, 2017. The Partnership was formed to acquire and to be the developer of a medium-density multi-family development site at 13265 104th Avenue in Surrey, British Columbia. The Partnership will develop the site into a 6-storey, 210 unit residential strata condominium building with an expectation of closing in March 2021.

The registered address of the Partnership is 202 - 930 West 1st Street, North Vancouver, B.C.

The general partner of the Partnership is WCPG Highland Properties Ltd. (the "General Partner") located at 202 - 930 West 1st Street, North Vancouver, B.C. and is responsible for the the management, operation and administration of the affairs of the Partnership.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE").

##### Partnership

These financial statements reflect the assets, liabilities, revenues and expenses of the Partnership and do not include any other assets, liabilities, revenues or expenses of the partners.

##### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

##### Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

##### Revenue recognition

The Partnership recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

(continues)

# WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP

## Notes to Financial Statements

Two Month Period Ended December 31, 2017

(Unaudited)

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### 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Property under development

Properties under development are valued at the lower of cost and realizable value.

The cost of land, construction costs and soft costs are recorded as projects under development. The costs are accumulated by project code pending sale of completed housing units.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash, accounts receivable, sales tax recoverable and amounts owing from related parties.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, short term and long term debt and amounts owing to related parties.

### 3. FINANCIAL INSTRUMENTS

The Partnership is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Partnership's risk exposure and concentration as of December 31, 2017.

#### *(a) Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Partnership is mainly exposed to interest rate risk and other price risk.

#### *(b) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Partnership monitors cash flows on a regular basis to ensure the Company has enough readily available funds to cover its financial obligations as they come due.

#### *(c) Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Partnership is exposed to credit risk from customers. In order to reduce its credit risk, the Partnership reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. It is management's opinion that the Partnership is not exposed to significant credit risk from customers.

There is also credit risk inherent in the Partnership's cash balance. The Partnership manages the credit exposure related to cash by selecting financial institutions with high credit ratings. The Partnership maintains its cash balance with a major Canadian Chartered Bank. Given the credit rating, management does not expect any counterparty to fail to meet its obligation.

*(continues)*

# WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP

## Notes to Financial Statements

Two Month Period Ended December 31, 2017

(Unaudited)

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### 3. FINANCIAL INSTRUMENTS *(continued)*

#### *(d) 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. In seeking to minimize the risks from interest rate fluctuations, the Partnership manages exposure through its normal operating and financing activities. The Partnership is exposed to interest rate risk primarily through its floating interest rate construction loan facility.

#### *(e) Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Partnership's carrying value of cash, accounts receivable, sales tax recoverable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The fair value of amounts to owing from and owing to related parties are less than carrying value because the amounts are non-interest bearing. However, because these amounts have no fixed repayment terms, the fair value and the exposure to related risk cannot be determined with any degree of certainty and the amounts are therefore reported at their carrying value.

Unless otherwise noted, it is management's opinion that the Partnership is not exposed to significant other price risks arising from these financial instruments.

### 4. PREACQUISITION COSTS FOR LAND DEVELOPMENT

Preacquisition costs for land development consists primarily of professional fees, marketing fees and accrued interest costs with respect to the property acquired subsequent to the period end.

# WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP

## Notes to Financial Statements

Two Month Period Ended December 31, 2017

(Unaudited)

### 5. PARTNERS' CAPITAL

1	General Partnership Unit	
Unlimited	Class A1 Limited Partnership Units, voting, participating, non-redeemable, subscription price \$1.00 per unit;	
Unlimited	Class A2 Limited Partnership Units, voting, participating, non-redeemable, subscription price \$1.00 to \$2.00 per unit;	
Unlimited	Class A3 Limited Partnership Units, voting, participating, non-redeemable, subscription price \$0.75 to \$2.00 per unit;	
Unlimited	Class B Limited Partnership Units, non-voting, 14% preferred and participating, non-redeemable, subscription price \$1.00 per unit;	
Unlimited	Class C Limited Partnership Units, non-voting, participating, non-redeemable, subscription price \$10.00 per unit.	

#### Issued Partners' Capital:

1	General Partner unit	\$	100
10	Initial Class C Partnership units		100
		\$	200

The General Partner is authorized to raise additional capital for the Limited Partnership by offering and selling additional Class A1 Units, Class A2 Units, Class A3 Units and Class B Units, to an aggregate maximum of \$45 million, to the initial Class C Limited Partners, the General Partner and/or persons as approved by the General Partner in its sole discretion. For clarity, the General Partner is not authorized to sell any additional Class C Units in addition to the Class C Units already subscribed for, nor is the General Partner authorized to sell any additional Class A3 Units, to either of the initial Class C Limited Partners, the General Partner, or to any affiliate or related party of the General Partner or either of the initial Class C Limited Partners.

The following unit transactions occurred during the period:

	Units	Amount
<b>General Partner Units</b>		
Units outstanding at the beginning of the period	-	\$ -
Issued	1	100
	1	\$ 100
<b>Initial Class C Limited Partner Units</b>		
Units outstanding at the beginning of the period	-	\$ -
Issued	10	100
	10	\$ 100

#### Allocation of Partnership net income

In general, net income for accounting purposes will be determined and allocated for each fiscal year of the Limited Partnership (as modified pursuant to the Partnership Agreement for the issuance of new Limited Partnership Units from time to time) as follows:

(continues)

# WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP

## Notes to Financial Statements

Two Month Period Ended December 31, 2017

(Unaudited)

### 5. PARTNERS' CAPITAL *(continued)*

- (a) firstly, to the Class B Limited Partners in proportion to such Class B Limited Partner's pro rata interests as at fiscal year-end, until the aggregate amount of net income allocated to each of the Class B Limited Partners in such fiscal year and all prior fiscal years would produce, on a cumulative basis, an amount equal 14.0 % per annum, non-compounding;
- (b) secondly, the balance shall be allocated as follows:
  - i) 0.001% to the General Partner;
  - ii) 85% to the Class A Limited Partners in proportion to such Class A Limited Partner's Class A pro rata interest; and,
  - iii) 14.999% to the Class C Limited Partners in proportion to such Class C Limited Partner's pro rata interest,  
until such time as the aggregate of all allocations of net income made to the Class A Limited Partners equals an 18% annualized return;
- (c) thirdly, the balance shall be allocated as follows:
  - i) 15% to the Class A Limited Partners in proportion to such Class A Limited Partner's Class A pro rata interest; and,
  - ii) 85% to the Class C Limited Partners in proportion to such Class C Limited Partner's pro rata interest.

#### Allocation of Partnership net losses

In general, net losses for accounting purposes will be determined and allocated for each fiscal year of the Limited Partnership (as modified pursuant to the Partnership Agreement for the issuance of new Limited Partnership Units from time to time) as follows:

- (a) 100% to the Class B Limited Partners, as a group, in proportion to their respective pro rata interests as at the fiscal year end, until such time as the balance of such Class B Limited Partners' current account is zero; and,
- (b) thereafter 100% to the Class A Limited Partners in proportion to their respective Class A pro rata interests as at the fiscal year end until such time as the balance of Class A Limited Partners' current account is zero; and,
- (c) thereafter 100% to the Class C Limited Partners in proportion to their respective Class C pro rata interests as at the fiscal year end until such time as the balance of Class C Limited Partners' current account is zero; and,
- (d) thereafter any remaining net loss will be allocated to the General Partner.

### 6. RELATED PARTY TRANSACTIONS

The following is a summary of the Partnership's related party transactions:

*(continues)*

**WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP****Notes to Financial Statements****Two Month Period Ended December 31, 2017***(Unaudited)***6. RELATED PARTY TRANSACTIONS (continued)**

WCPG Capital Ltd.

*(Entity is under the common control of the General Partner)*Demand promissory note payable, issued November 16, 2017,  
unsecured with interest at 6% per annum, calculated and payable  
annually, due April 30, 2019.

\$ 600,000

Accrued interest payable.

4,500

Demand promissory note payable, issued October 4, 2017, unsecured  
with interest at 6% per annum, calculated and payable annually,  
due April 30, 2019.

50,000

Accrued interest payable.

750

\$ 655,250

WCPG Highland Properties Ltd.

*(the General Partner)*

Issuance of 1 General Partnership Unit

\$ 100

Outlays and cash advances without interest or terms of repayment

125,675

\$ 125,775

Canadian China Capital Partners Ltd.

*(Entity is under the common control of the General Partner)*

Issuance of 6 Initial Class C Limited Partnership Units

\$ 60

Accorde (104th St.) Properties Corp.

*(Entity is under the common control of the General Partner)*

Issuance of 4 Initial Class C Limited Partnership Units

\$ 40

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

# WESTERN CANADIAN PROPERTIES GROUP XII LIMITED PARTNERSHIP

## Notes to Financial Statements

### Two Month Period Ended December 31, 2017

(Unaudited)

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#### 7. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal period end:

##### Issuance of Limited Partnership units

In March 2018, the Partnership raised cash of \$6,835,000 through the issuance of 1,550,000 Class B limited Partnership Units at \$1.00 per unit and 5,285,000 Class A1 Limited Partnership Units at \$1.00 per unit. Finders fees of \$341,750 were paid in respect to these issuances of which \$25,750 was paid to investors in the Partnership.

In April 2018, the Partnership raised cash of \$740,000 through the issuance of 75,000 Class B Limited Partnership Units at \$1.00 per unit and 665,000 Class A1 Limited Partnership Units at \$1.00 per unit. Finders fees of \$37,000 were paid in respect to these issuances of which \$1,250 was paid to an investor in the Partnership.

##### Land and building purchase

On March 29, 2018, by its nominee and agent, Accorde WCPG Lots 12 Ltd. and Accord WCPG Lots 12(B) Ltd., the Partnership completed on its purchase of land and building at 13265 104th Avenue, Surrey, B.C. The total purchase price was \$13,650,000 plus transfer taxes, closing costs and GST of \$973,157 for a total outlay of \$14,623,158. The purchase was financed with partnership cash and two private private mortgages totaling \$10 million.

##### Loans and borrowings

To facilitate the March 29, 2018 purchase of land and buildings, the Partnership, WCPG Highland Properties Ltd. (as general partner) and Accorde WCPG Lots 12 Ltd (as bare trustee) obtained two private mortgage facilities as follows:

1. \$7.5 million with interest at 5.75% per annum calculated monthly with interest only payable in monthly instalments of \$35,937.50 commencing May 1, 2018, with the full amount of principal due on October 1, 2019. The loan is secured by a first mortgage registered against the property acquired at 13265 104th Avenue, Surrey, B.C., personal guarantees of the shareholders of the general partner, general security agreement, assignment of rents and insurance and environmental indemnity agreement;
2. \$2.5 million with interest at 8.00% per annum calculated monthly with interest only payable in monthly instalments of \$16,666.67 commencing May 2, 2018, with the full amount of principal due on October 1, 2019. The loan is secured by a second mortgage registered against the property acquired at 13265 104th Avenue, Surrey, B.C., personal guarantees of the shareholders of the general partner, general security agreement, assignment of rents and insurance and environmental indemnity agreement;

##### Marketing services contract

On March 16, 2018, the Partnership entered into a marketing services contract for \$215,000 payable over the ensuing 12 months.

##### Prepaid financing fees

On March 27, 2018, prepaid financing fees of \$25,000 was cancelled and returned to the Partnership.

1983309583737
2193954958272
0305839583382
7198490572734
9237843893429
0843791091828
3283478490594
8737291298372
1983309583737
2193954958272
0305839583382
7198490572734
9237843893429
0843791091828
3283478490594
8737291298372
1983309583737
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9237843893429
0843791091828
3283478490594
8737291298372
2193954958272
0305839583382
7198490572734
9237843893429

**Three Month Period Ended December 31, 2017**

(Unaudited - See Notice To Reader)

**Gray & Associates**

CHARTERED PROFESSIONAL ACCOUNTANTS

**WCPG HIGHLAND PROPERTIES LTD.**

**Index to Financial Statements**

**Three Month Period Ended December 31, 2017**

*(Unaudited - See Notice To Reader)*

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CHARTERED PROFESSIONAL ACCOUNTANTS

201 – 1075 West 1st Street, North Vancouver, BC, Canada V7P 3T4  
Telephone: (604) 990-0550 Facsimile: (604) 990-0509  
[www.grayandassociates.ca](http://www.grayandassociates.ca)

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## NOTICE TO READER

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On the basis of information provided by management, we have compiled the balance sheet of WCPG Highland Properties Ltd. as at December 31, 2017 and the statements of operations and deficit and cash flows for the three month period then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

North Vancouver, British Columbia  
May 9, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS

**WCPG HIGHLAND PROPERTIES LTD.****Balance Sheet****December 31, 2017***(Unaudited - See Notice To Reader)*

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**ASSETS****CURRENT**

Cash	\$	3,952
Harmonized sales tax recoverable		230
Due from Western Canadian Properties Group XII Limited Partnership		125,675

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**129,857**

INVESTMENT IN ACCORDE WCPG LOTS 12 LTD.

**1**INVESTMENT IN WESTERN CANADIAN PROPERTIES GROUP XII LIMITED  
PARTNERSHIP *(Note 2)*

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**100**

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**\$ 129,958**

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**LIABILITIES AND SHAREHOLDER'S DEFICIENCY****CURRENT**

Accounts payable and accrued liabilities	\$	1,500
Due to WCPG Capital Ltd.		135,000
Due to Accorde WCPG Lots 12 Ltd		1

---

**136,501****SHAREHOLDER'S DEFICIENCY**

Share capital	3
Deficit	(6,546)

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**(6,543)**

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**\$ 129,958**

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**Approved by the sole director**

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*Director*

See notes to the financial statements

**WCPG HIGHLAND PROPERTIES LTD.**

**Statement of Operations and Deficit**

**Three Month Period Ended December 31, 2017**

*(Unaudited - See Notice To Reader)*

<b>EXPENSES</b>	
Accounting fees	\$ 1,500
Financing and incorporation costs	5,061
	<b>6,561</b>
<b>LOSS FROM OPERATIONS</b>	<b>(6,561)</b>
<b>OTHER INCOME</b>	
Interest income	15
<b>NET LOSS</b>	<b>(6,546)</b>
RETAINED EARNINGS - BEGINNING OF PERIOD	-
<b>DEFICIT - END OF PERIOD</b>	<b>\$ (6,546)</b>

See notes to the financial statements

**WCPG HIGHLAND PROPERTIES LTD.****Statement of Cash Flows****Three Month Period Ended December 31, 2017***(Unaudited - See Notice To Reader)*

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**OPERATING ACTIVITIES**

Net loss	\$	(6,546)
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Changes in non-cash working capital:

Accounts payable and accrued liabilities	1,500
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Goods and services tax recoverable	(230)
------------------------------------	-------

Due from Western Canadian Properties Group XII Limited Partnership	(125,675)
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Due to WCPG Capital Ltd.	135,000
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Due to Accorde WCPG Lots 12 Ltd	1
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	10,596
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Cash flow from operating activities	4,050
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**INVESTING ACTIVITIES**

Investment in Accorde WCPG Lots 12 Ltd.	(1)
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Investment in Western Canadian Properties Group XII Limited Partnership	(100)
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Cash flow used by investing activities	(101)
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**FINANCING ACTIVITY**

Proceeds on issuance of common shares	3
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<b>INCREASE IN CASH FLOW</b>	<b>3,952</b>
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Cash - beginning of period	-
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<b>CASH - END OF PERIOD</b>	<b>\$ 3,952</b>
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See notes to the financial statements

# **WCPG HIGHLAND PROPERTIES LTD.**

## **Notes to Financial Statements**

### **Three Month Period Ended December 31, 2017**

*(Unaudited - See Notice To Reader)*

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#### **1. FINANCIAL STATEMENT DISCLOSURE**

The notes and disclosures to these financial statements are not complete nor in accordance with Canadian accounting standards for private enterprises.

#### **2. CORPORATE INFORMATION**

WCPG Highland Properties Ltd. ("Highland" or the "Company") is a development company which was incorporated in British Columbia, Canada on October 17, 2017. It is headquartered in North Vancouver, British Columbia at 202 - 930 West 1st Street.

Highland is the general partner of Western Canadian Properties Group XII Limited Partnership for the Surrey Residences Project in Surrey, British Columbia.

#### **3. BASIS OF PRESENTATION**

##### Basis of measurement

These financial statements have been prepared using the historical cost basis of measurement.

##### Functional currency and presentation

These financial statements are presented in Canadian Dollars, except where otherwise stated.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently for the years presented in these financial statements.

##### Revenue recognition

The company recognizes revenues when they are earned, specifically when all the following conditions are met: services are provided or products are delivered to customers; there is clear evidence that an arrangement exists; amounts are fixed or can be determined; and the ability to collect is reasonably assured.

##### Cost of sales

Costs of sales are recognized upon sale of completed units. The company records transactions on the accrual basis of accounting.

##### Disbursements

Disbursements are made for payments to suppliers of construction materials, to construction labourers; and for goods and services, taxes, license fees, and employees' reimbursements. All cheque's are signed by the President or his delegee. The Controller audits and initials the invoice and supporting documents, prior to presenting a cheque for signature.

*(continues)*

# WCPG HIGHLAND PROPERTIES LTD.

## Notes to Financial Statements

### Three Month Period Ended December 31, 2017

(Unaudited - See Notice To Reader)

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#### 4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

##### Capitalization

Equipment and other long term assets costing over \$10,000 are recorded as capital assets. Repairs or improvements are capitalized if the expenditure extends the useful life of the asset.

##### Property, plant and equipment

Property, plant and equipment are stated at cost or deemed cost less accumulated amortization. Property, plant and equipment are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

<u>Capital assets</u>	<u>Rates</u>
Buildings	4%
Office equipment	20%
Construction equipment	30%
Computer equipment	55%
Computer software	100%

The company regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

##### Internal controls

Internal controls pertaining to the accounting records and information are established by the Controller in consultation with the Chief Financial Officer.