

## CONFIDENTIAL OFFERING MEMORANDUM

*This offering memorandum constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities and to those persons to whom they may be lawfully offered for sale. This offering is not made to, nor will subscriptions be accepted from, any person in the United States. No prospectus has been filed with any securities regulatory authority in connection with the securities offered hereunder. This offering memorandum is not to be construed as a prospectus or advertisement or a public offering of these securities.*

*Capitalized terms used but not defined herein have the respective meanings ascribed thereto in the "Glossary of Terms" of this Offering Memorandum.*

**Date:** April 7, 2016

### THE ISSUER

**Name:** 5888 Yonge Street Fund  
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**Currently listed or quoted:** No. These securities do not trade on any exchange or market.

**Reporting Issuer:** No.

**SEDAR filer:** No.

**Securities Offered:** An unlimited number of Units may be issued pursuant to the Declaration of Trust. All Units are of the same class with equal rights and privileges. Each Unit confers the right to participate *pro rata* in any distributions by the Fund and, in the event of termination of the Fund, in the net assets of the Fund remaining after the satisfaction of all liabilities. See "Item 2.1.1 - The Fund – Units".

**Price per Security:** \$100.00 per Unit.

**Sales Commissions:** 8.0% of the subscription price of each Unit.

**Minimum Offering:** \$6,000,000 (60,000 Units).

**Maximum Offering:** \$17,500,000 (175,000 Units).

**Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**

**The Trustees may at any time waive the Minimum Offering amount or the Maximum Offering amount.**

**Minimum Subscription Amount:** \$10,000 (100 Units).

**Payment Terms:** The subscription price is payable at the time of Closing by wire transfer, bank draft or certified cheque or such other manner as may be acceptable to the

Trustees in their sole discretion. **There may be one or more Additional Closings under this Offering Memorandum. Where required by law, the subscription funds will be held in trust pending closing for two Business Days (and in any event until midnight on the 2<sup>nd</sup> Business Day) after the purchaser signs the Subscription Agreement. This does not constitute acceptance of a subscription.**

**Proposed Closing Date:** On or about April 25, 2016 or one or more such earlier or later dates as may be approved by the Trustees in their sole discretion. If completion of the Minimum Offering occurs (or if the Minimum Offering is waived), but the Maximum Offering has not been reached, Additional Closings may be held on a continuous basis until the Maximum Offering is achieved. The Trustees may at any time waive the Minimum Offering amount or the Maximum Offering amount.

**Additional Offerings:** Following the Closing, the Fund may complete Additional Closings or additional offerings of Units at such prices and at such time as determined by the Trustees in their sole discretion. The funds raised from such Additional Closings or additional offerings of Units will be used at the sole discretion of the Trustees.

The Fund reserves the right, at its sole discretion, to invest any amounts it receives in connection with the Offering (either at the Closing or on or prior to Additional Closings) in interest bearing accounts until such time that such funds are, in the Fund's sole discretion, used by the Fund to subscribe for Partnership Units.

**Income Tax Consequences:** There are important tax consequences associated with the ownership of Units. Investors are advised to consult their personal tax advisors. See "Item 6 – Income Tax Consequences and RRSP Eligibility".

**Selling Agent:** The Agent has been appointed as an agent to sell the Units. Sub-agents permitted under applicable legislation to sell Units may be appointed from time to time to offer the Units for sale pursuant to this Offering. See "Item 7 – Compensation Paid to Sellers and Finders".

**Resale Restrictions:** You will be restricted from selling your Units (otherwise than by virtue of a redemption) for an indefinite period. See "Item 10 – Resale Restrictions". In addition, Units cannot be transferred without the prior approval of the Trustees.

**Purchaser's Rights:** You have 2 Business Days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement.

See "Item 11 – Purchaser's Rights Of Action For Damages Or Rescission".

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

**The Fund:** The Fund is an unincorporated, open-ended limited purpose trust created by the Declaration of Trust and established under and governed by the laws of the Province of Ontario. While the Fund intends to qualify as a mutual fund trust for tax purposes at all times, the Fund is not a mutual fund or an investment fund for securities law purposes.

<b>Trustees:</b>	The Declaration of Trust provides that the board of Trustees of the Fund will consist of a minimum of one and a maximum of nine Trustees. Initially, the board of Trustees of the Fund will be comprised of three Trustees, being Pincus Kaufman, Devon Cranson and Shlomo Marder. See “Item 3 – Trustees, Management, Promoters and Principal Securityholders”.
<b>The Partnership:</b>	The Partnership will be a limited partnership formed under the laws of the Province of Ontario. The Partnership’s business objectives will be to fund the Deposit, acquire the Development Property following zoning and develop the Condominium Project, which will be developed by the Developer. See “Item 2.1.2 - The Partnership”.
<b>The General Partner:</b>	The General Partner will be a corporation incorporated under the laws of the Province of Ontario. It is not expected that the General Partner will carry on any business other than acting as the general partner of the Partnership. On Closing, all of the shares of the General Partner will be owned by Cranson Investments. See “Item 2.1.3 - The General Partner”.
<b>Distribution Policy of the Fund:</b>	<p>The Fund intends to distribute, to the extent possible, distributions of its distributable cash to Unitholders commencing as soon as practicable following the date upon which the Partnership, through the sale of condominium units, has received sufficient funds in respect of the Condominium Project, as determined by the General Partner, in its sole discretion, to commence distributions to the holders of its Partnership Units. The amount of the Fund’s distributable cash generally will be equal to the distributions (if any) on or in respect of the Partnership Units owned by the Fund, less: (i) administrative expenses and other obligations of the Fund; (ii) amounts that may be paid by the Fund in connection with any cash redemptions or repurchases of Units; (iii) satisfaction of the Fund’s debt service obligations (principal and interest) on indebtedness, if any; and (iv) any amount that the Trustees may reasonably consider to be necessary to provide for the payment of any costs or expenses, including any tax liability of the Fund, that have been or are reasonably expected to be incurred in connection with the activities of the Fund.</p> <p>The Fund may make additional distributions in excess of the aforementioned distributions, as the Trustees may determine from time to time. See “Item 2.1.1 – The Fund”.</p>
<b>Distribution Policy of the Partnership:</b>	<p>It is intended that the Partnership will make distributions of its Partnership Proceeds such that (i) the General Partner receives an initial distribution equal to 0.001%; (ii) limited partners receive an amount that is equal to their Initial Cash Investment and the greater of (a) an amount that would provide the limited partners with an annual 10% compounded return on the Initial Cash Investment, and (b) an amount equal to 47.5% of the Partnership’s distributable cash; and then (iii) to the General Partner such that it receives up to 5% of the Partnership’s distributable cash. For greater certainty, distributions of the Partnership’s distributable cash described above will be computed before deducting the Developer Fee.</p> <p>Pursuant to the terms of the Development Management Agreement, the Partnership will be required to pay to the Developer, as part of the Management Fee, an amount equal to a maximum of 47.5% of the Partnership’s distributable cash. See “The Partnership – Distributions of Partnership Proceeds”;</p> <p>Distributions of distributable cash by the Partnership will commence as soon as practicable following the closing of sales of condominium units in the</p>

Condominium Project and, thereafter, following periodic sales of condominium units of the Condominium Project, provided that the Partnership will retain an amount of funds, as determined by the General Partner and Trustees in their sole discretion, to satisfy potential obligations, including any warranty claims.

**The Developer:**

Plazacorp, as Developer, will be responsible for all aspects of the Development undertaken by the Partnership.

Mr. Anthony Heller formed Plazacorp in 1981 and has been in the real estate business for the past 40 years. Over the past 15 years, Plazacorp has completed or undertaken over \$3 billion in real estate development, representing approximately 10,000 residential units. Plazacorp currently has over 1,600 units under construction. In 2011, Plazacorp was the top developer in Toronto (by sales volume).

**The Purchase Agreement and the Deposit:**

The Developer has entered into the Purchase Agreement in connection with the acquisition of the two parcels that comprise the Development Property for a purchase price of approximately \$26,500,000, subject to adjustments. The Purchase Agreement is subject to standard closing conditions and the purchase price is subject to reduction in the amount of \$70 for each square foot by which the ultimate gross floor area of the Condominium Project is less than 400,000 square feet. The Purchase Agreement contains other adjustments to the purchase price, including items and expenses in accordance with usual commercial practice, and the expense of the Section 37 payment to the City of Toronto that is required as part of the approval for the Condominium Project (which will be borne by the Vendor).

As of the date hereof, an Affiliate of the Developer has funded \$1,500,000 of the Deposit. The funds raised under the Offering will initially be used to, among other things, repay this amount to the Developer's Affiliate, repay the Developer's Affiliate an amount of approximately \$950,000 in respect of certain Development costs and interest payments on the existing mortgages required to be paid under the Purchase Agreement, and pay the additional deposit of (or repay the Developer's Affiliate in respect of) \$3,500,000 due on April 26, 2016. The Partnership, as purchaser, will receive a second collateral charge on the Development Property in respect of this portion of the Deposit. In addition, under the Purchase Agreement, the purchaser has the right to fund an additional \$10,000,000 of the Deposit, which will be used by the Vendor to pay off a portion of the existing mortgages on the Development Property. The Partnership will receive a first collateral charge on the Development Property in respect of this portion of the Deposit. If the existing mortgages are not repaid, the purchase price will be adjusted by the amount of the interest payments on the existing mortgages, such that the Purchaser will economically bear this expense. See "Item 2.2.3 – The Deposit" and "Item 8 - Risk Factors – The Purchase Agreement and the Deposit".

**Development Agreement:**

On or before the Closing, the Developer will enter into a Development Management Agreement with the Partnership pursuant to which the Developer will be entitled to receive the Management Fee, which shall include an amount equal to the Developer Fee. All such fees will be subject to applicable taxes. See "Item 2.1.5 – Conflicts of Interests" and "Item 3.5 – Development Management Agreement".

**Management Fees:**

As part of the Management Fee, the Developer will charge the Partnership a total fee of 5% of gross revenues, net of HST, for all of their services up to the closing of the sale of each condominium unit. See "Item 3.5 – Development Management Agreement - Fees".

## **Management Interests and Potential Conflicts:**

Each of the Fund, the Partnership and the General Partner and certain of their respective trustees, directors, officers and equityholders are or will be persons who are not at arm's length with the Developer and/or the Agent, and may be paid for the performance of their obligations under various agreements described in this Offering Memorandum. Additionally, none of these parties are or will be limited or affected in their ability to carry on other business ventures for their own account, or for the account of others, and are currently, and may in the future be, engaged in the development of, investment in, or management of, businesses that may compete with the business of the Fund and its Affiliates described herein.

Certain individuals who are related to Anthony Heller, a director, officer and principal of the Developer, own a significant interest in each of the Agent and Cranson Investments. The Developer will receive the Management Fee and a portion of the proceeds of the Offering will be used to repay an Affiliate of the Developer for the portion of the Deposit paid by such Affiliate.

Pincus Kaufman, a Trustee, is an officer of the Developer. The Developer will receive the Management Fee and a portion of the proceeds of the Offering will be used to repay an Affiliate of the Developer for the portion of the Deposit paid by such Affiliate.

Devon Cranson, a principal, director and officer of the Agent and Cranson Investments, is a Trustee and a director and officer of the General Partner. The Agent will receive fees under the Agency Agreement and Cranson Investments will indirectly receive the Partnership Proceeds distributed to the General Partner. **As a result of the relationship between Devon Cranson and the Fund and its Affiliates, the Fund may be considered a "connected issuer" of the Agent, as such term is defined in National Instrument 33-105.**

See "Item 2.1.5 – Conflicts of Interests" and "Item 8 - Risk Factors".

## **Risk Factors:**

An investment in the Units is subject to a number of risks that should be considered by a prospective purchaser. Cash distributions by the Fund are not guaranteed and will be based indirectly upon the business operated by the Partnership, which is susceptible to a number of risks. These risks, and other risks associated with an investment in the Units, include those related to: limited marketability; dependence on key personnel, risk of investment in the business and real estate ownership; financial illustrations and operating highlights; the Purchase Agreement and the Deposit; fluctuations in capitalization rates; risk of change in investment return; capital investment; access to capital; nature of Units; dilution; structural subordination of the Units; voting rights; potential for conflict of interest; tax related risks; redemption right; net worth of General Partner; environmental risks; and damage to Condominium Project. See "Risk Factors".

The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purpose of evaluating the Units offered hereby. Prospective investors should only rely on the information in this Offering Memorandum. No persons are authorized to give any information or make any representation in respect of the Fund or the Trustees or the Units offered herein and any such information or representation must not be relied upon.

## **FORWARD-LOOKING STATEMENTS**

This Offering Memorandum contains forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to the Fund's future outlook and anticipated events or results and may include statements regarding the future financial position, property acquisitions, business strategy, budgets, projected costs, financial results and plans and objectives of the Fund and the future condition of the GTA

residential real estate industry in general. In some cases, forward-looking information can be identified by terms such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or other similar expressions concerning matters that are not historical facts.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include expectations and prospects of the Fund with respect to the Deposit, the acquisition of the Development Property, zoning and/or re-zoning of the Development Property, the Development of the Development Property, results of operations, cash distributions, business prospects and opportunities and industry outlook and related projections, including projected revenues, projected costs and projected profits. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Offering Memorandum.

Such forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to: the acquisition of the Property and the ability of the Fund to obtain the necessary financing for the acquisition and the Development; the level of activity in the Greater Toronto Area residential real estate industry and the economy generally; competing development projects; zoning issues; anticipated and unanticipated costs; results of operations; business performance; timing of the Development; and business prospects and opportunities. If the Deposit or the acquisition of the Property is not completed, or if it is completed on terms that are different from those described herein, the Fund’s future financial results will be significantly different than those presently projected herein.

While the Fund considers the assumptions made to be reasonable as of the date hereof based on information currently available to it, they may prove to be incorrect. By its nature, forward-looking information involves numerous assumptions, risks and uncertainties and other factors that contribute to the possibility that the predicted outcome will not occur, including those listed under “Item 8 - Risk Factors”. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Fund.

The forward-looking statements contained herein should not be relied upon as representing the Fund’s views as of any date subsequent to the date of this Offering Memorandum. The Fund is not under any obligation and does not undertake to update this information at any particular time and assumes no obligation to update or revise forward-looking statements should circumstances or the Trustees’ estimates or opinions change.

## **MARKETING MATERIALS**

The presentation of the Fund relating to this Offering, and any other marketing materials relating to the distribution of Units under this Offering Memorandum, in each case delivered or made reasonably available to prospective purchasers prior to the termination of the distribution of the Units under the Offering, are hereby specifically incorporated by reference into and form an integral part of this Offering Memorandum.

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

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## GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings, and grammatical variations of such words and terms shall have corresponding meanings:

“**Additional Closings**” means the closing of subscriptions for Units accepted by the Fund after the Closing.

“**Affiliate**” has the meaning ascribed thereto in the *Securities Act* (Ontario).

“**Agency Agreement**” means the agency agreement between the Agent and the Fund to be entered into on or prior to Closing.

“**Agent**” means Cranson Capital Securities Inc., an Ontario corporation.

“**Associate**” in relation to any party, has the meaning ascribed thereto in the *Securities Act* (Ontario) and also includes any person who does not deal at “arm’s length” (as that term has meaning as set forth in the Tax Act) with such party.

“**Business**” means, with respect to the Fund, the making (indirectly) of equity investments in the Partnership and, with respect to the Partnership, means the making of the Deposit and the Development of the Condominium Projects.

“**Business Day**” means any day, other than a Saturday, Sunday or statutory or civic holiday in the Province of Ontario or any day in which commercial banks are not open for business in Toronto, Ontario.

“**CBCA**” means the *Canada Business Corporations Act*.

“**Closing**” means the initial closing on the Closing Date of subscriptions for Units offered pursuant to this Offering.

“**Closing Date**” means the day set by the Fund for the Closing of this Offering.

“**Condominium Project**” means the condominium project currently contemplated to be undertaken by the Fund following the Offering, being the condominium project located at the Development Property.

“**Construction Manager**” has the meaning ascribed thereto under “Item 3.2 – Management Experience”.

“**Cranson Investments**” means Cranson Capital Securities Investments Inc., an Ontario corporation.

“**Declaration of Trust**” means the declaration of trust pursuant to which the Fund was established, which will be amended and restated prior to Closing, as it may be further amended, supplemented or amended and restated from time to time.

“**Deposit**” means the deposit to the Vendor in the amount of up to \$15,000,000 under the Purchase Agreement, including without limitation the deposit in the amount of \$1,500,000 that was paid by an Affiliate of the Developer prior to the date hereof.

“**Developer**” or “**Plazacorp**” means Plazacorp Investments Limited.

“**Developer Fee**” has the meaning ascribed thereto under “Item 2.1.3 – The Partnership – Distribution of Partnership Proceeds”.

“**Development**” means the acquisition, pre-development, development, construction (including demolition of existing buildings), completion and sale of condominium units of a Condominium Project and the discharge of the statutory warranties given under the Tarion Warranty Program in connection with the sale of the condominium units of a Condominium Project.

**“Development Management Agreement”** means the development management agreement to be entered into by the Partnership and the Developer pursuant to which the Developer will develop the Condominium Project.

**“Development Property”** means, collectively, the properties known municipally as 5840-5870 Yonge Street, but specifically excluding the front half of 5840 Yonge Street, which will be retained by the Vendor.

**“Fund”** means 5888 Yonge Street Fund, an unincorporated, open-ended limited purpose trust established under the laws of the Province of Ontario, or its Affiliates where the context requires.

**“General Partner”** means a corporation that will be incorporated under the laws of the Province of Ontario, whose business will be to serve as the general partner of the Partnership.

**“General Partner Units”** means the Partnership Units to be held by the General Partner on Closing.

**“Gross Receipts”** means the aggregate, without duplication, of all revenues received from operations during the period in question, and all investment income earned on the funds of the Partnership, including all proceeds received by the Partnership:

- (a) resulting from a Sale, or the sale of individual condominium units after deducting amounts required to discharge or partially discharge any mortgage or security interest relating to, or repay or partially repay loans incurred in respect of the acquisition, development and/or construction of the asset sold and all costs incurred as a result of such sale, and all accounts payable to third parties in connection with such sale, if applicable; and
- (b) from any insurance to the extent not applied to repair or rebuild some or all of the assets held by the Partnership,

but excluding any monies, deposits or other prepayments unless and until earned, insurance proceeds and expropriation proceeds.

**“GTA”** means the Greater Toronto Area.

**“Initial Cash Investment”** means an amount equal to the aggregate subscription price for Partnership Units of the Partnership.

**“Management Fee”** has the meaning ascribed thereto under “Item 3.5 – Development Management Agreement - Fees”.

**“Maximum Offering”** means the maximum Offering size of \$17,500,000 or 175,000 Units.

**“Minimum Offering”** means the minimum Offering size of \$6,000,000 or 60,000 Units.

**“Mortgages”** means the mortgages that are currently on the Development Property in the aggregate amount of approximately \$10.6 million as of the date of this Offering Memorandum.

**“Net Income”** and **“Net Loss”** in respect of any fiscal period mean, respectively, the net income or net loss of the applicable partnership in respect of such period as determined in accordance with generally accepted accounting principles in Canada.

**“Offering”** means the offering(s) of Units pursuant to the terms of this Offering Memorandum, which shall consist of a minimum of 60,000 Units and a maximum of 175,000 Units, subject to the right of the Trustees of the Fund to waive such minimum and maximum amounts.

**“Offering Memorandum”** means this offering memorandum dated April 7, 2016, as the same may be amended or amended and restated from time to time.

**“Offering Proceeds”** means the net proceeds from the Offering.

**“Operating Expenses”** means the aggregate, without duplication, of all outlays made by the Partnership during the period in question in connection with the operation of its Business, and without limitation, includes: professional fees reasonably attributable thereto; the Management Fee; all business taxes; all debt servicing expenditures, whether on account of principal or interest; reporting costs; and such reserves as may reasonably be designated by the General Partner (including reserves maintained in connection with, and in order to satisfy requirements under the Tarion Warranty Program), but excluding capital cost allowance or depreciation and amortization with respect to any assets held by the Partnership.

**“Partner”** means the General Partner, as general partner of the Partnership, and the Fund, as limited partner of the Partnership, and **“Partners”** means all partners of the Partnership.

**“Partnership”** means a limited partnership to be formed under the laws of the Province of Ontario.

**“Partnership Agreement”** means the limited partnership agreement in respect of the Partnership, as may be amended, supplemented or restated from time to time.

**“Partnership Proceeds”** for any period of the Partnership means the amount by which Gross Receipts exceeds Operating Expenses, less applicable withholding taxes and any amount that the General Partner may reasonably consider to be necessary to provide for the payment of any costs or expenses, including any tax liabilities, that have been or are reasonably expected to be incurred in respect of the activities and operations of the Partnership (to the extent such costs or expenses have not otherwise been taken into account in the calculation of the available distributable cash of the Partnership).

**“Partnership Units”** means the limited partnership units of the Partnership.

**“Person”** is to be broadly interpreted and includes an individual, an incorporated body wherever or however incorporated, a partnership, a trust, a fund, an unincorporated association or organization, a government of a country or any political subdivision thereof, or any agency or department thereof, and the executors, administrators or other legal representatives of an individual in such capacity.

**“Plans”** means trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts, each as defined in the Tax Act.

**“Promoter”** means Plazacorp Investments Limited.

**“Purchase Agreement”** means the agreement of purchase and sale dated January 12, 2016 entered into between Plazacorp Properties Limited (an Affiliate of the Developer) and the Vendor in respect of the acquisition of the Development Property.

**“Redemption Price”** means a price per Unit equal to the fair market value of such Unit at such time, as determined by the Trustees, acting reasonably.

**“Sale”** means the en bloc sale or other disposition of (i) all or substantially all of the Partnership Units; or (ii) the Development Property; or (iii) a Condominium Project.

**“Special Resolution”** means:

- (a) a resolution passed by securityholders holding, in the aggregate, not less than 66  $\frac{2}{3}$ % of the outstanding securities held by those securityholders who, being entitled to do so, vote in person or by proxy at a duly convened meeting of securityholders or any adjournment thereof; or
- (b) a written resolution in one or more counterparts consented to in writing by securityholders holding, in the aggregate, not less than 66  $\frac{2}{3}$ % of all of the outstanding securities held by those securityholders who are entitled to vote on the resolution.

“**Subscription Agreement**” means the completed subscription agreement to be entered into by a subscriber on Closing or on Additional Closings.

“**Tarion Warranty Program**” means the warranty program administered by Tarion Warranty Corporation under the *Ontario New Home Warranties Plan Act*.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder.

“**Trust**” means an unincorporated, open-ended limited purpose trust to be established under the laws of the Province of Ontario, all of the units of which will be held by the Fund.

“**Trust Declaration of Trust**” means the declaration of trust pursuant to which the Trust will be established, as same may be amended, supplemented or restated from time to time.

“**Trust Units**” mean units in the Trust.

“**Trust’s Trustee**” or “**Trust’s Trustees**” means the trustees of the Trust or any one of them.

“**Trustee**” or “**Trustees**” means the trustees of the Fund, or any one of them, from time to time.

“**Unitholders**” means the holders of Units.

“**Units**” means units in the Fund and includes the units offered hereby and units authorized to be issued in accordance with the terms of the Declaration of Trust, and “**Unit**” means any of such units.

“**Vendor**” means, collectively, the vendors of the Development Property pursuant to the Purchase Agreement.

In this Offering Memorandum, references to “**dollars**” and \$ are to the currency of Canada, unless otherwise indicated.

## ITEM 1 – USE OF AVAILABLE FUNDS

### 1.1 Funds

The Offering Proceeds and the funds which will be available to the Fund after this Offering are as follows:

	<b>Assuming Minimum Offering<sup>(3)</sup></b>	<b>Assuming Maximum Offering<sup>(3)</sup></b>
(a) Amount to be raised by this Offering .....	\$6,000,000	\$17,500,000
(b) Selling commissions and fees <sup>(1)</sup> .....	\$480,000	\$1,400,000
(c) Estimated Offering costs (legal, accounting, audit, etc.) <sup>(2)</sup> .....	\$250,000	\$250,000
(d) Contingency.....	\$100,000	\$100,000
(e) Offering Proceeds .....	\$5,170,000	\$15,750,000

**Notes:**

- (1) The Units will be offered for sale by the Agent pursuant to the Agency Agreement and such other agents or sub-agents permitted under applicable legislation to sell Units as may be appointed from time to time by the Trustees or the Agent as agents of the Fund in connection with the distribution of Units. The Agent and any such agents or sub-agents appointed by the Trustees or the Agent will receive a commission of 8% of the gross proceeds of the Units sold by them. The sales commissions payable under the Offering in connection with the sale of Units will be payable from the gross proceeds of the Offering. The maximum amount of sales commissions payable under the Maximum Offering will be \$1,400,000. The selling commissions and fees will be an expense of the Fund and its Affiliates. See “Item 7.1 – Selling Commissions”.
- (2) The Fund or an Affiliate thereof will be responsible for the payment of the costs of the formation and initial organization of the Fund and its Affiliates. These costs are estimated to be approximately \$250,000 in the aggregate.
- (3) The price per Unit was determined by the Trustees after consultation with the Agent.

### 1.2 Use of Available Funds

The Offering Proceeds from the sale of Units under this Offering Memorandum is estimated to be approximately \$5,170,000 assuming the Minimum Offering is reached. The Fund intends to use the Offering Proceeds, once obtained, to indirectly make the Deposit (including repaying an Affiliate of the Developer \$1,500,000 in respect of deposits already paid to the Vendor) and, following zoning of the Development Property, acquire the Development Property and undertake and complete the Development of the Condominium Project (including fees and expenses related thereto).

<b>Description of intended use of Offering Proceeds Listed in order of Priority</b>	<b>Assuming Minimum Offering</b>	<b>Assuming Maximum Offering</b>
Indirectly make the Deposits <sup>(1)(2)</sup> .....	\$5,000,000	\$15,000,000
Pay Development costs.....	\$170,000	\$750,000
<b>Total</b>	<b>\$5,170,000</b>	<b>\$15,750,000</b>

**Notes:**

- (1) Less an amount to be held by the Fund for operating costs.
- (2) Includes repayment of \$1.5 million to an Affiliate of the Developer.

### 1.3 Reallocation

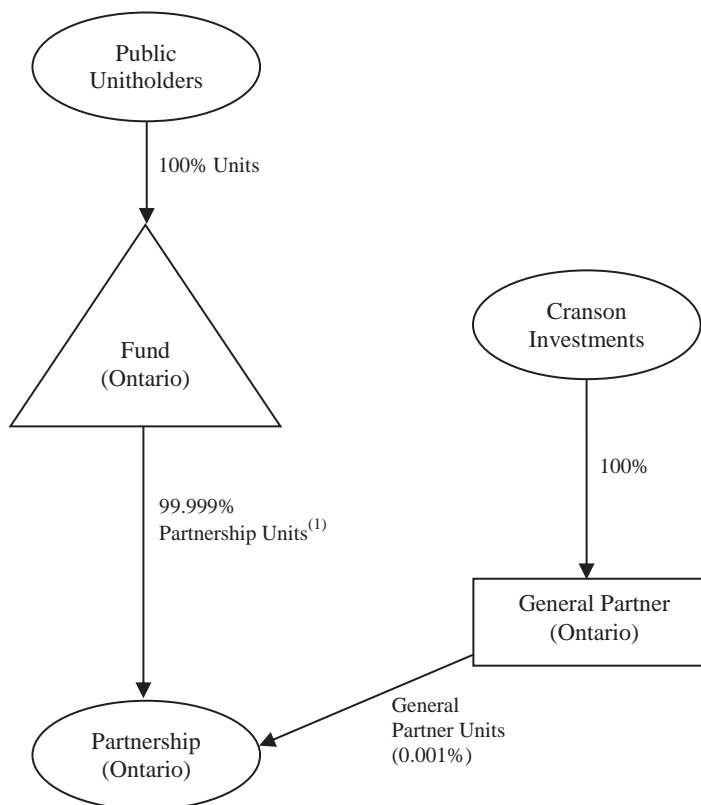
The Fund intends to allocate and use the Offering Proceeds as stated in “Item 1 – Use of Available Funds”. The Fund will reallocate the funds only for sound business reasons.

## ITEM 2 – THE FUND

### 2.1 Structure

The Fund is an unincorporated, open-ended limited purpose trust created by the Declaration of Trust and established under and governed by the laws of the Province of Ontario. The Fund has been created to indirectly (through the Trust) acquire and hold all of the partnership units of the Partnership, which will make the Deposit, acquire the Development Property and develop the Condominium Project. The head office of the Fund is located at 10 Wanless Avenue, Suite 201, Toronto, Ontario, M4N 1V6.

The basic organizational structure of the Fund following completion of the Offering will be as follows:



Notes:

(1) The Fund's interest in the Partnership will be held indirectly through the Trust.

### 2.1.1 The Fund

#### *General*

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. It is intended that the Fund will qualify as a “unit trust” and a “mutual fund trust” for the purposes of the Tax Act, although the Fund will not be a mutual fund under applicable securities laws. The following is a summary of the material attributes and characteristics of the Units and certain provisions of the Declaration of Trust, which summary does not purport to be complete. Reference is made to the Declaration of Trust, a copy of which can be obtained free of charge from the General Partner (10 Wanless Avenue, Suite 201, Toronto, Ontario, M4N 1V6), for a complete description of the Units and the following summary is qualified in its entirety by the full text of its provisions.

#### *Investment in the Partnership*

The Fund will use the Offering Proceeds to acquire all of the Partnership Units of the Partnership (indirectly through the Trust) in furtherance of the Partnership making the Deposit (including the repayment of a portion of the Deposit to an Affiliate of the Developer), the payment of certain Development costs, the repayment of existing mortgages (or the funding of interest payments under the existing mortgages), the acquisition of the Development Property and the Development of the Condominium Project.

The Declaration of Trust provides that the activities of the Fund are restricted to:

- (a) acquiring, investing in, transferring, disposing of and otherwise dealing with securities of the Trust, the Partnership and other corporations, partnerships, trusts or other persons engaged, directly or indirectly, in the Business;
- (b) acquiring, investing in, transferring, disposing of and otherwise dealing with securities of any of its subsidiaries;
- (c) temporarily holding cash in interest bearing accounts, short-term government debt for the purposes of paying the expenses and liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption of any Units or other securities of the Fund and making distributions to Unitholders;
- (d) issuing Units and other securities of the Fund (including securities convertible or exchangeable into Units or warrants, options or other rights to acquire Units or other securities of the Fund): (a) for obtaining funds to conduct the activities of the Fund; or (b) in satisfaction of any non-cash distribution;
- (e) issuing debt securities (including debt securities convertible into, or exchangeable for, Units or other securities of the Fund) or otherwise borrowing and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering any of its assets as security;
- (f) guaranteeing the payment of any indebtedness, liability or obligation of the Trust, the Partnership or any of their respective subsidiaries or the performance of any obligation of any of them, and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of its assets as security for such guarantee;
- (g) disposing of any part of the assets of the Fund;
- (h) repurchasing securities issued by the Fund, subject to the provisions of the Declaration of Trust and applicable laws;
- (i) satisfying the obligations, liabilities or indebtedness of the Fund; and
- (j) undertaking all other usual and customary actions for the conduct of the activities of the Fund in the ordinary course as are approved by the Trustees from time to time, or as are contemplated by the Declaration of Trust,

provided the Fund will not undertake any activity, take any action, omit to take any action or make any investment which would result in the Fund not being considered a “mutual fund trust” or would result in the Fund being considered to be a “SIFT Trust”, in each case for purposes of the Tax Act.

### *Capitalization of the Fund*

It is expected that, on Closing, the issued capital of the Fund will consist of a minimum of 60,000 Units and a maximum of 175,000 Units, subject to the right of the Trustees to waive such minimum and maximum amounts.

Following the Closing and any Additional Closings, the Fund may undertake additional offerings of Units at such prices and at such time as determined by the Trustees in their sole discretion. The funds raised from such additional offerings of Units will be used at the sole discretion of the Trustees, including to acquire additional condominium units.

### *Units*

An unlimited number of Units may be issued pursuant to the Declaration of Trust. Each Unit is not transferable, except with the prior written approval of the Trustees (which may be withheld in their sole and absolute discretion), and represents an equal undivided beneficial interest in any distributions from the Fund, whether of net income, net realized capital gains (other than net realized capital gains distributed to redeeming Unitholders) or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund. All Units are of the same class with equal rights and privileges. The Trustees may at any time amend the Declaration of Trust to create new classes of Units, which may have rights and privileges that are greater than those enjoyed by Unitholders.

The Units issued pursuant to the Offering are not subject to future calls or assessments, and entitle the holders thereof to one vote for each whole Unit held at all meetings of Unitholders, if and when such meetings are called by the Trustees. Except as set out under “Redemption at the Option of Unitholders” below, the Units have no conversion, retraction, redemption or pre-emptive rights.

### *Issuance of Units*

The Declaration of Trust provides that the Units or rights to acquire Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine. Units may be issued in satisfaction of any non-cash distribution of the Fund to Unitholders on a *pro rata* basis to the extent that the Fund does not have available cash to fund such distributions. The Declaration of Trust also provides, unless the Trustees determine otherwise, that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution, except where tax was required to be withheld in respect of the Unitholder’s share of the distribution. In this case, each certificate, if any, representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts so distributed represent income, non-resident holders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Units. Such non-resident Unitholders will be required to surrender the certificates, if any, representing their original Units in exchange for a certificate representing their post-consolidation Units.

The Trustees may refuse to allow the issue or registration of the transfer of any Units at any time, including where such issuance or transfer would, in their opinion, adversely affect the treatment of the Fund or the entities in which it directly or indirectly invests under applicable Canadian tax legislation or their qualification to carry on any relevant business. See “Item 2.1.1 – The Fund - Limitation on Non-Resident Ownership” and “Item 6.1 – Summary of Certain Canadian Federal Income Tax Considerations”.

### *Trustees*

The Fund will have a minimum of one Trustee and a maximum of nine Trustees, the majority of whom must be residents of Canada (within the meaning of the Tax Act). Currently, the board of the Fund consists of three Trustees: Pincus Kaufman, Devon Cranson and Shlomo Marder. Biographical information in respect of the Trustees can be found under “Item 3 – Trustees, Management, Promoters and Principal Securityholders”.

The Declaration of Trust provides that, subject to its terms and conditions, the Trustees shall have full, absolute and exclusive power, control and authority over the trust assets and over the affairs of the Fund to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of the trust assets and will supervise the investments and conduct the affairs of the Fund. Subject to such terms and conditions, the Trustees are responsible for, among other things:

- supervising the activities and managing the investments and affairs of the Fund;
- acting for, voting on behalf of and representing the Fund as a holder of its director or indirect subsidiaries;
- maintaining records and providing reports to Unitholders; and
- effecting payments of distributable cash from the Fund to Unitholders.

Any Trustee may resign upon 30 days' written notice to the Fund, with the vacancy created by such resignation being filled at the next meeting of the Trustees. A quorum of the Trustees, being the majority of the Trustees then holding office who are entitled to vote, and who have not excluded themselves from voting due to a potential conflict, in respect of the relevant matter (provided a majority of the Trustees comprising such quorum are residents of Canada), may fill a vacancy in the Trustees. In the absence of a quorum of Trustees, the Trustees will promptly call a special meeting of the Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there are no Trustees then in office, any Unitholder may call the meeting. Additionally, a quorum of Trustees may appoint additional Trustees from time to time, provided that at no time shall the Fund have more than nine Trustees, the majority of whom must not be non-residents of Canada (within the meaning of the Tax Act).

The Declaration of Trust provides that, subject to the ability of the Trustees to transact with the Fund as described below, the Trustees will act honestly and in good faith with a view to the best interests of the Fund and in connection with that duty will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each Trustee will be entitled to indemnification from the Fund in respect of the exercise of the Trustee's power and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of all the Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his/her conduct was lawful.

#### *Trustees' Powers to Transact with the Fund*

The Declaration of Trust explicitly provides that the Trustees shall be permitted, directly or indirectly, to engage in transactions with the Fund or with any of its Affiliates, Associates or subsidiaries; provided, however, that such transactions are, in the opinion of any disinterested Trustee or Trustees, if applicable, on the same basis as might reasonably be negotiated with any arm's length third party. The Trustees shall not be required to devote their entire time to the investments or affairs of the Fund.

#### *Distributions*

The Fund intends to make distributions of its distributable cash to Unitholders commencing on the date upon which the Partnership, through the sale of condominium units or a Sale, as applicable, has received sufficient funds in respect of the Condominium Project, as determined by the General Partner, in its sole discretion, to commence distributions to the holders of its Partnership Units. The amount of the Fund's distributable cash will be equal to the distributions (if any) on or in respect of the Partnership Units owned by the Fund (indirectly through the Trust) less: (i) administrative expenses and other obligations of the Fund; (ii) amounts that may be paid by the Fund in connection with any cash redemptions or repurchases of Units; (iii) satisfaction of the Fund's debt service obligations (principal and interest) on indebtedness, if any; and (iv) any amount that the Trustees may reasonably consider to be necessary to provide for the payment of any costs or expenses, including any tax liability of the Fund, that have been or are reasonably expected to be incurred in the activities and operations of the Fund.

The Fund may make additional distributions in excess of the aforementioned distributions during the year, as the Trustees may determine. If necessary, a distribution will be declared in respect of the month ending December 31 in each year which will include such amount in respect of the taxable income and net realized capital gains, if any, of the Fund for such year to ensure that the Fund will not be liable for ordinary income taxes under the Tax Act in such year.

Any income of the Fund that is unavailable for cash distribution will, to the extent necessary to ensure that the Fund does not have any income tax liability under Part I of the Tax Act, be distributed to Unitholders in the form of additional Units. Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. The Declaration of Trust provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholder's share of the distribution as described below). In this case, each certificate representing a number of Units prior to the non-cash distribution will be deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts so distributed represent income, non-resident Unitholders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Units.

To the extent the Fund declares any distributions, the Fund shall make such cash distributions to Unitholders of record as at the date of the declaration, and the distributions will be paid on or about the 15th day following such date.

Unitholders who are non-residents of Canada will be required to pay all withholding taxes payable in respect of any distributions of income by the Fund, whether those distributions are in the form of cash or additional Units. Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

#### *Redemption at the Option of Unitholders*

Units are redeemable at any time on demand by the holders thereof. Upon receipt of the redemption notice by the Fund, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive the Redemption Price.

The aggregate Redemption Price payable by the Fund in respect of all Units surrendered for redemption during any calendar month shall be satisfied by way of a cash payment no later than the last day of the month following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitation that the total amount payable by the Fund in respect of those Units and all other Units tendered for redemption in the same calendar month shall not exceed \$10,000, provided that the Trustees may, in their sole discretion, waive this limitation in respect of all Units tendered for redemption in any calendar month.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the foregoing limitations, then each Unit tendered for redemption will, subject to any applicable regulatory approvals, be redeemed by way of an *in specie* distribution of property, including securities of subsidiaries, and/or unsecured subordinated notes of the Fund with a market rate of interest, as is determined by the Trustees in their sole discretion, provided that such property has a fair market value equal to the Units being redeemed, as determined by the Trustees in their sole discretion. Property distributed by the Fund on a redemption may be illiquid, and generally will not be qualified investments for Plans and may be prohibited investments for RRSP, RRIFs and TFSAs.

#### *Repurchase of Units*

The Fund will be allowed, from time to time, to purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable regulatory policies.

#### *Meetings of Unitholders*

Meetings of Unitholders may be held at such time and place as shall be prescribed by the Trustees from time to time, for the purpose of transacting such business as the Trustees may determine. **It is not currently contemplated that there will be annual meetings of Unitholders and there are currently no specific matters in respect of which Unitholders have the right to vote.** The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Unitholders. Any notice sent to Unitholders in connection with a meeting of Unitholders will identify the matters the Trustees intend to place before such meeting and specify the percentage of votes required to approve each such matter, which percentage required in respect of each such matter will be determined by the Trustees in their sole discretion; provided, however, that unless otherwise determined by the Trustees, all such matters will require the approval of 50% of the votes cast in person or by proxy by Unitholders entitled vote on such matter. Any matter to be considered by Unitholders at a meeting called by the

Trustees may be approved through a resolution in writing signed by Unitholders who hold the percentage of votes required to approve such matter at the meeting, as determined by the Trustees.

Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxyholder need not be a Unitholder. Two persons present in person or represented by proxy and representing in total at least 10% of the votes attached to all outstanding Units will constitute a quorum for the transaction of business at all meetings.

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

In order for the Fund to qualify, and maintain its status, as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefits of non-residents of Canada within the meaning of the Tax Act. Accordingly, the Declaration of Trust provides that at no time may non-residents of Canada and/or partnerships other than Canadian partnerships be the beneficial owners of more than 45% of the Units (on both a non-diluted and, if applicable, fully-diluted basis for these purposes). The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident or as to their status as Canadian partnerships.

If the Trustees become aware that the beneficial owners of more than 45% of the Units then outstanding are or may be non-residents and/or partnerships other than Canadian partnerships or that such a situation is imminent, the Trustees will not accept a subscription for Units from, or issue or register a transfer of Units to, any person unless the person provides a declaration that he or she is not a non-resident or a partnership other than a Canadian partnership.

If, notwithstanding the foregoing, the Trustees determine that more than 45% of the Units are held by non-residents and/or partnerships other than Canadian partnerships, they may send a notice to such holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period determined by the Trustees. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not non-residents or a partnership other than a Canadian partnership within such period, the Trustees may sell such Units on behalf of such Unitholders, and in the interim, the voting and distribution rights attached to such Units will be suspended.

Upon such sale, the affected holders will cease to be holders of the Units and their rights will be limited to receiving the net proceeds of such sale.

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

Pursuant to the Declaration of Trust, the Trustees, at their discretion and without the approval of the Unitholders, will be entitled to make amendments to the Declaration of Trust.

#### *Term of the Fund*

Unless the Fund is sooner terminated as otherwise provided in the Declaration of Trust, the Fund will continue in full force and effect so long as the Trustees hold any property of the Fund.

The Declaration of Trust provides that, upon being required to commence the termination, liquidation or winding-up of the affairs of the Fund, the Trustees will give notice thereof to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units for cancellation and the date at which the register of Units will be closed. After the date the register is closed, the Trustees shall proceed to wind up the affairs of the Fund as soon as may be reasonably practicable and for such purpose shall sell and convert into money the Partnership Units and all other assets comprising the Fund in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Fund. After paying, retiring, discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Trustees shall distribute the remaining part of the proceeds of the sale of the Partnership Units and other assets together with any cash forming part of the assets of the Fund among the Unitholders in accordance with their *pro rata* interests. If the Trustees are unable to sell all or any of the Partnership Units or other assets which comprise part of the Fund by the date set for termination, the Trustees may distribute the remaining Partnership Units or other assets *in specie* directly to the Unitholders in accordance with their *pro rata* interests, subject to obtaining all required regulatory approvals.

### *Information and Reports*

The Fund will furnish to Unitholders all annual financial statements of the Fund, prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation and any other information and forms required to be provided under applicable securities laws.

Prior to a meeting of Unitholders, the Trustees will provide to the Unitholders (along with notice of the meeting) all information as is required by the Declaration of Trust to be provided to Unitholders.

Under the Declaration of Trust, each Unitholder is required to provide, on a timely basis, such information that the Trustees reasonably determine is necessary or desirable, in order for the Fund to comply with its obligations under the United States Foreign Account Tax Compliance Act ("FATCA") and any other similar legislation, regulation, guidance or intergovernmental agreement (including the intergovernmental agreement between Canada and the United States and related legislation). The Trustees shall have the authority to disclose on behalf of the Fund any such information to any governmental body to the extent required by applicable law, and to otherwise use such information to comply with FATCA or any such similar regime.

### *Unit Certificates*

Certificates for the Units in fully registered form will be issued to registered owners of such Units. Such certificates will bear, as of the distribution date for such Units and until such time as the same is not required, legends substantially in the following form and with the necessary information inserted:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE IS FOUR MONTHS AND A DAY AFTER THE LATER OF (i) [THE DISTRIBUTION DATE] AND (ii) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY."

"UNITS REPRESENTED BY THIS CERTIFICATE CANNOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF WITHOUT THE PRIOR WRITTEN APPROVAL OF THE TRUSTEES OF THE FUND (WHICH MAY BE WITHHELD IN THEIR SOLE AND ABSOLUTE DISCRETION) AND OTHERWISE PURSUANT TO THE TERMS OF THE DECLARATION OF TRUST."

### *Rights of Unitholders*

The Declaration of Trust includes provisions intended to limit the liability of Unitholders for liabilities and other obligations of the Fund.

Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the Fund are entitled to receive, subject to certain conditions and limitations, their *pro rata* share of the Fund's net assets through the exercise of the redemption rights provided by the Declaration of Trust, as described under "Redemption at the Option of Unitholders". Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregarding the interests of securityholders and certain other parties.

Shareholders of a CBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in certain circumstances, whereas Unitholders have no such recourse. Additionally, shareholders of a CBCA corporation may apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its Affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust does not allow Unitholders such recourse. Further, the CBCA permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the Fund.

### *Fiscal Year End*

The fiscal year end of the Fund will be December 31 annually.

### *Registrar and Transfer Agent*

The Fund will act as its own registrar and transfer agent.

## **2.1.2 The Trust**

The Trust Declaration of Trust will contain provisions similar to those of the Declaration of Trust relating to the Fund.

### *General*

The Trust will be an unincorporated open-ended limited purpose trust established on or prior to Closing under the laws of the Province of Ontario pursuant to the Trust Declaration of Trust. It is intended that the Trust will qualify as a “unit trust” for the purposes of the Tax Act. It will be a limited purpose trust and its activities will be restricted essentially to holding investments in the Partnership and such other investments as the Trust’s Trustees may determine, including all activities ancillary or incidental thereto.

## **2.1.3 The Partnership**

### *Introduction*

The Partnership will be a limited partnership formed pursuant to the laws of the Province of Ontario. The objective of the Partnership will be to make the Deposit (including the repayment of a portion of the Deposit to an Affiliate of the Developer), acquire the Development Property and undertake the Development of the Condominium Project, as well as such other activities as the General Partner may determine, including all activities ancillary or incidental thereto. The Partnership may make loans to vendors from time to time, including in connection with direct or indirect acquisitions by the Partnership of property from such vendors.

### *Capital*

The capital of the Partnership will be comprised of Partnership Units and General Partner Units. The Fund will use the Offering Proceeds to subscribe for and purchase (indirectly through the Trust) all of the Partnership Units and the General Partner Units.

The Partnership may, from time to time, borrow funds on terms acceptable to the General Partner and/or accept subscriptions for additional Partnership Units from the Trust or from third parties, including, without limitation, concurrently with the issuance of Units pursuant to the Offering.

### *Financing*

The Partnership will use commercially reasonable efforts to obtain construction financing for the Condominium Project as soon as is reasonably practicable following Closing.

It is anticipated that any construction mortgages and bonding mortgages as may be required will be supported by a guarantee of Mr. Anthony Heller, a director, officer and principal of the Developer. Mr. Heller will, on Closing, provide an undertaking to provide such guarantee.

### *Distributions of Partnership Proceeds*

It is intended that the Partnership will make distributions of its Partnership Proceeds such that (i) the General Partner receives an initial distribution equal to 0.001%; (ii) limited partners receive an amount that is equal to their Initial Cash Investment and the greater of (a) an amount that would provide the limited partners with an annual 10% compounded return on the Initial Cash Investment, and (b) an amount equal to 47.5% of the Partnership’s distributable cash; and then (iii) to the General Partner such that it receives up to 5% of the Partnership’s distributable cash. For

greater certainty, distributions of the Partnership's distributable cash described above will be computed before deducting the Developer Fee.

Pursuant to the terms of the Development Management Agreement, the Partnership will be required to pay to the Developer, as part of the Management Fee, an amount equal to a maximum of 47.5% of the Partnership's distributable cash (the "**Developer Fee**").

Distributions of distributable cash by the Partnership will commence as soon as practicable following (i) the closing of sales of condominium units in the Condominium Project and, thereafter, following periodic sales of condominium units of the Condominium Project or (ii) a Sale, as applicable, provided that the Partnership will retain an amount of funds, as determined by the General Partner and Trustees in their sole discretion, to satisfy potential obligations, including any warranty claims.

#### *The Partnership Agreement*

The rights and obligations of the Partners will be governed by the Partnership Agreement. The statements in this section and elsewhere in this Offering Memorandum concerning the Partnership Agreement are intended to be only a summary of certain provisions of such agreement and do not purport to be complete. A prospective investor should review the provisions of the form of Partnership Agreement, which will be available for inspection during normal business hours at 10 Wanless Avenue, Suite 201, Toronto, Ontario, M4N 1V6, for the complete details of such provisions.

#### *Allocation of Distributable Cash, Taxable Income and Loss*

##### ***Distributions to Partners***

Limited partners of the Partnership and the General Partner will receive distributions from the Partnership as and when declared by the General Partner in the amount described above under "- Distributions of Partnership Proceeds".

##### ***Taxable Income and Losses***

Taxable income of the Partnership will be allocated first to the General Partner to the extent that the General Partner receives distributions, and the balance will be allocated to the limited partners of the Partnership.

Net Income and Net Loss of the Partnership in respect of a fiscal period generally will be allocated to the limited partner of the Partnership and the General Partner on the same basis.

#### *Functions and Powers of the General Partner*

The General Partner will be owned by Cranson Investments. Subject to the provisions of the Partnership Agreement, the General Partner will be the general partner of, and carry on the business of, the Partnership, with full power and authority for and on behalf of and in the name of the Partnership. The General Partner will exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Partnership, and will exercise the care, diligence and skill of a prudent and qualified manager of a business similar to that of the Partnership.

The Partnership will not be responsible for the rent or overhead expenses of the General Partner, nor for the salaries and benefits paid to officers, directors and shareholders of the General Partner.

The General Partner will have the power, on behalf of the Partnership, to make, execute, sign, acknowledge and file for recording at the appropriate public offices such documents as may be necessary to continue the Partnership in good standing, to reflect any amendments to the Partnership Agreement and to execute certain agreements on behalf of the Partners. To this end, any parties who subscribe for Partnership Units will irrevocably constitute the General Partner as their attorney for the purpose of carrying out such activities.

#### *Duties of the General Partner*

Pursuant to the Partnership Agreement, the General Partner will not be liable for the losses or damages to the Partnership other than those attributable to a failure to act honestly and in good faith or attributable to an act of gross

negligence or wilful misconduct. The General Partner will not be liable for the negligence, dishonesty or bad faith actions of any broker or other agent selected by the General Partner with reasonable care.

#### *Removal of a General Partner*

Limited partners of the Partnership may, upon the passage of a Special Resolution, cause the removal of the General Partner and name a successor general partner if the General Partner continues in default of any provisions of the Partnership Agreement for a period of thirty (30) days after notice is given to the General Partner of such default, provided that if the default is such that more than thirty (30) days are required for its cure, the General Partner may not be removed provided it commences to cure the default within such thirty (30) day period and diligently pursues such curative measures. In the event that the General Partner is removed, 50% of the Partnership Proceeds to which the General Partner would have been entitled to receive will be paid to the limited partners of the Partnership and 50% of such Partnership Proceeds will be paid to the Developer as an increase to the Developer Fee.

Limited partners of the Partnership will have the right to remove the General Partner in the event of the bankruptcy or dissolution, liquidation or winding-up of the General Partner or upon the appointment of a trustee, receiver or receiver and manager of the affairs or properties of the General Partner. In such circumstances, the limited partners of the Partnership will have the right to designate a successor General Partner.

#### *Accounting and Reporting*

The General Partner will keep or cause to be kept, on behalf of the Partnership, books and records reflecting the assets, liabilities, income and expenditures of the Partnership and registers listing all Partners and the Partnership Units held by them. Such books, records and registers will be kept available for inspection by any limited partner of the Partnership or its duly authorized representative (at the expense of such limited partner) during business hours at the offices of the General Partner.

The General Partner, or agents on its behalf, will be responsible for the preparation of audited annual financial statements of the Partnership as at the end of each fiscal year of the Partnership. The fiscal year end of the Partnership will be December 31. The Partnership, or agents on its behalf, will distribute a copy of such audited annual financial statements together with a report on the affairs of the Partnership to each limited partner of the Partnership within 90 days of the end of each fiscal year, and shall provide each such limited partner with all income tax information regarding the Partnership and its operations within 90 days after the end of each fiscal year of the Partnership. The cost of preparing all such reports shall be an expense of the Partnership. Each Partner shall be solely responsible for filing its income tax returns and reporting its share of the Partnership income or loss.

#### *Rights of Partners*

Partners other than the General Partner will not be entitled to take part in the management or control of the Business of the Partnership. Such rights will be delegated solely to the General Partner. The General Partner shall circulate within 90 days after the end of each calendar year a report on the affairs of the Partnership.

The Partnership Agreement will provide that holders of Units are entitled by Special Resolution to, among other things:

- (a) subject to certain conditions, remove the General Partner and appoint a new general partner;
- (b) approve the dissolution or termination of the Partnership;
- (c) change the business of the Partnership; and
- (d) change the fiscal year end of the Partnership.

#### *Amendment*

The Partners will, generally speaking, be entitled to authorize amendments to the Partnership Agreement by Special Resolution, but no such amendment that adversely affects the rights of the General Partner or reduces any fee or other compensation payable to the General Partner may be made without the approval of the General Partner. A General

Partner will be entitled to make amendments to the Partnership Agreement without the consent of the limited partners provided such amendments are for the admission of new partners, are for the protection of the Partners, are to cure ambiguities, or, in the opinion of counsel to the Partnership, do not materially adversely affect the rights of any Partner.

#### 2.1.4 The General Partner

The General Partner will exist under the laws of the Province of Ontario, with its registered office located at 10 Wanless Avenue, Suite 201, Toronto, Ontario, M4N 1V6.

On Closing, all of the issued and outstanding shares of the General Partner will be owned by Cranson Investments.

Certain individuals who are related to Anthony Heller, a director, officer and principal of the Developer, own a significant interest in Cranson Investments.

The General Partner will have no material net worth and no assets other than its right to participate in Partnership Proceeds as described above. The General Partner will not carry on any business other than to act as general partner of the Partnership.

On Closing, the sole officer and director of the General Partner will be:

Name and Office Held	Municipality of Residence	Principal Occupation
Devon Cranson, Director and Officer	Toronto, Ontario	Founder of Cranson Capital Securities Inc.

For biographical information of Devon Cranson, see “Item 3.2 – Management Experience”.

#### 2.1.5 Conflicts of Interest

##### *Management Interests*

The Fund, the Partnership and the General Partner and their respective trustees, directors, officers and securityholders, are or will be persons who are not at arm’s length with the Agent and the Developer, and they will profit from the performance of their obligations under various agreements described in this Offering Memorandum.

The Developer is entitled to a fee of 5% of revenue payable by the Partnership (see “Item 3.5 - The Development Management Agreement”). The Developer will also be entitled to receive as partial payment of its Management Fee an amount equal to the Developer Fee (see “Item 2.1.3 – The Partnership - The Partnership Agreement” and “Item 3.5 - Development Management Agreement”). The Developer will receive the Management Fee and a portion of the proceeds of the Offering will be used to repay an Affiliate of the Developer for the portion of the Deposit paid by such Affiliate.

Certain individuals who are related to Anthony Heller, a director, officer and principal of the Developer, own a significant interest in the Agent and Cranson Investments. Pincus Kaufman, a Trustee, is an officer of the Developer. The Developer will receive the Management Fee and a portion of the proceeds of the Offering will be used to repay an Affiliate of the Developer for the portion of the Deposit paid by such Affiliate. Devon Cranson, a principal, director and officer of the Agent and Cranson Investments, is a Trustee and a director and general partner of the General Partner. The Agent will receive fees under the Agency Agreement and Cranson Investments will indirectly receive the Partnership Proceeds distributed to the General Partner. **As a result of the relationship between Devon Cranson and the Fund and its Affiliates, the Fund may be considered a “connected issuer” of the Agent, as such term is defined in National Instrument 33-105.** The Agent is acting as agent in connection with Offering on a “best efforts” basis, and will, in respect of its services and pursuant to the terms of the Agency Agreement, receive a selling fee equal to \$8.00 per Unit issued under the Offering. The decision to distribute the Units offered hereunder and the determination of the terms of the distribution were made through negotiations primarily among the Trustees, the Promoter and the Agent.

### *Involvement in Other and Competing Activities*

The Trustees, officers, directors and shareholders of the Fund, the Partnership and the General Partner and their respective Affiliates and/or Associates are not now and will not be limited or affected in their ability to carry on other business ventures for their own account, or for the account of others, and may be engaged in the development of, investment in, or management of businesses that may compete with the business of the Fund or the Partnership.

The Developer and the Trustees, officers and directors of the Fund, the Partnership and the General Partner and their respective Affiliates and/or Associates may, from time to time, have interests in other real estate developments in the City of Toronto. These other developments and/or condominium units may, from time to time, compete with investments made, directly or indirectly, by the Fund or the Partnership. The Developer and its Affiliates may from time to time have projects under construction that are located in the same general area as the Development Property.

## **2.2 Our Business**

Prior to the Closing, the Fund will have no assets or liabilities. In connection with the Offering, the Purchase Agreement will be assigned by an Affiliate of the Developer to the Partnership and the Partnership will assume all obligations under the Purchase Agreement, including the requirement to pay the Deposit. See “Item 2.2.2 – The Purchase Agreement and the Deposit” for a description of the Purchase Agreement.

The Fund and/or Partnership intend to use the Offering Proceeds to pay the costs of the Offering, including the Agent’s fees, and indirectly, through the indirect acquisition of all of the outstanding units of the Partnership, as follows:

- i. repay an Affiliate of the Developer an amount of approximately \$2,450,000 for deposits paid to the Vendor, Development costs and interest paid on the existing mortgages in respect of the Development Property;
- ii. pay to the Vendor \$3.5 million as a loan secured against the Development Property pending closing following confirmation of the final zoning for the Condominium Project;
- iii. pay certain costs with respect to the Development of the Condominium Project, including, among others, those necessary to rezone the Development Property and execute the presale programme in respect of the Condominium Project, management fees, mortgage payments, property taxes, finance the Development Property and Condominium Project, construct and operate the sales office, marketing and advertising, architectural and engineering fees, undertake soil reports, Developer’s fees, insurance and legal fees; and
- iv. repay some or all of the existing mortgages registered against title to the Development Property or, in the alternative, fund the interest payments payable under the existing mortgages.

See Use of “Available Funds”.

The Fund will indirectly acquire the Development Property, develop and construct the Condominium Project and sell the condominium units.

The Development Property is located on the west side of Yonge Street south of Drewry Avenue, between Finch Avenue and Steeles Avenue in Toronto. The Development Property is within walking distance of the Finch TTC Subway Station. The Development Property wraps around a parcel of land to be retained by the Vendor that is intended for use as a car dealership.



The Development Property is designated a “Mixed Use Area” and identified as within a “Centre” on the Urban Structure map in the City’s Official Plan. It is zoned “General Commercial Zone C1 and C1(5)”, making it an appropriate location for intensification. Numerous existing and proposed tall buildings exist in close proximity to the Development Property (including four residential towers at heights ranging from 28 to 38 stories across Yonge Street on the site of the existing Newtonbrook Plaza, and a 32-storey tower west of the Development property on Inez Court).

Experienced planning consultants retained by the Developer have indicated that they believe that a rezoning application for a 29-storey tower and a 12-storey mid-rise building on the Development Property should be approved. A 29-storey tower on a 12-storey base building and an additional 12-storey building represent a gross buildable floor area of approximately 400,000 square feet, which is the expected size of the Condominium Project.

On Closing or as soon as reasonably practicable thereafter, the Developer and the General Partner, on behalf of the Partnership, will enter into the Development Management Agreement. Pursuant to the Development Management Agreement, the General Partner, on behalf of the Partnership, will retain the Developer to develop the Development Property. See “Item 3.5 – Development Management Agreement” for a description of the Development Management Agreement.

### 2.2.1 The Toronto Housing Market

The Toronto housing market has undergone drastic shifts over the past 15 years, which limited the supply of housing development available to residents due to a limitation on residential land development by the *Greenbelt Protection Act*, which protects over 2 million acres of land from development, while immigration and population growth have been steadily increasing the demand for housing in the GTA. This unmet demand has created a scarcity of housing in the market, putting upwards pressure on housing prices and causing appreciation in the overall housing market. (Sources: Greenbelt Act – Ontario Ministry of Municipal Affairs and Housing; Population Growth – Ontario Ministry of Finance, 2014; Scarcity of Land – RealNet Canada, 2015.)

### *Factors Limiting the Supply of Housing*

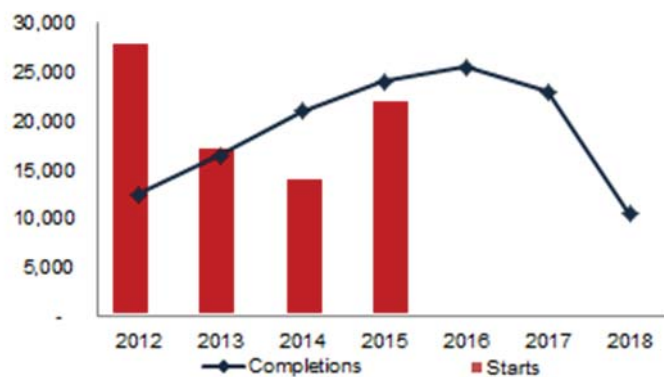
There are a number of factors that affect the supply of housing, including those described below.

#### Scarcity of Land

In the early 2000's, demand for housing was largely met through single family housing development and an urban sprawl towards the Toronto suburbs. The introduction of the *Greenbelt Protection Act* in 2004 restricted over 2 million acres of land from development, limiting urban sprawl and spurring developers to build upwards as opposed to outwards. Scarcity of land has meant significant reductions in low-rise development across the GTA, as evident by housing prices increasing 39% over the last 5 years to an average of \$622,217. (Sources: Toronto Real Estate Board; CMHC.)

#### Low Housing Starts

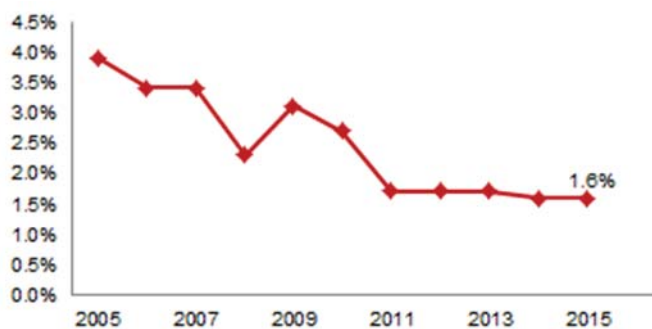
Housing supply is a function of housing starts from previous years, as it takes time for development projects to be completed. Since housing starts in the GTA slowed down dramatically between 2013 and 2014, the Trustees and management believe that there will be a supply shortage in the coming years as the current supply is already barely keeping up with demand for housing.



(Source: Urbanation.)

#### Low Vacancy Rates

A leading indicator of the lack of supply in the housing market has been the vacancy rates in the GTA, which have trended downwards for the past 10 years. Despite almost 60,000 new condos completed over the past four years, vacancy rates in the GTA have remained under 2% and currently are at 1.6%. Low vacancy rates, when combined with a shortage in new housing supply, result in both increased rent and an increase in housing prices.



(Source: CMHC, 2015.)

### *Factors Affecting Demand for Housing*

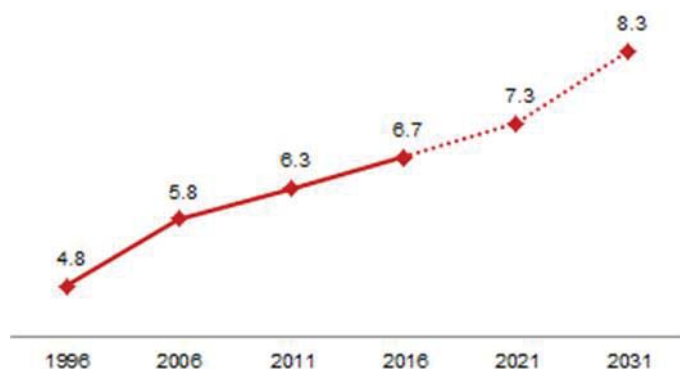
There are a number of factors that affect the demand for housing, including those described below.

### Strong Population Growth

Canada has an average of 250,000 new immigrants annually, of which approximately 85,000 new immigrants move to the GTA annually. (Sources: Canadian Immigration – Immigration Watch Canada, 2015; GTA Immigration – Ontario Ministry of Finance, 2014.) Immigration has been a major contribution to the strong population growth in the GTA, which grew by 1.9 million between 1996-2016 to 6.7 million and is expected to reach 8.3 million by 2031. Management believes that approximately 1,000,000 new residential units will be required in the GTA over the next 20 years using current population growth projections. (Source: Ontario Ministry of Finance.)

### Favorable Economic Conditions

Canada has continued to experience a low interest rate environment, which typically increases property values as buyers are able to access cheaper financing. A strong labour market, as evidenced by a low unemployment rate, makes housing more accessible which further drives demand. Finally, the recent depreciation of the Canadian dollar has also increased demand for real estate from foreign investors as they are able to buy at a substantial discount. (Source: Factset Economic Data.)



Source: Ontario Ministry of Finance,

### **2.2.2 The Purchase Agreement and the Deposit**

The Developer has entered into a purchase agreement to acquire the Development Property. The purchase price is \$26,500,000, subject to a reduction in an amount equal to \$70 for each square foot that the ultimate gross floor area of the Condominium Project is less than 400,000 square feet. The Purchase Agreement contains other adjustments to the purchase price, including items and expenses in accordance with usual commercial practice, and the expense of the Section 37 payment to the City of Toronto that is required as part of the approval for the Condominium Project (which will be borne by the Vendor).

The acquisition of the Development Property will close when the final zoning approval for the development is established. The Developer has already submitted the rezoning application to the City of Toronto and expects zoning approval in 12 to 18 months from the date the Offering closes. If zoning approval is not obtained within 30 months following January 28, 2016, the Purchase Agreement will terminate and the Vendor will be required to return the Deposit to the Partnership, together with a payment on account of interest in the aggregate amount of \$2,685,802.50. In the event that the Purchase Agreement is terminated, investors may not receive all or any of their subscription proceeds. See “Item 8 – Risk Factors”.

The Development Property currently has mortgages on title in the amount of approximately \$10,600,000 in the aggregate. Assuming the Minimum Offering is achieved, the Fund intends to pay a total of \$5,000,000 in respect of the Deposit (including \$1,500,000 of which will be paid to an Affiliate of the Developer, which represents the amount already deposited with the Vendor), the last of which (for \$3,500,000) is due on April 26, 2016. See “Use of Available Funds”. The Deposit is to be released to the Vendor and secured via second collateral charge against the

Development Property. In addition, the Fund has the right to pay an amount to the Vendor in respect of the existing mortgages and require the Vendor to repay the existing mortgages, which will be secured as a first collateral charge against the property when the existing mortgages are paid out. The Fund will also be required to repay the Developer's Affiliate an amount of approximately \$950,000 in respect of certain Development costs and interest payments on the existing mortgages required to be paid under the Purchase Agreement.

In connection with the Offering, the Purchase Agreement will be assigned by an Affiliate of the Developer to the Partnership and the Partnership will assume all obligations under the Purchase Agreement

## 2.3 Development of our Business

As the Fund was formed on April 4, 2016 in connection with the Offering, it has not yet conducted any substantive activities.

## 2.4 Long Term Objectives

The long term objective of the Fund is to invest in the Partnership, which will acquire the Development Property, develop and construct the Condominium Project, and sell the condominium units. Plazacorp, the Developer, will develop the Condominium Project, including retaining a third-party construction manager to demolish the existing buildings and construct the new buildings, arrange construction financing for the Condominium Project, and complete the sale of the condominium units and the discharge of the statutory warranties given under the Tarion Warranty Program in connection with the sale of the condominium units of the Condominium Project.

The Fund anticipates that, within the next 4.5 to 5 years, the Partnership will complete the construction of the Condominium Project and the sale of the condominium units or a Sale, as applicable. The ability of the Partnership to achieve this strategy will be dependent on a number of factors, including without limitation market conditions. As such, there are no guarantees regarding the completion of the Condominium Project or the sale of the condominium units. See "Risk Factors".

<b>What we must do and how we will do it</b>	<b>Target completion date or, if not known, number of months to complete</b>	<b>Our estimated cost to complete</b>
Achieve rezoning of the Development Property and complete the acquisition of the Development Property	12-18 months	\$30,000,000 (including debt)
Complete a successful condominium pre-sale program and obtain construction financing	3 months to 6 months following rezoning	Up to \$2,500,000 (including debt)
Construct the Condominium Project	30-36 months following a successful condominium pre-sale program	\$150,000,000 (including debt)
Close condominium unit sales	54-60 months	N/A

## 2.5 Short Term Objectives

The Partnership's objectives over the next 12-18 months are to pay the aggregate Deposits of \$5,000,000 required under the Purchase Agreement, achieve the rezoning of the Property, arrange for mortgage financing in connection with the closing of the acquisition of the Development Property, and commence a marketing program to pre-sell the condominium units.

<b>What we must do and how we will do it<sup>(1)</sup></b>	<b>Target completion date or, if not known, number of months to complete<sup>(1)</sup></b>	<b>Our estimated cost to complete<sup>(1)</sup></b>
Pay deposits under the Purchase Agreement (including repayment to	On Closing	\$5,000,000

<b>What we must do and how we will do it<sup>(1)</sup></b>	<b>Target completion date or, if not known, number of months to complete<sup>(1)</sup></b>	<b>Our estimated cost to complete<sup>(1)</sup></b>
an Affiliate of the Developer for deposits already paid)		
Repay the existing mortgages registered against the Development Property	On Closing <sup>(1)</sup>	\$10,000,000
Achieve the rezoning of the Development Property (including the repayment to an Affiliate of the Developer of costs already incurred)	12-18 months	\$2,000,000
Arrange financing and acquire the Development Property (following final zoning)	12-18 months	\$13,000,000 (including debt excluding the deposits and mortgage repayment referred to above)
Launch and complete the condominium pre-sale program	3-12 months	\$2,000,000

**Notes:**

(1) Assumes Maximum Offering.

## **2.6 Insufficient Funds**

The Offering Proceeds may not be sufficient to accomplish all of the proposed investment objectives of the Fund and the Partnership. The Partnership will pursue such forms of financing that it determines is appropriate for the Partnership, including construction financing. There is no assurance that such form of financing will be available. See “Item 8 – Risk Factors”.

## **2.7 Material Agreements**

Except for agreements entered into or to be entered into in the ordinary course of business, the only agreements that are or will be material to the Fund and that will be entered into in connection with the Offering are the:

- (a) Declaration of Trust described under “Item 2.1.1 – The Fund”;
- (b) Limited Partnership Agreement described under “Item 2.1.2 – The Partnership”;
- (c) The Purchase Agreement described under “Item 2.2.2 – The Purchase Agreement and the Deposit”;
- (d) The Development Management Agreement described under “Item 3.5 – Development Management Agreement”;
- (e) Agency Agreement described under “Item 8 – Compensation Paid to Sellers and Finders”; and
- (f) Undertaking by Mr. Anthony Heller, a director, officer and principal of the Developer, to provide construction loan guarantee.

## **ITEM 3– TRUSTEES, MANAGEMENT, PROMOTERS AND PRINCIPAL SECURITYHOLDERS**

### **3.1 Compensation and Securities Held**

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

<b>Name and Municipality of Principal Residence</b>	<b>Position Held<sup>(1)</sup></b>	<b>Compensation Anticipated to be Paid by the Fund in the Current Financial Year</b>	<b>Number, Type and Percentage of Securities of the Fund to be held after completion of Minimum Offering<sup>(2)</sup></b>	<b>Number, Type and Percentage of Securities of the Fund to be held after completion of Maximum Offering<sup>(2)</sup></b>
<b>Devon Cranson</b> Toronto	Trustee of Fund and Director and Officer of the General Partner	NIL <sup>(3)</sup>	200 Units	200 Units
<b>Pincus Kaufman<sup>(4)</sup></b> Toronto	Trustee	NIL	1,000 Units	1,000 Units
<b>Shlomo Marder</b> Toronto	Trustee	NIL	10,000 Units	10,000 Units
<b>Plazacorp Investments Limited</b> Toronto	Developer/Promoter	Management Fee <sup>(5)</sup>	2,000 Units	2,000 Units

**Notes:**

- (1) Each of the above has held such positions since formation of the Fund.
- (2) None of the above Trustees or the directors and officers of the Promoter currently hold any Units of the Fund. It is anticipated that the Trustees and the Promoter, or their Affiliates, Associates and/or certain other related persons, will acquire the number of Units indicated pursuant to the Offering. The number of Units indicated is an estimate only. There are no assurances that such persons will acquire this number of Units.
- (3) Devon Cranson is a principal, director and officer of the Agent and Cranson Investments. The Agent will be entitled to compensation pursuant to the Agency Agreement and Cranson Investments will indirectly receive distributions paid to the General Partner. See “Item 7.1 – Selling Commissions”.
- (4) Pincus Kaufman is an officer of Plazacorp. It is anticipated that Plazacorp will own the Units set forth in the table above and, as Developer, will receive the Management Fee. See “Item 2.1.5 – Conflicts of Interests”.
- (5) In its capacity as the Developer, the Developer will receive the Management Fee. See “Item 2.1.5 – Conflicts of Interests”.

### **3.2 Management Experience**

The following discloses the principal occupations of the Trustees, management of the General Partner and management of the Promoter and their previous experience:

<b>Name</b>	<b>Principal occupations and related experience</b>
Devon Cranson, Trustee and Director and Officer of the General Partner	Devon Cranson, the Agent’s principal, has been involved with financings since 2001, and has expertise in all aspects of commercial financing, mergers and acquisitions and securities. Mr. Cranson has advised over 100 corporate clients in connection with numerous debt and equity financings and M&A transactions. Prior to founding the Agent, Devon Cranson worked in the commercial markets division of a top-tier Canadian chartered bank where he was involved in numerous real estate financings. Mr. Cranson holds a Bachelor of Commerce from John Molson School of Business at Concordia University and is a Certified Management Accountant and an Accredited Mortgage Professional.
Pincus Kaufman, Trustee	Pincus Kaufman joined Plazacorp in 2008 and became Vice President of Land Acquisitions in 2011, where he is responsible for expanding Plazacorp’s development pipeline via the acquisition of premium development sites. In his time at Plazacorp, his responsibilities also included managing the full life-cycle of residential and commercial real estate developments. Mr. Kaufman has been responsible for the acquisition of over \$200 million of development projects and has built a reputation for his ability to acquire and finance real estate opportunities that provide value for

<b>Name</b>	<b>Principal occupations and related experience</b>
	investors, and is instrumental in driving Plazacorp to its position as one of the top five condominium developers in Canada.
Shlomo Marder, Trustee	Shlomo Marder has served as the Chief Financial Officer and Senior Vice-President of Nortown Electrical Contactors Associates Limited since 1992. Nortown is one of Toronto's largest electrical contractors. Mr. Marder serves as a trustee of Yonge-Yorkville-Cumberland Fund.
Anthony Heller, Principal, Director and Officer of the Developer	Anthony Heller is the President, director and principal of Plazacorp, an active high-rise residential real estate developer in Toronto. Mr. Heller formed Plazacorp in 1981 and has been in the real estate business for the past 40 years. Mr. Heller is responsible for the overall management of Plazacorp. Over the past 15 years, Plazacorp has completed or undertaken over \$3 billion in real estate development, representing approximately 10,000 residential units. Plazacorp currently has over 1,600 units under construction. In 2011, Plazacorp was the top developer in Toronto (by sales volume)

### ***The Developer***

Plazacorp is an active high-rise residential real estate developer in Toronto. Anthony Heller, the President of Plazacorp, formed the company in 1981 and has been in the real estate business for the past 40 years. Mr. Heller is responsible for the overall management of Plazacorp.

Plazacorp focuses on high-density residential condominium projects in the City of Toronto. Over the past 15 years, Plazacorp has completed or undertaken over \$3 billion in real estate development, representing approximately 10,000 residential units. Plazacorp's success is attributable to a number of factors, including prudent site identification, careful selection of consultants and other real estate professionals, an in-depth understanding of the municipal and planning process resulting in expedited municipal approvals and construction performance in a cost-effective and timely manner.

Plazacorp currently has 1,600 units under construction. In 2011, Plazacorp was the top developer in Toronto (by sales volume).

Plazacorp and its officers and directors have (either alone or with others, or with other companies) been active in the development, construction and design of various projects, including the following:

<b>Year</b>	<b>Project</b>	<b># Units</b>	<b>Revenue</b>	<b>Status</b>
2010	900 Mount Pleasant	243	\$80M	Completed
2010	620 Fleet St. (WHC – Phase 1)	510	\$160M	Completed
2011	21 Grand Magazine St.	325	\$130M	Completed
2013	King Liberty Village (I)	438	\$135M	Completed
2013	King Liberty Village (II)	1,195	\$389M	Completed
2014	York Harbour Club	502	\$163M	Completed
2014	Emerald Park	565	\$316M	Completed
2015	Ivory	358	\$128M	Completed

2016	Musee	437	\$171M	Under Construction
2019	1 Yorkville	577	\$341M	Under Construction
2019	50 At Wellesley Station	365	\$164M	Under Construction
2020	The Met	582	\$204M	Pre-Sales

It is currently anticipated that the Developer will retain TMG Builders as the construction manager (the “**Construction Manager**”) for the Development Property. The base costs of the Construction Manager will be borne by the Developer and certain incentive payments (based on a portion of costs savings received by the Partnership) will be paid by the Partnership. TMG Builders was founded by Tony Moro, who worked at Tridel Corporation for over 30 years. TMG has built over 8,300 condominium units to date (including units under construction), of which approximately 3,600 are units constructed for Plazacorp projects.

### **3.3 Penalties, Sanctions and Bankruptcy**

No penalty or sanction has been in effect during the last 10 years, nor has any cease trade order been in effect for a period of more than 30 consecutive days during the past 10 years, against any of the Trustees, directors, executive officers or control persons of the Fund, the General Partner or the Partnership, or any other issuer with which they have acted as director, executive officer or control person.

No declaration of declared bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or general partner to hold assets, that has been in effect during the last 10 years with regard to any director, executive officer or control person of the Fund, the General Partner or the Partnership, or any other issuer which they have acted as director, executive officer or control person.

### **3.4 Loans**

There are no loans to or from the Trustees, or directors, officers or shareholders of the General Partner or the Promoter.

### **3.5 Development Management Agreement**

The rights and obligations of the Developer and the General Partner, on behalf of the Partnership, will be governed by the Development Management Agreement to be entered into on Closing, or as soon as is reasonably practicable thereafter. Pursuant to the Development Management Agreement, the General Partner, on behalf of the Partnership, will retain the Developer to develop the Development Property. The statements in this section and elsewhere in this Offering Memorandum concerning the Development Management Agreement are intended to be only a summary of certain provisions of the Development Management Agreements and do not purport to be complete. A prospective investor should review the provisions of the form of Development Management Agreement, which will be available for inspection during normal business hours at the registered office at the General Partner (10 Wanless Avenue, Suite 201, Toronto, Ontario M4N 1V6), for the complete details of such provisions.

In addition to all project pre-purchase activity and due diligence (which has been conducted by the Developer and its internal legal department), pursuant to the Development Management Agreement, the Developer will:

- Execute the closing under the Purchase Agreement;
- Do all things necessary to bring existing tenancies, if any, to an end;
- Do all things necessary to have the zoning comply with the intended Development Property;
- Arrange for and administer the pre-sales program;

- Arrange for the construction financing and all related bonds and guarantees, such as Canada Mortgage and Housing Corporation insurance of construction loan, bonding for fixed price construction contract, bonding to secure tenant deposits;
- Facilitate all required registrations, such as the Ontario New Home Warranty Program;
- Arrange for all aspects of the project construction; including retaining the Construction Manager and paying the base cost of the Construction Manager; provided that certain incentive payments (based on a portion of costs savings received by the Partnership) payable to the Construction Manager will be paid by the Partnership and all personnel on-site will be paid by the Partnership;
- Arrange for the discharge of all liens, mortgages, etc. following construction;
- Arrange for the registration of the condominium;
- Arrange for the closing of all unit sale transactions;
- Facilitate the turnover of the building management to the condominium association;
- Arrange for a final accounting of all activities in accordance with the contracts;
- Act as the listing broker for the sale of condominiums, provided that commissions attributable to third party brokers (acting for purchasers of condominiums) will be paid by the Partnership; and
- Arrange for the fulfilment of the requirements under the Tarion Warranty Program.

The Partnership will be responsible to pay for the sales office construction, overhead of the sales office and on-site personnel.

#### Fees and Costs

In consideration of the project management services to be performed pursuant to the Development Management Agreement, the Partnership will pay the Developer a fee equal to 5% of revenues which shall be paid as follows:

- (a) as to 0.5%, on the submission of a re-zoning application;
- (b) as to 1%, on the commencement of marketing;
- (c) as to 1%, on commencement of construction; and
- (d) as to 2.5%, beginning one month after the commencement of construction in 26 monthly instalments.

In consideration for, among other things, the 5% fee described above, the Developer is responsible to pay for, among other things:

- (a) the base construction fee payable to the Construction Manager;
- (b) commissions for floor salesman; provided that commissions attributable to third party brokers (acting for purchasers of condominiums) will be paid by the Partnership; and
- (c) its internal overhead.

Additionally, from such date that the Initial Cash Investment has been repaid by way of distributions to the Fund, the Developer will receive as partial payment of its Management Fee an amount equal to the Developer Fee which, together with the above-noted fees, is referred to herein as the “**Management Fee**”. See “The Development Management Agreement” above for a description of the agreements pursuant to which the Developer will be entitled to receive the Management Fee.

The Partnership will reimburse the Developer for all “out-of-pocket” expenses which the Developer properly and reasonably incurs in connection with the performance of its obligations under the Development Management Agreement, which will include Development costs paid by the Developer prior to Closing in an amount of approximately \$950,000.

#### Term

The Development Management Agreement will continue in full force and effect until all of the Condominium Project’s unit sale transactions have closed or a Sale has otherwise occurred. As soon as is reasonably practicable upon the occurrence of either event, the Partnership will arrange for the final distribution of net proceeds to its partners and payments to the Developer, provided that the Partnership will retain an amount of funds, as determined by the General Partner in its sole discretion, to satisfy potential obligations, including any warranty claims.

### ITEM 4 – CAPITAL STRUCTURE

#### 4.1 Fund Capital

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

Description of Security	Number Authorized to be Issued	Price per Security	Number Outstanding as at April 4, 2016	Number Outstanding after Minimum Offering	Number Outstanding after Maximum Offering
Fund Units <sup>(1)</sup>	Unlimited	\$10	1 <sup>(2)</sup>	60,000 <sup>(3)</sup>	175,000 <sup>(4)</sup>

#### Notes:

- (1) The authorized capital of the Fund currently consists of one class of Units.
- (2) The initial Unit was issued at a price of \$10.00.
- (3) Assuming Minimum Offering hereunder of Units for gross proceeds of \$6,000,000.
- (4) Assuming Maximum Offering hereunder of Units for gross proceeds of \$17,500,000.

### ITEM 5 – DESCRIPTION OF SECURITIES OFFERED

#### 5.1 Terms of Securities

The Declaration of Trust provides for the issuance of an unlimited number of Units. Each Unit represents a Unitholder’s proportionate undivided ownership interest in the Fund. The capital of the Fund will consist of one class of Units. The initial Unitholder of the Fund is Mark Spiro, who subscribed for one Unit for \$10.00. No fractional Units will be issued.

The material terms, rights and obligations attaching to the Units are described under “Item 2.1.1 – The Fund”.

#### 5.2 Subscription Procedure

A purchaser may subscribe for Units by delivering the following to the Agent:

- (a) A completed Subscription Agreement, in a form acceptable to the Trustees in their sole discretion; and
- (b) A wire transfer, bank draft or certified cheque deposited to the bank account set out in the Subscription Agreement in the amount of the subscription price.

**Each Trustee will promptly notify the Fund’s legal counsel of all subscriptions received by it. Where required by law, the subscription funds will be held in trust pending Closing for two Business Days (and in any event until midnight on the 2nd Business Day after the purchaser signs and emails the Subscription Agreement and**

**wire transfers or otherwise pays the subscription price for the Units). There may be one or more closings under this Offering Memorandum.**

The Trustees reserve the right to accept or reject subscriptions in whole or in part at their discretion and to close subscription books at any time without notice. Any subscription funds for subscriptions that the Trustees do not accept will be returned promptly after the Trustees have determined not to accept the funds. No interest or any other form of return will be paid to a purchaser on subscription funds delivered to the Agent on subscriptions that are refused by the Trustees.

It is expected that the Closing will occur on or about April 25, 2016 (or one or more such earlier or later dates as may be approved by the Trustees in their sole discretion). If completion of the Minimum Offering occurs, but the Maximum Offering has not been reached, Additional Closings may be held on a continuous basis until the Maximum Offering is achieved. The Trustees, in their sole discretion, may waive the Minimum Offering amount or Maximum Offering amount at any time. If completion of the Minimum Offering does not occur, and the Trustees do not waive the Minimum Offering amount, the subscription price paid by subscribers will be returned to such subscribers as soon as practicable.

The Trustees will maintain and update the Unitholder register to record the number of fully paid Units held by each subscriber as the registered owner, provided the subscription price has been paid in full and the Trustees have accepted the subscription.

Units are being sold in all of the Provinces of Canada under available exemptions from the prospectus requirements under National Instrument 45-106 of the Canadian Securities Administrators (“**NI 45-106**”). Subscribers will be required to make certain representations in the Subscription Agreement and the Fund will rely on such representations to establish the availability of the exemptions from the prospectus requirements. Investors who are Accredited Investors solely on the basis that they have net assets of at least \$5,000,000 must also represent to the Fund (and may be required to provide additional evidence at the request of the Fund to establish) that such investor was not formed solely in order to make private placement investments which may not have otherwise been available to any persons holding an interest in such investor. The Fund will also be offering Units in reliance on the Offering Memorandum Exemption (as provided in NI 45-106).

### **5.3 Conditions Precedent to Completion of Offering**

The Fund shall commence its business operations once all conditions precedent to the completion of this Offering have been satisfied to the satisfaction of, or waived by, the Fund, in each case in its sole discretion, including the conditions that:

- (a) Subscription Agreements received shall have been accepted by the Fund;
- (b) the Subscription Agreements for each subscriber that have been accepted by the Fund shall be in full force and effect, completed and duly executed;
- (c) duly completed and executed copies of the applicable prospectus exemption certificate and risk acknowledgment in the form(s) attached to the Subscription Agreement shall have been received from each subscriber;
- (d) a wire transfer, bank draft or certified cheque made payable on or before the Closing Date in same day freely transferable Canadian funds at par in Toronto, Ontario to “Cranson Capital Securities Inc.” representing the purchase price payable by each prospective investor shall have been received by the Fund;
- (e) the representations and warranties of each of the subscribers contained in the respective Subscription Agreement, including in the applicable prospectus exemption certificate and risk acknowledgment, shall be true and correct;
- (f) the issue and sale and delivery of the Units under this Offering shall be exempt from the requirements to file a prospectus or any similar document under applicable securities laws relating to the purchase and sale of the Units, and all orders, consents or approvals as may be required to permit

such sale without the requirement of filing a prospectus or any similar document shall have been received;

- (g) the Fund shall have received and accepted subscriptions in the aggregate of at least \$5,000,000; and
- (h) the Fund shall have received such other documents as it may reasonably request.

#### **5.4 Additional Offerings**

Following the Closing, the Fund may complete Additional Closings or additional offerings of Units at such prices and at such time as determined by the Trustees of the Fund in their sole discretion. The funds raised from such Additional Closings or additional offerings of Units will be used at the sole discretion of the Trustees.

### **ITEM 6 – INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY**

#### **6.1 Summary of Certain Canadian Federal Income Tax Considerations**

The following is a summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Units to a holder that acquires such Units pursuant to this Offering. This summary is applicable to a Unitholder who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada, deals at arm's length with and is not affiliated with the Fund and holds any Units as capital property. Generally, Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Unitholder (i) that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules) or a "specified financial institution", (ii) an interest in which is a "tax shelter investment", (iii) that has elected to determine its Canadian tax results in a foreign currency pursuant to the "functional currency" reporting rules in the Tax Act, or (iv) that has entered into a "derivative forward agreement", with respect to the Unitholder's Units (in each case as defined in the Tax Act). Such Unitholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Units under this Offering.

This summary is based upon the facts set out in this Offering Memorandum, the current provisions of the Tax Act and the regulations thereunder, the current, published administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") and a certificate as to certain factual matters from a Trustee of the Fund. This summary takes into account all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) (the "**Minister**") prior to the date hereof (the "**Proposed Amendments**"). This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units, and, except for the Proposed Amendments, does not take into account or anticipate any changes in law or administrative policies and assessing practices, whether by legislative, governmental or judicial decision or action, nor does it take into account any other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. Except as expressly noted, this summary assumes that the Proposed Amendments will be enacted as proposed but no assurance can be given that this will be the case.

**The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the particular circumstances of the holder thereof, including the province or provinces in which the Unitholder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective Unitholder. Consequently, prospective Unitholders should consult their own tax advisors for advice with respect to the tax consequences to them of an investment in Units based on their particular circumstances.**

### *Status of the Fund*

This summary is based on the assumption that the Fund will qualify as a “mutual fund trust” (as defined in the Tax Act) on completion of the Offering of Units and will elect to be deemed to be a mutual fund trust from the date it was established. The Fund intends to ensure that it will meet the requirements necessary for it to qualify as a mutual fund trust and to file the necessary election so that the Fund will qualify as a mutual fund trust throughout its first taxation year. If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different.

The Tax Act contains rules relating to the federal income taxation of publicly-traded trusts (such as income trusts and real estate investment trusts) and partnerships and their investors (the “**SIFT rules**”). The SIFT rules do not apply to trusts the units of which are not listed or traded on a stock exchange or other public market. For these purposes a public market includes any trading system or other organized facility through which securities that are qualified for public distribution may be exchanged. The balance of this summary assumes that the Units will not be listed or traded on a stock exchange or public market. If the SIFT rules were to apply, the income tax considerations described below would be materially and adversely different.

### *Taxation of the Fund*

The taxation year of the Fund is the calendar year. The Fund must compute its income or loss for each taxation year as though it were an individual resident in Canada. The Fund’s income will include income from the Trust that is paid or that is payable to the Fund in the year in respect of Trust Units. The Fund generally will not be subject to tax on any amount received from the Trust in respect of Trust Units in excess of the taxable income of the Trust (provided that such amount does not exceed the adjusted cost base of the Trust Units held by the Fund).

The Fund may deduct from its income for a taxation year amounts which are paid or become payable by it to Unitholders in such year. An amount will be considered to be payable in a taxation year if it is paid to a Unitholder in the year by the Fund or if a Unitholder is entitled in the year to enforce payment of the amount. The Fund will make payable to Unitholders each year sufficient amounts such that the Fund generally will not be liable to pay tax under Part I of the Tax Act. Where the Fund does not have sufficient cash to distribute such amounts in a particular taxation year, the Fund intends to make one or more in-kind distributions in that year in the form of additional Units. Income of the Fund payable in a taxation year of the Fund to the Unitholders in the form of additional Units will generally be deductible to the Fund in computing its income for that year.

Losses incurred by the Fund cannot be allocated to Unitholders, but can be deducted by the Fund in future years in computing its taxable income, in accordance with the Tax Act. In the event the Fund would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units during the year (the “**capital gains refund**”). The capital gains refund in a particular taxation year may not completely offset the Fund’s tax liability for the taxation year arising in connection with the transfer of property *in specie* to redeeming Unitholders on the redemption of Units. The Declaration of Trust provides that all or a portion of any capital gain or income realized by the Fund in connection with such redemptions may, at the discretion of the Trustees, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming Unitholder. In addition, the Declaration of Trust provides that, at the discretion of the Trustees, on a redemption of Units income of the Fund may be treated as income paid to and designated as income of the redeeming Unitholder. Such income or the taxable portion of the capital gain so designated must be included in the income of the redeeming Unitholder (as income or taxable capital gains, as the case may be) and will be deductible by the Fund in computing its income.

### *Taxation of the Trust*

This summary assumes that the Trust will not be subject to the SIFT rules. If the SIFT rules were to apply, the income tax considerations described below would be materially and adversely different.

The taxation year of the Trust is the calendar year. In each taxation year, the Trust will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of amounts paid or payable in the year to its sole unitholder, the Fund. The Trust will make payable to its sole unitholder, the Fund, each year sufficient amounts such that the Trust generally will not be liable to pay tax under Part I of the Tax Act. The Trust’s income will include income or loss of the Partnership that is allocated to the

Trust in the Year. The Trust generally will not be subject to tax on the receipt of distributions from the Partnership in respect of its interest in the Partnership (provided that the amount received does not exceed the adjusted cost base of such interest).

#### *Taxation of the Partnership*

This summary assumes that the Partnership will not be subject to the SIFT rules. If the SIFT rules were to apply, the income tax considerations described below would be materially and adversely different.

The Partnership will not be subject to tax under the Tax Act. The Trust will be required to include in computing its income its share of the income or loss of the Partnership for its fiscal year ending in the Trust's taxation year, whether or not any such income is distributed to the Trust in the taxation year. For this purpose, the income or loss of the Partnership will be computed for each fiscal year as if the Partnership were a separate person resident in Canada. In computing the income or loss of the Partnership deductions will be claimed in respect of its reasonable administrative and other expenses incurred for the purpose of earning income and available capital cost allowances. The income or loss of the Partnership for a fiscal year will be allocated to the Trust on the basis of its share of such income or loss, subject to the detailed rules in the Tax Act in that regard. Income or losses allocated to the Trust by the Partnership will retain their character. The ability of the Partnership to allocate losses to the Trust may be limited by the "at-risk" rules in the Tax Act.

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 Partnership will earn income and not realize capital gains from its interest in the Condominium Project.

#### *Taxation of Unitholders*

##### *Distributions*

A Unitholder generally will be required to include in income for a particular taxation year the portion of the net income of the Fund for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether such portion is received in cash, additional Units or otherwise. Any loss of the Fund for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Unitholder.

Provided that appropriate designations are made by the Fund, such portion of its net realized taxable capital gains as is paid or payable to a Unitholder will retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act.

The non-taxable portion of any net realized capital gains of the Fund paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in such year (otherwise than as proceeds of disposition of the Units) generally will not be included in the Unitholder's income for the year. However, any such other amount will reduce the adjusted cost base of the Units held by the Unitholder.

To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and will be added to the adjusted cost base of the Unit so that the adjusted cost base will be zero.

##### *Dispositions of Units*

On the disposition or deemed disposition of a Unit (including on a redemption of the Unit), the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount that is otherwise required to be included in the Unitholder's income as described herein.

The adjusted cost base to a Unitholder of a Unit generally will include all amounts paid by the Unitholder for the Unit subject to certain adjustments and may be reduced by distributions made by the Fund to a Unitholder as described above. The cost of additional Units received in lieu of a cash distribution generally will be the amount of income of

the Fund distributed by the issuance of such Units. For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before that time.

A redemption of Units in consideration for cash, notes, or other assets of the Fund, as the case may be, will be a disposition of such Units for proceeds of disposition equal to such cash or the fair market value of such notes or other assets, as the case may be, less any income or capital gain realized by the Fund to the extent such income or capital gain is designated by the Fund to the redeeming Unitholder. Unitholders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, depending upon whether such proceeds of disposition exceed, or are exceeded by, the adjusted cost base of the Units redeemed. Where income or capital gains realized by the Fund, including in connection with the distribution of property *in specie* on the redemption of Units, has been designated by the Fund to a redeeming Unitholder, the Unitholder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed *in specie* by the Fund to a Unitholder upon a redemption of Units will be equal to the fair market value of that property at the time of the distribution. The Unitholder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

#### *Taxation of Capital Gains and Capital Losses*

One-half of any capital gains realized by a holder on a disposition or deemed disposition of Units and the amount of any net realized taxable capital gains designated by the Fund in respect of a Unitholder will be included in the holder's income as a taxable capital gain. One-half of any capital loss realized by a holder on a disposition or deemed disposition of Units may generally be deducted only from taxable capital gains, subject to and in accordance with the provisions of the Tax Act.

#### *Special Tax on Certain Corporations*

A holder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) is liable to pay an additional refundable tax on investment income, which generally includes, among other things, interest income and capital gains.

#### *Liability for Alternative Minimum Tax*

In general terms, net income of the Fund paid or payable to a Unitholder who is an individual or certain trusts that is designated as net realized taxable capital gains and capital gains realized by a holder on a disposition of Units may increase the holder's liability for alternative minimum tax.

### **6.1.1 Eligibility for Investment**

Based on the current provisions of the Tax Act, provided that the Fund qualifies at all times as a "mutual fund trust" (as defined in the Tax Act), the Units will be qualified investments for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax free savings accounts ("TFSA") (all as defined in the Tax Act). Provided that the Fund meets the prescribed conditions required in order for the Fund to qualify as a mutual fund trust (including having at least 150 Unitholders) prior to March 30, 2017, the Fund will be entitled to elect to be deemed to be a mutual fund trust from the date it is established. It is the Fund's intention that such election will be made and that the Fund will thereafter continuously qualify as a mutual fund trust at all relevant times.

Notwithstanding the foregoing, if the Units are a "prohibited investment" (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF, the holder or annuitant thereof will be subject to a penalty tax as set out in the Tax Act. The Units will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder or annuitant of such Exempt Plan, as the case may be, (i) deals at arm's length with the Fund for purposes of the Tax Act, and (ii) does not have a "significant interest" (as defined in the Tax Act) in the Fund. Generally, a holder or annuitant will have a significant interest in the Fund if the holder or annuitant and/or persons not dealing at arm's length with the holder or annuitant own, directly or indirectly, 10% or more of the fair market value of the Units. In addition, Units will not be a "prohibited investment" if the Units are "excluded property" (as defined in the Tax Act) for trusts governed by a TFSA, RRSP and RRIF. Prospective purchasers who intend to hold Units in a TFSA, RRSP or RRIF are advised to consult their personal tax advisors.

The property received as a result of an *in specie* redemption of Units by the Fund may not be qualified investments for Plans and may be prohibited investments for RRSP, RRIFs and TFSAs, which could give rise to adverse consequences to the Plan or the annuitant thereunder. Accordingly, Plans that own Units should consult their own tax advisors before deciding to exercise the redemption rights attached to the Units.

Prospective purchasers that intend to hold Units in a Plan are advised to consult their own tax advisors.

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

### **7.1 Selling Commissions**

The decision to distribute the Units and the determination of the structure and pricing and other terms and conditions of the distribution were made by the Trustees. The initial subscription price for Units is \$10 per Unit. The Units will be offered for sale by the Agent pursuant to the Agency Agreement.

Pursuant to the terms of the Agency Agreement, the Agent will offer for sale and distribute Units as agent for the Fund in accordance with applicable securities laws, on a “best efforts” basis, with the option to retain sub-agents to assist in its marketing activities, with a view to obtaining subscriptions for Units. In consideration for its services (and those of any sub-agents retained by the Agent), the Fund will pay the Agent a fee equal to \$8.00 per Unit issued under the Offering.

The sales commissions payable under the Offering in connection with the sale of Units will be payable from the gross proceeds of the Offering. The maximum amount of sales commissions payable under the Minimum Offering will be \$6,000,000 and under the Maximum Offering will be \$17,500,000. The selling commissions and fees will be an expense of the Fund and its Affiliates.

No sales commission will be payable in jurisdictions where the payment of a commission is prohibited by securities legislation.

### **7.2 Trustee Fee**

The Trustees will not be paid a fee for their services as trustees of the Fund.

### **7.3 Management Fee**

The Developer will receive the Management Fee pursuant to the terms of the Development Management Agreement and the Partnership Agreement. See “Item 3.5 – Development Management Agreement”.

### **7.4 Operating Expenses**

The Fund will pay for all expenses incurred in connection with its operation and administration including, without limitation: the payment of external accounting and audit fees, legal fees, insurance premiums, the sales commissions relating to the Offering and other fees and expenses of its administration, all Unitholder communication expenses, the cost of maintaining the Fund’s existence, regulatory fees and expenses and bank service fees.

The Partnership shall pay for its own expenses incurred in connection with its operation and administration, including without limitation: the Management Fee, internal and external accounting and audit fees, legal fees, insurance premiums, the fees and expenses of its administration, all limited partner communication expenses, the cost of maintaining the limited partnership’s existence, regulatory fees and expenses, bank service fees and maintenance fees. The Partnership will also be responsible to pay for the sales office construction, overhead of the sales office and on-site personnel.

The Fund indirectly bears the costs of the Partnership because of its indirect ownership interest.

See “Item 3.5 – Development Management Agreement” for a description of the costs to be paid by the Developer.

## ITEM 8 – RISK FACTORS

In addition to the factors set forth elsewhere in this Offering Memorandum, potential subscribers should carefully consider the following factors, many of which are inherent to the ownership of the Units. The following is a summary only of the risk factors involved in an investment in the Units. Prospective investors should review these risks and other factors relevant to the investor with their legal and financial advisers.

### 8.1 Risks Relating to the Business

#### *No Liquidity*

Units offered by this Offering Memorandum are speculative securities. **THERE IS NO MARKET FOR THE UNITS** and it is not anticipated that any market for the Units will develop. It may be difficult or impossible to resell the Units. This Offering is not qualified by way of a prospectus and consequently the resale of Units is subject to restrictions under applicable securities legislation. See “Item 10 - Resale Restrictions”. In addition, consent of the Trustees is required in connection with any proposed transfer. An investment in Units should only be considered by those investors who are able to make and bear the economic risk of a long-term, illiquid investment and the possible loss of their investment. The transfer of a Unit may result in adverse tax consequences for the transferor.

#### *Dependence on Key Personnel*

In assessing the risks and rewards of an investment in Units, potential investors should appreciate that they are relying on the good faith and judgment of the Trustees and the General Partner and their ability to commence the Business and make appropriate decisions in respect of the management of the Business. Similarly, potential investors should appreciate that they are relying on the good faith, experience and judgment of the officers, directors and personnel of the Developer in performing due diligence on, and acquiring, the Development Property (which due diligence and the negotiation of the Purchase Agreement were completed by the Developer without the assistance of external counsel) developing and constructing the Condominium Project and making appropriate decisions in respect thereof. Moreover, potential investors should understand that neither counsel to the Fund nor counsel to the Agent have conducted due diligence on the Development Property. Potential investors are also relying on the good faith, experience and judgment of the Construction Manager constructing the Condominium Project and making appropriate decisions in respect thereof. It would be inappropriate for investors to purchase Units if they are unwilling to rely upon and entrust the Trustees with all aspects of the management of the Business of the Fund or if they are unwilling to rely upon and entrust the General Partner, the Developer and the Construction Manager with all aspects of the management of the investment in and performing due diligence on the Development Property and the Development, and the construction and sale of the Condominium Project. The success of the Business is dependent in part on the expertise of the Trustees, the General Partner, the Developer and the Construction Manager. The loss of one or more of these individuals could have a material adverse effect on the Business. None of the Fund, the Developer or the General Partner maintains key-man insurance, nor is it expected that such insurance will be acquired.

#### *Risks of Investment in the Business and Real Estate Ownership*

There is no assurance that the Business will be operated successfully. Further, since a significant aspect of the potential return to the investors will be based on the revenue generated by real estate developments, there can be no assurance that such business activities will generate revenues sufficient to meet the operational or financing needs of the Fund or to return the funds invested.

The Fund and the Partnership will also be subject to the risks inherent in the development of condominium projects located in the City of Toronto, including the inability to obtain re-zoning approvals within a reasonable time or at all, the inability to obtain construction or mortgage financing on reasonable terms or at all, the inability to sell or complete sales of a sufficient number of condominium units at reasonable prices or at all, the failure or refusal of purchasers of condominium units to complete their transactions, undisclosed liabilities relating to the Development Property, fluctuations in interest rates, fluctuations in or volatility of real estate markets, failure to repay or refinance mortgages resulting in foreclosures or powers of sale, construction delays due to strikes or shortages of materials or labour, the inability of the Fund or the Partnership to achieve profitability in its investment strategy, competition from other properties, limits on insurance coverage and increases in development costs caused by general economic conditions.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made regardless of whether or not a property is producing sufficient income to service such

expenses. In addition, the properties of the Partnership will be subject to mortgages which require debt service payments. If the Fund is unable to meet mortgage payments on any property, losses could be sustained as a result of the exercise by the mortgagee of its rights of foreclosure or sale.

### *Financing Risks*

There is no assurance that the Fund will be able to obtain sufficient construction financing to finance the Development, or, if available, that the Fund will be able to obtain construction financing on commercially acceptable terms. Further, there is no assurance or guarantee that any such financing, if obtained, will be renewed when they mature or, if renewed, renewed on the same terms and conditions (including the rate of interest). In the absence of construction financing, the Fund will not be able to complete the Development, which would have a material adverse effect on the Fund's financial condition. Even if the Fund is successful in obtaining adequate construction financing, the Fund may not be able to service such financing. If a default occurs under any such financing, one or more of the lenders could exercise its rights including, without limitation, foreclosure or sale of the Development Property or Condominium Project.

### *Project Estimates and Sensitivity Analysis*

The project estimates and sensitivity analysis contained in, or incorporated by reference in, this Offering Memorandum are intended to be an illustration only and are not intended to constitute a "financial outlook" or "future oriented financial information" for purposes of applicable securities laws. The project estimates and sensitivity analysis were prepared using assumptions that reflect management and the Trustees' estimate as to the most probable set of economic conditions based on current market conditions. There can be no assurance that the assumptions reflected in the project estimates or sensitivity analysis will prove to be accurate. Actual results for the estimate period may vary from the estimates and those variations may be material. There is no representation by the Fund, management or the Trustees that actual results achieved in the estimate period will be the same, in whole or in part, as those included in the project estimates or sensitivity analysis. See "Forward-Looking Statements".

### *Purchase Agreement and Deposit*

A substantial portion of the proceeds of the Offering will be used to make the Deposit with the Vendor pursuant to the Purchase Agreement. The first \$5,000,000 of the Deposit will be secured by a second collateral charge on the Development Property. The Partnership will have the right to pay an additional \$10,000,000 of the Deposit, which will be used to repay the existing mortgages and which will be secured by a first collateral charge on the Development Property. In contrast to a typical deposit, which is retained in trust, the Deposit will be released to the Vendor immediately. If the Vendor is required to return the Deposit to the Partnership pursuant to the terms of the Purchase Agreement and the Vendor is unable or willing to do so, the Partnership will be required to seek recourse through the secured interest in the Development Property. Depending on the value of the Development Property at the time of any such enforcement by the Partnership of its secured interest in the Development Property, the Partnership may not be able to recover all or a portion of the Deposit. In the event that the Partnership cannot recover all or a portion of the Deposit, purchasers of Units may lose their entire investment. Even if the Partnership is able to recover the entire Deposit, as the Partnership will be required to pay other costs in connection with the Development, investors may not recover all or any portion of their investment.

Under the Purchase Agreement, in the event that the acquisition of the Development Property is not completed as a result of a default by the Partnership of its obligations under the Purchase Agreement, the Deposit will be retained by the Vendor. As most of the proceeds of the Offering will be used to fund the Deposit, and as the Deposit represents a far higher proportion of the purchase price than is typical in a transaction of this kind, any breach by the Partnership of its obligations under the Purchase Agreement would have a material adverse effect on the Fund's financial condition.

Under the Purchase Agreement, in the event that the acquisition of the Development Property is not completed other than as a result of a default by the Partnership or the Vendor of their respective obligations under the Purchase Agreement (and other than as a failure to obtain zoning), the Deposit is required to be returned to the Partnership, but the Partnership will not receive any interest payments that it has made on the existing mortgages and will not receive back other costs incurred such as Development costs. As such, the failure to complete the acquisition in such circumstances would have a material adverse effect on the Fund's financial condition.

### *Fluctuations in Capitalization Rates*

As interest rates fluctuate in the lending market, generally so too do capitalization rates which affect the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates. Moreover, a rise in interest rates will impact the underlying value of the Condominium Project, which could have a material adverse effect on the Fund's financial condition.

### *Risk of Change in Investment Return*

The amount of income to be allocated, cash to be distributed to an investor holding Units and the timing of such distributions is dependent upon the amount receivable by the Fund in respect of revenues generated from the Development Property and the date upon which the sale of condominium units is commenced, if at all. An investor has no assurance, therefore, that any amount will be distributed to him or her or when any such distributions would be made. Investors who use their own funds to purchase Units may be affected differently than investors who borrow funds to purchase Units.

### *Capital Investment*

The timing and amount of various capital expenditures by the Partnership will directly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, from time to time as necessary.

### *Access to Capital*

The real estate industry is highly capital intensive. The Fund will require access to capital to, among other things, develop and construct the Condominium Project. There can be no assurances that the Fund will have access to sufficient capital or access to capital on terms favourable to the Fund for the financing of the development and construction of the Condominium Project, the funding of operating expenses or other purposes. Failure by the Fund to access required capital would result in a material adverse effect on the value of the Units.

### *Nature of Units*

The Units do not represent a direct investment in the Partnership and should not be viewed by investors as interests in the Partnership. As holders of Units, Unitholders do not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.

The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. In addition, although it is anticipated that the Fund will qualify as a "mutual fund trust" as defined by the Tax Act, the Fund is not a "mutual fund" as defined by applicable securities legislation. Additionally, there can be no guarantee when the Fund will first qualify as a "mutual fund trust" as defined by the Tax Act, if at all.

### *Dilution*

The Declaration of Trust will authorize the Fund to issue an unlimited number of Units for the consideration and on those terms and conditions as are established by the Trustees without the approval of any Unitholders. The Fund may issue additional Units for various purposes, including as part of Additional Closings or additional offerings of Units, the proceeds of which will be used at the sole discretion of the Trustees including, among other things, to increase the number of Condominium Units. Until such time as the Units are listed on a stock exchange, no assurances can be given as to whether the offering price of Units as part of additional offerings represents the appropriate price for the Units. Specifically, the Trustees are not required to obtain appraisals of the Condominium Units in the context of additional offerings and, if they do obtain appraisals, there can be no assurances that such appraisals are accurate. Further issuances of Units, including at prices below the offering price under this Offering, may dilute the interests of existing Unitholders.

### *Structural Subordination of the Units*

In the event of a bankruptcy, liquidation or reorganization of the Fund or any of its subsidiaries, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the Fund and those subsidiaries (including the Partnership) before any assets are made available for distribution to the Fund. The Units will be effectively subordinated to the indebtedness and other liabilities of the Fund's subsidiaries.

### *Voting Rights*

Pursuant to the Declaration of Trust, meetings of Unitholders will only take place at such times and for such matters as the Trustees, in their sole discretion, may determine. As such, the Trustees will exercise significant control over certain fundamental transactions, including, without limitation, matters for which a shareholder of a CBCA company would typically be entitled a vote.

### *Potential for Conflict of Interest*

Certain of the Trustees, directors, officers or securityholders of the Fund and its Associates and/or Affiliates or subsidiaries are or will also be directors and officers of other companies or are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of the Fund. Consequently, there exists the possibility for such trustees, directors and officers to be in a position of conflict. See "Item 2.1.5 - Conflicts of Interests" for additional information regarding these potential conflicts.

### *Tax Related Risks*

The Declaration of Trust provides that an amount equal to the taxable income of the Fund will be distributed each year to Unitholders in order to eliminate the Fund's taxable income and provides that additional Units may be distributed to Unitholders in lieu of cash distributions. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, which may result in a cash tax liability even though the Unitholder has not received any cash to pay such liability.

Provided that the Fund meets the prescribed conditions required in order for the Fund to qualify as a mutual fund trust (including having at least 150 Unitholders) prior to March 30, 2017, the Fund will be entitled to elect to be deemed to be a mutual fund trust from the date it is established. It is the Fund's intention that such election will be made and that the Fund will thereafter continuously qualify as a mutual fund trust at all relevant times. If the Fund is unable to file the election or were to cease to qualify as a mutual fund trust at any time, the consequences could be materially adverse to Unitholders.

A trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-residents of Canada for purposes of the Tax Act. The restrictions on the issuance of Units by the Fund to non-residents may negatively affect the Fund's ability to raise financing for future acquisitions or operations.

The Fund intends to conduct its affairs in such a manner as to ensure the Fund and its subsidiaries are not subject to the SIFT rules. If the Fund or its subsidiaries became subject to the SIFT rules, the consequences could be materially adverse to the Fund and Unitholders.

The property received as a result of an *in specie* redemption of Units by the Fund may not be qualified investments for Plans and may be prohibited investments for RRSP, RRIFs and TFSAs, which could give rise to adverse consequences to the Plan or the annuitant thereunder.

### *Redemption Right*

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investment. Cash payable upon the monthly redemption of Units will be limited to \$10,000 in the aggregate. Upon a redemption of Units or termination of the Fund, the Trustees may distribute property directly to the Unitholders, subject to obtaining any required regulatory approvals and complying with the requisite terms and conditions of such approvals. Property so distributed generally will not be qualified investments for Plans and may be a prohibited investment for RRSPs, RRIFs and TFSAs. Adverse tax consequences generally may apply to a Unitholder, or Plan and/or its annuitant, beneficiary thereunder or holder thereof, as a result of the redemption of Units. Additionally,

such property, if securities, will not be listed on any stock exchange and no established market is expected to develop in such property and such property, if securities, will be subject to resale restrictions under applicable securities laws.

#### *Net Worth of General Partner*

The General Partner will have nominal net worth. Prospective investors should not rely on the General Partner to provide any additional capital or loans to the Partnership in the event of any contingency.

#### *Environmental Risks*

Environmental and ecological legislation and policies have become increasingly important in recent years. Under various laws, the Fund or the Partnerships could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in the properties developed or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs.

#### *Damage to Condominium Project*

Any significant damage to the Condominium Project, as a result of fire or other calamities, could have a material adverse effect. The ability to grow the Business is heavily dependent on efficient, proper and uninterrupted Development of the Condominium Project. Power failures or disruptions, the breakdown, failure or substandard performance of equipment, the improper installation or operation of equipment and the destruction of buildings, equipment and other facilities due to natural disasters such as tornados, hurricanes, fire, flooding or earthquakes could severely affect the ability of the Partnership to continue operations.

### **ITEM 9 – REPORTING OBLIGATIONS**

The Fund is not a reporting issuer in any of the provinces or territories of Canada. Unitholders will receive, within 120 days of the end of each fiscal year, annual audited financial statements of the Fund, together with a narrative report describing the business and affairs of the Fund and, within the time periods prescribed under applicable law, all income tax reporting information necessary to enable each Unitholder to file an income tax return with respect to its participation in the Fund in such fiscal year. Unitholders will also receive a notice describing how the proceeds raised under the Offering have been used.

### **ITEM 10 – RESALE RESTRICTIONS**

#### **10.1 General Statement**

The Units will be subject to resale restrictions, including a restriction on trading the Units. Until the restriction on trading expires, if ever, a Unitholder will not be able to trade the Units unless it complies with very limited exemptions from the prospectus requirements under applicable securities legislation. As the Fund has no intention of becoming a reporting issuer in any province or territory of Canada, these restrictions on trading in the Units will not expire. In addition, the Declaration of Trust provides that Units are transferable subject to the approval of the Trustees. Consequently, Unitholders may not be able to sell their Units in a timely manner, if at all, or pledge their Units as collateral for a loan.

#### **10.2 Restricted Period**

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

#### **10.3 Manitoba Resale Restrictions**

For subscribers resident in Manitoba, unless permitted under securities legislation, you must not trade the Units without the prior written consent of the regulator in Manitoba unless

- (a) the Fund has filed a prospectus with the regulator in Manitoba with respect to the Units you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or

- (b) you have held the Units for at least 12 months.

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

#### **10.4 Contractual Restrictions on Resale**

Pursuant to the Declaration of Trust, a Unitholder must obtain consent from the Trustees to transfer such Unitholder's Units, which consent may be unreasonably withheld at their sole and absolute discretion

#### **ITEM 11 – PURCHASER'S RIGHTS OF ACTION FOR DAMAGES OR RESCISSION**

In certain circumstances, subscribers resident in certain provinces and territories of Canada are provided with a remedy for rescission or damages, or both, in addition to any other right they may have at law, where an offering memorandum and any amendment to it contains a misrepresentation. A "misrepresentation" is generally defined in the applicable securities legislation as an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by the subscriber within the time limits prescribed by the applicable securities legislation.

The following is a summary of rights of rescission or damages, or both, available to subscribers. The following summary is subject to the express provisions of the applicable securities laws, regulations and rules, and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and statutory defences not described here on which the Fund and other applicable parties may rely. **Subscribers should refer to the applicable securities legislation for particulars of these provisions or consult their legal advisers.**

The rights of action described below are in addition to and without derogation from any other right or remedy available at law to the purchaser and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defences contained therein. The enforceability of these rights may be limited. The rights of action discussed below will be granted to the subscribers to whom such rights are conferred upon acceptance by the Fund of the subscription price for the Units.

You can cancel your agreement to purchase these Units. To do so, you must send a notice to the Fund by midnight on the 2nd Business Day after you sign the agreement to purchase the Units.

#### ***Ontario***

In accordance with Section 130.1 of the *Securities Act* (Ontario) (the "**Ontario Act**"), in the event that this Offering Memorandum or any amendment hereto contains a misrepresentation (as defined in the Ontario Act) the subscriber who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the subscriber relied upon the misrepresentation, a right of action against the Fund, and a selling security holder on whose behalf the distribution is made, for damages, or, while the subscriber is still the owner of the Units purchased by that subscriber, for rescission, in which case, if the subscriber elects to exercise the right of rescission, the subscriber will have no right of action for damages against the Fund, provided that:

- (a) no person or company will be liable if it proves that the subscriber purchased the Units with knowledge of the misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (c) in no case will the amount recoverable in any action exceed the price at which the Units were sold to the subscriber.

The foregoing rights provided in accordance with Section 130.1 of the Ontario Act do not apply to the following subscribers relying upon the accredited investor exemption in Ontario:

- (a) a Canadian financial institution, meaning either:
  - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or
  - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction in Canada;
- (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada),
- (c) The Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada), or
- (d) a subsidiary of any person referred to in paragraphs (a), (b) or (c) if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

In accordance with Section 138 of the Ontario Act, no action shall be commenced to enforce these statutory rights more than:

- (a) in an action for rescission, 180 days from the date of the transaction that gave rise to the cause of action; or
- (b) in an action for damages, the earlier of:
  - (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

### ***Manitoba***

In accordance with Section 141.1 of the *Securities Act* (Manitoba), if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Units offered by this Offering Memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and the subscriber has:

- (a) a right of action for damages against
  - (i) the Fund;
  - (ii) every director of the Fund at the date of this Offering Memorandum; and
  - (iii) every person or company who signed this Offering Memorandum; and
- (b) a right of rescission against the Fund.

If the subscriber chooses to exercise a right of rescission against the Fund, the subscriber has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record that is incorporated by reference in, or that is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

If a misrepresentation is contained in this Offering Memorandum, no person or company is liable

- (a) if the person or company proves that the subscriber had knowledge of the misrepresentation;
- (b) other than with respect to the Fund, if the person or company proves
  - (i) that the Offering Memorandum was sent to the subscriber without the person's or company's knowledge or consent, and
  - (ii) that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;
- (c) other than with respect to the Fund, if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;
- (d) other than with respect to the Fund, if, with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of the Offering Memorandum
    - (a) did not fairly represent the expert's report, opinion or statement, or
    - (b) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (e) other than with respect to the Fund, with respect to any part of the Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company:
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or
  - (ii) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the Units were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation.

No action may be commenced to enforce a right

- (a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or
- (b) in any other case, more than the earlier of
  - (i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action, or
  - (ii) two years after the day of the transaction that gave rise to the cause of action.

## *Saskatchewan*

Section 138 of the *Securities Act, 1988* (Saskatchewan) (the “**Saskatchewan Act**”) provides, subject to certain limitations, that if this Offering Memorandum or any amendment hereto sent or delivered to a subscriber contains a misrepresentation, a subscriber who purchases Units covered by this Offering Memorandum or an amendment hereto has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against:

- (a) the Fund or a selling security holder on whose behalf the distribution is made;
- (b) every promoter and director of the Fund or the selling security holder, as the case may be, at the time this Offering Memorandum or any amendment hereto was sent or delivered;
- (c) every person or company whose consent has been filed respecting the offering of Units, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person who or company that signed this Offering Memorandum or any amendment hereto; and
- (e) every person who or company that sells Units on behalf of the Fund or selling security holder under this Offering Memorandum or any amendment hereto.

Alternatively, the subscriber may elect to exercise a right of rescission against the Fund (or a selling security holder on whose behalf the distribution is made), in which case the subscriber shall have no right of action for damages against the above persons or companies.

Such rights of rescission and damages are subject to certain limitations including the following:

- (a) if the subscriber elects to exercise its right of rescission against the Fund, it will have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of this Offering Memorandum or any amendment to it not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (d) in no case will the amount recoverable exceed the price at which Units were offered; and
- (e) no person or company is liable in an action for rescission or damages if that person or company proves that the subscriber purchased the Units with knowledge of the misrepresentation.

In addition, no person or company, other than the Partnership, will be liable if the person or company proves that:

- (a) this Offering Memorandum or any amendment to it was sent or delivered without the person’s or company’s knowledge or consent and that, on becoming aware of it being sent or delivered, that person or company gave reasonable general notice that it was so sent or delivered; or
- (b) with respect to any part of this Offering Memorandum or any amendment to it purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation, the part of this Offering Memorandum or any amendment to it did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Not all defences upon which the issuer or others may rely are described herein. Please refer to the full text of the Saskatchewan Act for a complete listing.

Section 138.1 of the Saskatchewan Act also provides that, where any advertising or sales literature (as defined in the Saskatchewan Act) disseminated in connection with the Offering contains a misrepresentation, a subscriber who purchases Units referred to in that advertising or sales literature, has, without regard to whether the subscriber relied on the misrepresentation, a right of action against the Fund or a selling security holder on whose behalf the trade is made, every promoter or director of the Fund or selling security holder, as the case may be, at the time the advertising or sales literature was disseminated, and every person who, or company that, at the time the advertising or sales literature was disseminated, sells Units on behalf of the Fund in the Offering with respect to which the advertising or sales literature was disseminated.

Section 138.2 of the Saskatchewan Act provides that, where an individual makes a verbal statement to a prospective subscriber of Units that contains a misrepresentation relating to the Units purchased, and the verbal statement is made either before or contemporaneously with the purchase of the Units, the subscriber has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against the individual who made the verbal statement.

No action to enforce the foregoing rights may be commenced:

- (a) in the case of an action for rescission, more than 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any action, other than an action for rescission, more than the earlier of:
  - (i) one year after the subscriber first had knowledge of the facts giving rise to the cause of action; or
  - (ii) six years after the date of the transaction that gave rise to the cause of action.

### ***New Brunswick***

Section 150 of the *Securities Act* (New Brunswick) (the “**New Brunswick Act**”) provides that if this Offering Memorandum contains a misrepresentation and is provided to the subscriber, a subscriber who purchases the Units shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages against the Fund and a selling security holder on whose behalf the distribution is made or a right of rescission, in which case the subscriber shall have no right of action for damages, provided:

- (a) no person is liable if the person proves that the subscriber purchased the Units with knowledge of the misrepresentation;
- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- (c) in no case shall the amount recoverable exceed the price at which the Units were offered.

Section 152 of the New Brunswick Act provides that where a person makes a verbal statement to a subscriber of Units that contains a misrepresentation relating to the Units, and the verbal statement is made either before or contemporaneously with the purchase of the Units, the subscriber shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase, and the subscriber has a right of action for damages against the person who made the verbal statement. No person is liable if the person proves the subscriber purchased the Units with knowledge of the misrepresentation. In an action for damages, the defendant will not be liable for all or any portion of the damages that the defendant proves do not represent the depreciation in the value of the Units as a result of the misrepresentation relied on. The amount recoverable will not exceed the price at which the Units were offered.

No action may be commenced to enforce the above rights: (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or (b) in the case of any action, other than an action for rescission, the earlier of: (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

### *Nova Scotia*

Section 138 of the *Securities Act* (Nova Scotia) (the “**Nova Scotia Act**”) provides that, subject to certain limitations, where this Offering Memorandum, or any amendment hereto sent or delivered to a subscriber, or any advertising or sales literature (as such terms are defined in the Nova Scotia Act) contains a misrepresentation, a subscriber who purchased Units is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Fund, every director of the Fund at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

Alternatively, the subscriber may elect to exercise a right of rescission against the Fund. If the subscriber exercises its right of rescission against the Fund, the subscriber will not have a right of action for damages against the Fund or any of the aforementioned persons or companies.

The foregoing rights are subject to, the following limitations, among others:

- (a) no person or company will be liable if the person or company proves that the subscriber purchased the Units with knowledge of the misrepresentation;
- (b) in the case of an action for damages, the defendant will not be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation; and
- (c) the amount recoverable in any action may not exceed the price at which the Units were offered to the subscriber under this Offering Memorandum or amendment hereto.

No action may be commenced to enforce any of the foregoing rights more than 120 days after the date on which the initial payment was made for the Units.

In addition no person or company other than the Fund is liable if the person or company proves that:

- (a) this Offering Memorandum or an amendment hereto was sent or delivered to the subscriber without the person’s or company’s knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person’s or company’s knowledge or consent; or
- (b) after delivery of this Offering Memorandum or an amendment hereto and before the purchase of the Units by the subscriber, on becoming aware of any misrepresentation in this Offering Memorandum or amendment hereto, the person or company withdrew the person’s or company’s consent to this Offering Memorandum or amendment hereto, and gave reasonable general notice of the withdrawal and the reason for it; or
- (c) with respect to any part of this Offering Memorandum or amendment hereto purporting: (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (1) there had been a misrepresentation, or (2) the relevant part of this Offering Memorandum or amendment hereto (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

No person or company other than the Fund is liable with respect to any part of this Offering Memorandum or amendment hereto not purporting (a) to be made on the authority of an expert; or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Offering Memorandum or amendment hereto, the misrepresentation is deemed to be contained in this Offering Memorandum or amendment hereto.

***Prince Edward Island***

Section 112 of the *Securities Act* (Prince Edward Island) provides, subject to certain limitations, that if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the subscriber relied on the misrepresentation, a right of action for damages against:

- (a) the Fund;
- (b) the selling security holder on whose behalf the distribution is made;
- (c) every director of the Fund at the date of this Offering Memorandum; and
- (d) every person who signed this Offering Memorandum.

Alternatively, the subscriber may elect to exercise a right of rescission against the Fund or the selling security holder. If the subscriber exercises its right of rescission, the subscriber will not have a right of action for damages against any person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

A person, other than the Fund and selling security holder, is not liable in an action for damages if the person proves that:

- (a) this Offering Memorandum was sent to the subscriber without the person's knowledge or consent, and that, on becoming aware of its being sent, the person had promptly given reasonable notice to the Fund that it had been sent without the person's knowledge and consent;
- (b) the person, on becoming aware of the misrepresentation, had withdrawn the person's consent to this Offering Memorandum and had given reasonable notice to the Fund of the withdrawal and the reason for it; or
- (c) with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of this Offering Memorandum
    - (a) did not fairly represent the report, opinion or statement of the expert, or
    - (b) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

A person, other than the Fund and selling security holder, is not liable in an action for damages with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person

- (a) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation, or
- (b) believed there had been a misrepresentation.

No person is liable if the person proves that the subscriber purchased the Units with knowledge of the misrepresentation.

The amount recoverable must not exceed the price at which the Units purchased by the plaintiff were offered. In an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the Units resulting from the misrepresentation.

No action may be commenced to enforce a right

- (a) in the case of an action for rescission, more than 180 days after the day of the transaction that gave rise to the cause of action; or
- in any other case, more than the earlier of,
- (b) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action, or
- (c) three years after the date of the transaction that gave rise to the cause of action.

### ***Newfoundland and Labrador***

Section 130.1 of the *Securities Act* (Newfoundland and Labrador) provides that if this Offering Memorandum contains a misrepresentation when a subscriber purchases Units offered by this Offering Memorandum, the subscriber has, without regard to whether the subscriber relied on the misrepresentation:

- (a) a right of action for damages against:
  - (i) the Fund;
  - (ii) every director of the Fund at the date of this Offering Memorandum; and
  - (iii) every person or company who signed this Offering Memorandum; and
- (b) a right of action for rescission against the Fund.

If the subscriber chooses to exercise a right of rescission against the Fund, the subscriber has no right of action for damages against a person or company referred to above.

If a misrepresentation is contained in a record incorporated by reference in, or is considered to be incorporated into, this Offering Memorandum, the misrepresentation is considered to be contained in this Offering Memorandum.

When a misrepresentation is contained in this Offering Memorandum, no person or company is liable

- (a) if the person or company proves that the subscriber had knowledge of the misrepresentation;
- (b) other than the Fund, if the person or company proves that:
  - (i) this Offering Memorandum was sent to the subscriber without the person's or company's knowledge or consent, and
  - (ii) after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the person's or company's knowledge and consent;
- (c) other than the Fund, if the person or company proves that, after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to this Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;

- (d) other than the Fund, if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that
  - (i) there had been a misrepresentation, or
  - (ii) the relevant part of this Offering Memorandum
    - (a) did not fairly represent the expert's report, opinion or statement, or
    - (b) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (e) other than the Fund, with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company
  - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or
  - (ii) believed there had been a misrepresentation.

The amount recoverable shall not exceed the price at which the Units were offered under this Offering Memorandum. In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation.

No action may be commenced to enforce these contractual rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of:
  - (i) 180 days after the subscriber first has knowledge of the facts giving rise to the cause of action; or
  - (ii) three years after the date of the transaction that gave rise to the cause of action.

### ***Alberta***

Pursuant to section 204 of the *Securities Act* (Alberta) (the "**Alberta Act**"), if this Offering Memorandum contains a misrepresentation, a subscriber who purchases Units offered by the offering memorandum has, without regard to whether the subscriber relied upon the misrepresentation, a statutory right of action:

- (a) for damages against:
  - (i) the Fund;
  - (ii) every director of the Fund at the date of this Offering Memorandum; and
  - (iii) every person who signed this Offering Memorandum; and
- (b) for rescission against the Fund.

Sections 204 and 211 of the Alberta Act provide that, among other things:

- (a) no action shall be commenced to enforce any of the foregoing rights more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or, in the case of an action for damages, the earlier of: (i) 180 days after the date that the subscriber first had knowledge of the facts giving rise to the cause of action; or (ii) three years after the date of the transaction that gave rise to the cause of action;
- (b) if the subscriber elects to exercise the right of rescission against the Fund, the subscriber will have no right of action for damages against the Fund, directors of the Fund or persons who have signed this Offering Memorandum;
- (c) in an action for rescission or damages, the defendant will not be liable if it proves that the subscriber purchased the Units with knowledge of the misrepresentation;
- (d) in no case shall the amount recoverable under the right of action described herein exceed the price at which the Units were offered; and
- (e) in an action for damages, the defendant is not liable for all or any portion of the damages that the defendant proves do not represent the depreciation in value of the Units as a result of the misrepresentation.

***British Columbia and Québec***

Notwithstanding that the *Securities Act* (British Columbia) and the *Securities Act* (Québec) do not provide, or require the Fund to provide, to subscribers resident in the province of British Columbia or Québec, respectively, any rights of action in circumstances where this Offering Memorandum or an amendment hereto contains a misrepresentation, the Fund hereby grants to such subscribers contractual rights of action that are equivalent to the statutory rights of action set forth above with respect to subscribers resident in Ontario.

**ITEM 12 – FINANCIAL STATEMENTS**

**5888 YONGE STREET FUND**

**FINANCIAL STATEMENTS**

**APRIL 4, 2016**  
**(expressed in Canadian dollars)**

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# **5888 YONGE STREET FUND**

**APRIL 4, 2016**

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Website: www.hsmllpcas.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
5888 Yonge Street Fund

We have audited the accompanying financial statements of 5888 Yonge Street Fund, which comprise the statement of financial position as at April 4, 2016, the statements of loss, the statement of operations and other comprehensive net income, changes in unitholders' equity and cash flows from the period from April 4, 2016 (commencement), to April 4, 2016, 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 International Financial Reporting Standards, 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.

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the 5888 Yonge Street Fund as at April 4, 2016 and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards.

Markham, Ontario  
April 6, 2016

  
HSM LLP

Chartered Accountants  
Licensed Public Accountants

**5888 YONGE STREET FUND**  
(A trust established under the laws of Ontario)

**STATEMENT OF FINANCIAL POSITION**

**AS AT APRIL 4, 2016**  
(expressed in Canadian dollars)

---

**ASSETS**

**Current**  
Cash

**\$ 10**

**LIABILITIES**

**\$ -**

**UNITHOLDERS' EQUITY**

**10**

**\$ 10**

Approved and authorized for issue by the Trust's Board of Trustees on April 6, 2016:

"Devon Cranson" Trustee

"Shlomo Marder" Trustee

*The accompanying Notes are an integral part of these financial statements.*

## **5888 YONGE STREET FUND**

### **STATEMENT OF OPERATIONS AND OTHER COMPREHENSIVE NET INCOME**

**PERIOD FROM COMMENCEMENT TO APRIL 4, 2016**  
**(expressed in Canadian dollars)**

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<b>Revenue</b>	<b>\$ -</b>
<b>Expenses</b>	<b><u>-</u></b>
<b>Net income and other comprehensive income for the period</b>	<b><u>\$ -</u></b>

*The accompanying Notes are an integral part of these financial statements.*

## 5888 YONGE STREET FUND

### STATEMENT OF CHANGES IN UNITHOLDER'S EQUITY

PERIOD FROM COMMENCEMENT TO APRIL 4, 2016

(expressed in Canadian dollars)

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Balance, beginning of period	\$ -
Net income and other comprehensive income for the period	-
Issuance of one unit on formation	<u>10</u>
Balance, end of period	<u>\$ 10</u>

*The accompanying Notes are an integral part of these financial statements.*

## 5888 YONGE STREET FUND

### STATEMENT OF CASH FLOWS

PERIOD FROM COMMENCEMENT TO APRIL 4, 2016

(expressed in Canadian dollars)

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#### Cash provided by (used in):

##### Operating activities

Net income and other comprehensive income \$ -

Changes in non-cash working capital

-

##### Investing activities

-

##### Financing activities

Proceeds from issuance of unit 10

Net increase in cash

10

Cash, beginning of period

-

Cash, end of period

\$ 10

*The accompanying Notes are an integral part of these financial statements.*

# 5888 YONGE STREET FUND

## NOTES TO FINANCIAL STATEMENTS

APRIL 4, 2016

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### 1. Nature of operations

5888 Yonge Street Fund (the "FUND") is an open-ended limited purpose trust created pursuant to a Declaration of Trust dated April 4, 2016 ("commencement"), when one unit was issued for \$10 cash. The FUND was established under the laws of the Province of Ontario and is domiciled in Canada.

The address of the FUND's registered office is 10 Wanless Avenue, Suite 201, Toronto, Ontario, M4N 1V6. The FUND's financial statements as at and for the period from commencement to April 4, 2016 were authorized for issue by the Board of Trustees on April 6, 2016. Going forward, the FUND's financial reporting fiscal year end will be December 31.

The only undertaking of the Trust is the investing of its assets; the indirect acquisition, pre-development and development of one or more real estate properties, and the construction (including demolition of existing buildings), completion and/or sale of condominium units of one or more condominium projects; and such other activities as the Trust may be permitted to engage in from time to time; all for the benefit of the unitholders of the Trust. For this purpose, the Trust may acquire or divest itself of such properties and investments as the Trustees may determine from time to time.

### 2. Summary of significant accounting policies

#### (a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Since the FUND was formed during the period, these financial statements represent the FUND'S first time adoption of IFRS

#### (b) Basis of presentation

These financial statements are prepared on the historical cost basis, except for financial instruments that are measured on a fair value basis.

#### (c) Unitholder's equity

The FUND classifies issued units as equity in the statement of financial position ("Units"). The FUND has classified the Units as equity pursuant to the provisions of International Accounting Standard 32, *Financial Instruments: Presentation* ("IAS 32"), on the basis that the Units meet all of the criteria in IAS 32 for such classification, also referred to as the "puttable exemption".

# 5888 YONGE STREET FUND

## NOTES TO FINANCIAL STATEMENTS

APRIL 4, 2016

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### 2. Summary of significant accounting policies (cont'd.)

The criteria in IAS 32 are as follows:

- The Units entitle the unitholders to a pro rata share of the FUND's net assets in the event of the FUND's liquidation. The FUND's net assets are those assets that remain after deducting all other claims on its assets;
- The Units are in the class of instruments that are subordinate to all other classes of instruments because they have no priority over other claims to the assets of the FUND on liquidation and they do not need to be converted into another instrument before they are in the class of instruments that is subordinate to all other classes of instruments;
- All instruments (including these Units) in the class of instruments that is subordinate to all other classes of instruments have identical features;
- Apart from the contractual obligation for the FUND to redeem the Units for cash or another financial asset, the Units do not include any contractual obligation to deliver cash or another financial asset to another entity, or to the exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the FUND and it is not a contract that will or may be settled in the entity's own equity instruments; and
- The total expected cash flows attributable to the Units over their life are based substantially on the profit or loss, the change in recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the FUND over the life of the Units.

In addition to the Units meeting all of the above criteria, the FUND has determined it has no other financial instrument or contract that has total cash flows based substantially on the profit or loss, the change in the recognized assets, or the change in the fair value of the recognized and unrecognized net assets of the FUND and that has the effect of substantially restricting or fixing the residual return to the Unitholders.

Units are initially recognized at the fair value of the consideration received by the FUND. Any transaction costs arising on the issuance of the Units are recognized directly in unitholder's equity as a reduction of the proceeds received.

# **5888 YONGE STREET FUND**

## **NOTES TO FINANCIAL STATEMENTS**

**APRIL 4, 2016**

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### **3. Unitholders' equity**

As at April 4, 2016, there was one unit issued and outstanding.

The FUND is authorized to issue an unlimited number of Units. The Units are redeemable by the Unitholders, generally at any time, subject to certain restrictions, at a redemption price equal to the fair value of such Unit at such time.

**ITEM 13 – DATE AND CERTIFICATE**

Dated: April 7, 2016

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

**5888 YONGE STREET FUND**

**by its Board of Trustees**

(Signed) “*Devon Cranson*”  
Devon Cranson  
Trustee

(Signed) “*Pincus Kaufman*”  
Pincus Kaufman  
Trustee

(Signed) “*Shlomo Marder*”  
Shlomo Marder  
Trustee

**PROMOTER**

Plazacorp Investments Limited, as Promoter

(Signed) “*Anthony Heller*”  
By: Anthony Heller  
Director