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Continuous Offering

May 29, 2017

CONFIDENTIAL OFFERING MEMORANDUM

BLUCAP REAL ESTATE FUND

1315 Canora Road, Town of Mount Royal, Quebec H3P 2J5

Telephone: 514-507-5004 / Fax: 514-673-0039

Email: info@blucap.ca / Website: www.blucap.ca

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

Reporting Issuer? No.

SEDAR Filer? No.

THE OFFERING

Securities Offered:

Class A trust units (the “**Class A Units**”) and Class B trust units (the “**Class B Units**”) of Blucap Real Estate Fund (the “**Fund**” or the “**Issuer**”). See Item 5.1 – Terms of Securities for the terms of the Class A Units and Class B Units (collectively, the “**Units**”) and Schedule A – Organizational Structure for details regarding the expected return on the Units.

Price Per Security: \$10 per Unit.

Minimum Offering: 50,000 Units for minimum gross proceeds of \$500,000 (the “**Minimum Offering**”). **Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**

Maximum Offering 5,000,000 Units for maximum gross proceeds of \$50,000,000 (the “**Maximum Offering**”).

Minimum Subscription: \$1,000 (100 Units).

Payment Terms: The subscription price must be paid in full by certified cheque, bank draft or such other manner as may be accepted by the Fund at the time of delivering a duly completed and signed subscription agreement. See Item 5.2 – Subscription Procedure.

Proposed Closing Date(s): Subscriptions will be received subject to the rights of the Fund to reject or allot them in whole or in part and subject to the right to close the subscription books at any time without notice. Closings may occur from time to time during the course of the Offering at the discretion of the Fund.

Tax Consequences: There are important tax consequences to these securities. See Item 6 – Tax Consequences and Tax Deferred Plan Eligibility.

Selling Agents: Where allowed by applicable securities legislation, the Fund intends to offer compensation of up to 10% of the gross proceeds realized on the sale of Units under this Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealers and/or their dealing representatives, related parties to the Fund, and employees and/or contractors of such parties. See Item 7 – Compensation Paid to Sellers and Finders.

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

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.

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

CERTAIN ASPECTS OF THE OFFERING

The Offering is a “blind pool” offering. Other than as described in Item 2.3.1 – Investment in Properties, the specific Properties (defined below) in which the Fund’s subsidiaries will be invested have not been identified as of the date of this Offering Memorandum. See Item 8 – Risk Factors. For information concerning the property investment strategy of the Fund and its subsidiaries, see Item 2.2 – Business. For a description of the anticipated use of the Offering proceeds, see Item 1 – Use of Available Funds.

FORWARD-LOOKING INFORMATION

This Offering Memorandum contains certain statements or disclosures that may constitute forward-looking information under applicable Canadian Securities Laws. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Fund anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as “future”, “may”, “will”, “intend”, “expect”, “anticipate”, “believe”, “potential”, “enable”, “plan”, “continue”, “contemplate” or other comparable terminology. Forward-looking information presented in this offering memorandum includes the following:

- the Fund’s intentions or expectations about its ability to raise capital under the Offering or otherwise, including the ability of the Fund to complete the Maximum Offering or its ability to raise capital through the issue and sale of Units;
- intentions or expectations about purchasing (or otherwise investing in), renovating, upgrading, and repositioning Properties;
- the Fund’s intentions regarding payment of Selling Commissions, Offering costs, and ongoing general and administrative expenses, including the fees and expenses described in Item 1.2 – Use of Available Funds;
- intentions and expectations regarding the payment of general, administrative and operational costs and expenses associated or incurred in connection with, or related to renting Properties and managing the Properties portfolio, including renovation costs;
- forecast business results and anticipated financial performance;
- long-term or short-term plans and objectives of the Fund and its subsidiaries for future operations or refinancing of any Properties, forecast business results and anticipated financial performance;

Various assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions are based on information currently available to the Fund, including information obtained by the Fund from third-party industry analysts and other arm’s length sources. In some instances, material assumptions are presented or discussed elsewhere in this offering memorandum in connection with the forward-looking information. We caution you that the following list of material assumptions is not exhaustive. The assumptions include, but are not limited to:

- expectations about general economic conditions and conditions in the real estate markets where Properties may be located or in which the Fund and its subsidiaries may operate and the ability to deploy capital in those markets and generate a profit therefrom;
- expectations about the availability of capital, including expectations about the successful completion of the Maximum Offering;
- expectations about the Fund’s ability to raise sufficient Offering proceeds to complete the business objectives of the Fund and its subsidiaries, including the purchasing (or otherwise investing in), renovating, upgrading and repositioning of a Property, its ability to raise investment capital through the issue and sale of Units or other securities;

- intentions or expectations about the management and operation of Properties, including the ability or opportunity to stabilize cash flows from the Properties through renovating, upgrading, and repositioning, including tenant changes, improved vacancy rates or otherwise;
- intentions or expectations about the ability or opportunity to dispose of or refinance any Property;
- expectations about policies of the municipal and local governments with respect to renovating, upgrading, repositioning and use of the Properties;
- a stable competitive environment; and
- no significant event occurring outside the ordinary course of business such as a natural disaster or other calamity.

The forward-looking information in this Offering Memorandum is based (in whole or in part) upon factors which may cause actual results, performance or achievements of the Fund to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to the Fund including information obtained from third-party industry analysts and other third party sources. Actual results or outcomes may differ materially from those predicted by such forward-looking information. While we do not know what impact any of those differences may have, the Fund's business, results of operations, financial condition and credit stability may be materially adversely affected. Factors that could cause actual results, performance, achievements or outcomes to differ materially from the results expressed or implied by forward-looking information include, among other things:

- risks associated with general economic conditions and the ability of the Fund and its subsidiaries to successfully purchase (or otherwise invest in), renovate, upgrade, reposition, rent, use, sell or generate a profit from the Properties;
- risks associated with mortgage financing encumbering one or more of the Properties and the ability to satisfactorily meet or discharge the obligations under such mortgage financing;
- risks associated with the recent global financial crisis and its effect on the supply and demand of real estate, consumer confidence and capital markets;
- risks associated with currency exchange;
- risks associated with the Fund's financing efforts, including the risk that the Fund does not reach the Maximum Offering or otherwise arrange sufficient, cost-effective financing to fund capital expenditures, ongoing general, administrative and operating costs and expenses associated or incurred in connection with, or related to renting the Properties and managing the Properties portfolio and other obligations;
- risks associated with the Fund and its subsidiaries having agreed to material restrictions regarding their use of available funds;
- tax risks, as more particularly described under Item 6 - Income Tax Consequences and Tax Deferred Plan Eligibility and Item 8 - Risk Factors, which might affect the tax consequences to acquiring and holding the Units; and
- legislative and regulatory developments that may affect costs, revenues, the speed and degree of competition entering the market, global capital markets activity, timing and extent of changes in prevailing interest rates, changes in counterparty risk.

We caution you that the above list of risk factors is not exhaustive. Other factors which could cause actual results, performance, achievements or outcomes of the Fund and its subsidiaries to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information are disclosed under Item 8 - Risk Factors.

GLOSSARY

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

“**affiliate**” has the meaning given in NI 45-106. Without limiting that definition, an issuer is an affiliate of another issuer if:

- (a) one issuer is controlled, directly or indirectly, by the other issuer; or
- (b) each of the issuers is controlled, directly or indirectly, by the same other person(s) or issuers,

and in respect of such relationship, a person or issuer (first person) is considered to “control” another issuer (second person) if:

- (c) the first person, directly or indirectly, beneficially owns or exercises direction or control over securities of the second person carrying votes which, if exercised, entitle the first person to elect a majority of the directors (or other similar fiduciaries) of the second person, unless the first person holds the voting securities only to secure an obligation; or
- (d) the second person is a partnership (other than a limited partnership) and the first person holds more than 50% of the interests of the partnership; or
- (e) the second person is a limited partnership, whose general partner is the first person.

Notwithstanding that the Property LPs shall be limited partnerships controlled by their general partner(s), in this Offering Memorandum, both Blucap OpTrust (the entity constituted to serve as the limited partner of the Property LPs) and the Fund (the sole holder of all of the outstanding voting securities of Blucap OpTrust) are referred to as affiliates of the Property LPs.

“**Available Funds**” means the gross proceeds of the Offering, less the aggregate of the Offering costs and Selling Commissions. See Item 1.1 – Funds.

“**Blucap Canora LP**” means Société en commandite Blucap Canora LP1, a limited partnership constituted under the *Civil Code of Québec* pursuant to the Blucap Canora LP Agreement.

“**Blucap Canora LP Agreement**” means the limited partnership agreement between Blucap GP and Blucap OpTrust pursuant to which Blucap Canora LP was constituted.

“**Blucap/Drummond LP**” means Blucap/Drummond Limited Partnership, a limited partnership constituted under the *Civil Code of Québec* pursuant to the Blucap/Drummond LP Agreement.

“**Blucap/Drummond LP Agreement**” means the limited partnership agreement between Blucap GP and Blucap OpTrust pursuant to which Blucap/Drummond LP was constituted.

“**Blucap GP**” means 9343-0627 Quebec Inc., the general partner of Blucap Canora LP and Blucap/Drummond LP and the anticipated general partner of any additional Property LPs that may be constituted.

“**Blucap OpTrust**” means Blucap Operating Trust, a trust constituted under the *Civil Code of Québec* for the purpose of holding Class A limited partnership units of the Property LPs.

“**Canadian Securities Laws**” means the securities laws of each province and territory of Canada, and the rules, instruments, regulations, notices, and policies of each securities commission or securities regulatory authority in each province or territory of Canada.

“**Canora Acquisition Agreement**” means the purchase and sale agreement, as may be amended from time to time, pursuant to which Blucap GP on behalf of Blucap Canora LP, as buyer, acquired the Canora Property, all as more particularly described under Item 2.3.1.1 - Acquisition of the Canora Property.

“Canora Property” means the immovable commercial property located at 1309-1315 Canora Street in the Town of Mount Royal, Quebec, which includes:

- the parcel of land (approximately 351.70 m²) identified as lot number 1682766 under registration number 9341-69-2616-5-000-0000 in the property assessment roll of the City of Montreal;
- all improvement located on such real property and all rights and privileges appurtenant to the real property;
- all the seller's right, title and interest in and to all management, service, operations, maintenance and supply contracts relating to the property;
- all the seller's right, title and interest in and to any warranties, permits and guarantees, express or implied, inuring to the benefit of the seller and relating to the property;
- all the seller's right, title and interest in and to all leases and rental agreements, and all amendment thereto, with respect to any occupancy or use of the property;
- all intangible property owned by seller and pertaining to the land, the improvements, or the movable property including transferable utility contracts, warranties, plans and specifications, engineering plans and studies, permits and licenses, floor plans and landscape plans, promotional photographs, ad layouts and artwork, and brochures;
- the building (including 3 non-residential units in one 2-storey building with 3,815 total leasable square feet), improvements, and fixtures now situated on the land including all the seller's right, title and interest, if any, in and to any servitudes across, adjacent to or benefiting the land, existing or abandoned;
- all furniture, personal property, machinery, apparatus and equipment owned by the seller and currently used in the operation, repair and maintenance of the land and improvements and situated thereon; and
- all the seller's interest in and to existing warranties, guarantees, insurance policies or certificates of insurance, certificates of occupancy, contracts, agreement, licenses and permits relating to the property.

“Declaration of Trust” means the declaration of trust establishing the Fund, entered into on or about June 22, 2016.

“Deferred Plan” means a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan or a tax free savings account, within the meaning of the Tax Act.

“Distributable Cash” means the regular distributions of available cash that the Fund intends to make on or about the 20th day immediately following the end of a monthly distribution period or quarterly distribution period, as determined at the Fund's discretion, to those Unitholders who are Unitholders of record on the last business day of the month or quarter immediately preceding such payment date, in an amount to be capped, for a given month, at an amount corresponding to approximately 0.83% (or 1/12) of the aggregate original subscription price of all outstanding Units on the first day of such month, representing an annual targeted return to a Unitholder equal to up to 10%, the whole as more fully described under Schedule A – Organizational Structure.

“Drummond Acquisition Agreement” means the purchase and sale agreement, as may be amended from time to time, pursuant to which Blucap GP on behalf of Blucap/Drummond LP, as buyer, acquired the Drummond Property, all as more particularly described under Item 2.3.1.1 - Acquisition of the Drummond Property.

“Drummond Project” means the project that the Fund and its affiliates intend to develop on the Drummond Property, which has been conceived as a 13-storey immovable mixed-use residential and commercial property that will consist of 78 residential micro-condominium units and 3,994 square feet of commercial space.

“Drummond Property” means the commercial parking lot located at 1190 Drummond, in Montreal, Quebec, which includes the parcel of land (approximately 542.10 m²) identified as lot number 1340057 under registration number 9939-17-2436-8-000-0000 in the property assessment roll of the City of Montreal, upon which the Fund and its affiliates intend to develop the Drummond Project.

“Finders” means any related parties to the Fund, affiliates of the Fund, employees and/or consultants of such parties, or directors and executive officers of the Fund who facilitate the Offering by locating, introducing, or referring subscribers of Units to the Fund or the Selling Agents.

“Fund” or the **“Issuer”** means Blucap Real Estate Fund, a trust constituted under *Civil Code of Québec* pursuant to the Declaration of Trust.

“Gross Revenue” means all rents, including free rent, earned interest, commissions, royalties, bonuses, operating cost recoveries, revenue, if any, from any parking facilities, advertising, damage recoveries, tax recoveries, lease cancellation payments, insurance proceeds relating to lost revenue and all other amounts, rights and benefits of any kind whatsoever actually received, receivable or derived by the Fund, directly or through any of its subsidiaries, from the Properties or interests therein, all calculated in accordance with generally accepted accounting principles under international financial reporting standards including, without limitation, any adjustments made to rental revenue to reflect free rent periods and rental rate increases during the term of any lease.

“Management Agreement” means the property and asset management agreement entered into among the Fund, Blucap OpTrust, and the Manager, dated June 22, 2016, pursuant to which the Manager provides property and asset management, administrative, and other services to the Fund and its subsidiaries, including the services of certain management individuals.

“Manager” means the manager of the Properties under the terms and conditions of the Management Agreement, 9343-0635 Quebec Inc., a corporation incorporated under the laws of the province of Quebec;

“Maximum Offering” means an offering of a maximum of 5,000,000 Units at a price of \$10 per Unit for aggregate gross proceeds of \$50,000,000;

“Minimum Offering” means an offering of a minimum of 50,000 Units at a price of \$10 per Unit for aggregate gross proceeds of \$500,000;

“NI 45-106” means National Instrument 45-106 *Prospectus Exemptions* of the Canadian Securities Administrators and the corresponding regulation bearing the same number in the province of Quebec;

“Non-Resident” means: (i) a person (within the meaning of the Tax Act but, for greater certainty, not including a partnership) who is not resident in Canada for the purposes of the Tax Act; or (ii) a partnership that is not a “Canadian partnership” as defined in the Tax Act.

“Offering” means the offering, issue, and sale of a minimum of 50,000 Units and a maximum of 50,000,000 Units at a price of \$10 per Unit, on a private placement basis, for minimum gross proceeds of \$500,000 and maximum gross proceeds of \$50,000,000, as more particularly described in this Offering Memorandum;

“Offering Jurisdictions” means each of the provinces and territories of Canada and such other jurisdictions that the Fund may designate;

“Offering Memorandum” means this confidential offering memorandum in respect of the Offering, including any amendment, restatement, or update hereto;

“OM Exemption” means the exemption from the prospectus requirement under applicable Canadian Securities Laws available under section 2.9 of NI 45-106;

“Prior Sales” mean the prior sales of Units completed by the Fund since the date of its constitution, on a private placement basis, as more fully described under Item 4.3 – Prior Sales.

“Properties” means, collectively, the Canora Property, the Drummond Property, the Drummond Project and the additional low- to mid-rise commercial and mixed-use real estate properties and projects that the Fund intends to seek to acquire or otherwise invest in, through its subsidiaries, in the Target Markets, to improve or redevelop, and/or operate and lease to Targeted Lessees and, where appropriate, sell for a return on investment, as more particularly described under Item 2.2 - Business;

“Property LP” means a limited partnership formed under the laws of the province of Quebec (or elsewhere as reasonably determined by the Fund and its subsidiaries) for the purposes of acquiring a Property and includes Blucap Canora LP and Blucap/Drummond LP. A separate Property LP will be used for the acquisition of, or investment in, each Property. Each Property LP will be governed by a separate Property LP Agreement. It is anticipated that the

partners of each Property LP will be Blucap OpTrust, (as limited partner) and Blucap GP or one or more separate entities (as the general partner(s) of such Property LP).

“Property LP Agreement” means the limited partnership agreement of a Property LP entered into between Blucap OpTrust (as a limited partner of such Property LP) and Blucap GP or one or more separate entities (as the general partner(s) of such Property LP).

“RESP” means a registered education savings plan, as defined in the Tax Act;

“RRIF” means a registered retirement income fund, as defined in the Tax Act;

“RRSP” means a registered retirement savings plan, as defined in the Tax Act;

“Selling Agents” means any investment dealers, exempt market dealers, portfolio managers and/or their dealing representatives on the exempt market that participate in, or otherwise facilitate, the sale of Units under the Offering;

“Selling Commissions” means the remuneration to be paid to Selling Agents as compensation for their services in connection with the Offering, in an amount equal to up to 10% of the gross proceeds of the sale of Units under the Offering;

“Structure Expenses” means, without limitation, all fees and expenses incurred by the Fund, Blucap OpTrust, Blucap GP, and the Property LPs (collectively, the **“Entities”**) relating to the maintenance of the limited partnership, trust, or corporate status, as applicable, of the Entities or incurred in connection with the activities or the achievement of the objectives pursued by the Entities and the discharge of their respective obligations relating to such activities and the pursuit of such objectives;

“Subscriber” means a subscriber of Units under the Offering;

“subsidiary” has the meaning given in NI 45-106. Without limiting that definition, an issuer is a subsidiary of another issuer if it is controlled, directly or indirectly, by that other issuer, and in respect of such relationship, a person or issuer (first person) is considered to “control” another issuer (second person) if:

- (a) the first person, directly or indirectly, beneficially owns or exercises direction or control over securities of the issuer carrying votes which, if exercised, entitle the first person to elect a majority of the directors (or other similar fiduciaries) of the issuer, unless the first person holds the voting securities only to secure an obligation;
- (b) the issuer is a partnership (other than a limited partnership) and the first person holds more than 50% of the interests of the partnership; or
- (c) the issuer is a limited partnership, whose general partner is the first person.

Notwithstanding that the Property LPs are limited partnerships controlled by their general partner(s), in this Offering Memorandum, the Property LPs are referred to as subsidiaries of the Fund by virtue of the Fund holding all of the outstanding voting securities of Blucap OpTrust and Blucap OpTrust being constituted to hold 99.99% of the outstanding Class A limited partnership units of each Property LP.

“Target Markets” means the markets in which the Fund intends to acquire (or otherwise invest in) Properties, being, initially, the province of Quebec and, subsequent, other parts in the rest of Canada;

“Targeted Lessees” means: (i) in respect of retail, office, or mixed-use space, government agencies, Crown corporations, and/or their agents and mandataires; multinational, mid- to large-cap companies; and hotel and/or conference centre operators; and (iii) in respect of petroleum service stations, petroleum companies and other service station operators;

“Tax Act” means the *Income Tax Act* (Canada);

“Tax Deferred Plan Capital” means capital of any kind raised by the Fund from an RRSP, RRIF, RESP, or TFSA; and

“TFSA” means a tax free savings account, as defined in the Tax Act.

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ITEM 1. USE OF AVAILABLE FUNDS

1.1 Funds

The following table shows the allotment of funds available as a result of the Offering under this Memorandum:

		Assuming Minimum Offering	Assuming Maximum Offering
A.	Amount to be raised	\$500,000	\$50,000,000
B.	Selling Commissions ⁽¹⁾	\$50,000	\$5,000,000
C.	Estimated costs ⁽²⁾	\$80,000	\$80,000
D.	Available funds: $D = A - (B + C)$	\$370,000	\$44,920,000
E.	Additional sources of funding required ⁽³⁾	nil	nil
F.	Total : $F = D$	\$370,000	\$44,920,000

Notes:

- (1) The Fund shall offer as compensation to the Selling Agents up to 10% of the gross proceeds realised on the sale of Units. See Item 7 – Compensation Paid to Sellers and Finders.
- (2) These fees include legal, audit, regulatory, valuation and other costs related to the Offering.
- (3) The Fund anticipates that the Property LPs will obtain mortgage financing from an arm's length lender to fund the majority of the purchase price of each Property to be acquired.

As of the date hereof, the Fund has no working capital deficiency.

1.2 Use of Available Funds

The following table provides a detailed breakdown of the use of funds available as a result of the Offering (the “Available Funds”):

Description of intended use of available funds listed in order or priority	Assuming Minimum Offering	Assuming Maximum Offering
The Fund will use its available funds upon completion of the Offering to fund the operation of the business described in this Offering Memorandum. ⁽¹⁾	\$305,000	\$44,720,000
General and administrative expenses	\$25,000	\$100,000
Working capital	\$40,000	\$100,000
Total:	\$370,000	\$44,920,000

Notes:

- (1) See Item 2.2 – Business. **The Offering is a “blind pool” offering.** Other than as described in Item 2.3.1 – Investment in Properties, the specific Properties in which the Fund's subsidiaries will be invested have not been identified as of the date of this Offering Memorandum. See Item 8 – Risk Factors.

After payment of all fees, including without limitation, all costs incurred by the Fund with respect to the Offering, the Fund intends to use the proceeds of the Offering to invest in its subsidiaries, which will, directly or indirectly:

- (i) acquire (or otherwise invest in), improve or redevelop, and/or operate and lease to Targeted Lessees a portfolio of low- to mid-rise commercial and mixed-use real estate properties (the “Properties”), initially, in the province of Quebec and, subsequently, in other parts of the rest of Canada (the “Target Markets”); and
- (ii) where appropriate, sell such Properties or interests therein for a return on investment.

The Fund and its subsidiaries may also acquire, finance, or otherwise invest in additional types of Properties as part of the property development strategy of the business, including petroleum service stations located in the Target Markets.

The Fund and its subsidiaries will focus on acquiring, financing, or otherwise investing in underperforming Properties to be renovated and/or upgraded primarily as retail or office space or as petroleum service stations to be leased to a targeted group of potential lessees, including: (i) in the case of retail, office, or mixed-use space, government agencies, Crown corporations, and/or their agents and mandataries; multinational, mid- to large- cap companies; and hotel and/or conference centre operators; and (iii) in the case of petroleum service stations, petroleum companies and other service station operators (collectively, the “**Targeted Lessees**”). See Item 2.2 – Business.

The Fund pays for all ordinary expenses it incurs or is incurred on its behalf by the Manager in connection with the Fund’s operation and management. In addition to the fees and expenses referenced elsewhere in this Offering Memorandum, these expenses include, without limitation: (a) financial reporting costs and mailing and printing expenses for periodic reports to security holders and other security holder communications including marketing and advertising expenses; (b) any taxes payable by the Fund; (c) fees payable to its transfer agent, fund administrator, prime broker, record keeper and its custodian(s); (d) costs and fees payable to any valuator, technical consultant, accountant or auditor or other third party service provider; (e) ongoing regulatory filing fees, and other fees; (f) any expenses incurred in connection with any legal proceedings in which the Manager participates on behalf of the Fund or any other acts of the Manager or any other agent of the Fund in connection with the maintenance or protection of the property and assets of the Fund; (g) any fees payable to, and expenses incurred by, trustees; (h) any additional fees payable to the Manager for performance of extraordinary services on behalf of the Fund; and (i) consulting fees and expenses associated with the preparation of tax filings. The Fund is also responsible for all taxes, commissions, brokerage commissions and other costs of securities transactions, debt service and costs relating to any credit facilities and any extraordinary expenses which it may incur or which may be incurred on its behalf from time to time, as applicable.

The foregoing represents the Fund’s best estimate of the allocations of the Available Funds based on its present plans and business conditions. However, there is no assurance that unforeseen events or changes in business conditions will not result in the application of Available Funds in a manner other than is described in this Offering Memorandum.

1.3 Reallocation

The Fund intends to use the Available Funds to pursue the objectives set out under Item 1.2 – Use of Available Funds. The Fund will reallocate funds only for sound commercial and strategic reasons. Unforeseen events or changes in business conditions may result in the application of Available Funds in a different manner than is described in this Offering Memorandum. There may be circumstances where for sound business reasons, a reallocation of funds is necessary in order for the Fund to achieve its stated business objectives.

As of the date hereof, the Fund has no working capital deficiency.

ITEM 2. BUSINESS OF THE FUND

2.1 Structure

The Fund is a trust constituted under the *Civil Code of Québec* pursuant to the Declaration of Trust. The Fund’s registered and head office is located at 1315 Canora Road, Town of Mount Royal, Quebec, H3P 2J5. The Fund is controlled by its trustees. For more details on the Fund’s structure and operations see the description of the structure of the Fund and its subsidiaries appended hereto as Schedule A – Organizational Structure.

2.2 Business

The Fund is a newly-constituted entity intended to qualify as a “mutual fund trust” under the Tax Act for the purpose of investing in its subsidiaries, which will, directly or indirectly, carry on the commercial and mixed-use real estate development business described in this Offering Memorandum.

The Fund’s management team has over 30 years’ experience in the real estate field and has an extensive knowledge of the Canadian real estate market.

The Fund does not and will not carry on active business, directly. Rather, the Fund owns interests in subsidiary entities, which carry on the business of acquiring or otherwise investing in, improving or redeveloping, and/or operating and leasing to Targeted Lessees a portfolio of low- to mid-rise commercial and mixed-use real estate Properties in the Target Markets, including the Canora Property and the Drummond Property, and, where appropriate, selling such Properties or interests therein for a return on investment.

The Fund and its subsidiaries will seek out opportunities where it can add value through the development process. The portfolio management strategy of the Fund and its subsidiaries will focus on acquiring underperforming Properties in the Target Markets at attractive prices, providing the potential for strong growth and maximizing cash flow. The Fund and its subsidiaries will seek to acquire Properties where yields can be improved through leasing existing vacancies, increasing rental rates, and undertaking property expansion, upgrade and/or reconfiguration projects to respond to the ever-growing demand for real estate by the Target Lessees and, in particular, government agencies, Crown corporations, and/or their agents and mandataries and hotel and/or conference centre operators.

The primary target market of lessees for the office and retail spaces comprising the Properties will be government agencies, Crown corporations, and/or their agents and mandataries. Multinational, mid- to large-cap companies will be targeted as a secondary market of potential lessees to lease additional parts of the premises comprising the Properties. As part of the overall property development strategy, the Fund and its subsidiaries may also seek to acquire or otherwise invest in petroleum service stations located in the Target Markets and to lease or, where appropriate, sell such Properties to petroleum companies or other service station operators.

The Fund and its subsidiaries intend to primarily undertake “built-to-suit” property development projects on behalf of Targeted Lessees that will serve as anchor tenants, whereby the contractual arrangements with the anchor tenant will be established prior to the acquisition or financing of (or investment in) the Property, as the case may be, and prior to commencing work on any necessary leasehold improvements required by the anchor tenant.

The strategy will be focused on maximizing cash flow from the Properties, through maximizing occupancy and average monthly rents after taking into account market conditions, and effectively and efficiently managing the Fund’s operating costs. The Funds anticipates that property and asset management services in respect of the Properties will be provided by the Manager pursuant to the terms of the Management Agreement. The Manager plans to capture the economic upside potential in each Property through strategic management, upgrades to each Property where warranted, and increased rents as the market allows.

The Manager will operate, manage, rent, and lease the Properties on behalf of the Property LPs pursuant to the terms of the Management Agreement and will improve, redevelop and/or otherwise deal with each of the Properties it acquires (or otherwise invests in), and will undertake to sell the Properties (or its interests therein), with a view to making a profit, and may exercise powers in furtherance thereof. In other circumstances where investment in a Property is indirect or a minority interest is acquired, the operation, management, renting, leasing, improving or otherwise dealing with the Property may be undertaken by the direct owner of the Property or by an independent property manager.

The Fund’s income will derive from distributions made by the Property LPs, as a result of the Fund’s indirect interests therein through its unitholding in Blucap Optrust. The Property LPs’ income will, in turn, derive from: (i) rent collected from leasing the Properties; (ii) returns on investment from the sale of acquired Properties with increased property values and/or decreased operating costs through upgrades to existing structures, changing or expanding the site’s uses, re-positioning the site to the market, and/or achieving greater operating efficiencies; and/or (iii) interest collected from borrowers on the total amount of secured loans provided to other property developers.

2.2.1 Investment Objectives

The Fund’s investment objectives are to:

- (a) provide holders of Units (“Unitholders”) with quarterly distributions; and
- (b) preserve capital while providing the opportunity for long-term capital appreciation for Unitholders, by investing in a diversified portfolio of Properties.

2.2.2 Investment Strategies

The Fund believes that there is a compelling investment opportunity to invest in Properties because the global real estate securities market is inefficient relative to that of the direct real estate market. Managed by a specialized real estate manager, the Fund's investment strategy has been designed to capitalize on these pricing inefficiencies in order to deliver a stable income stream acquired at a price that the Manager believes does not reflect the long-term value of the real estate assets to be acquired by the Fund and its subsidiaries.

While the Fund invests primarily in Properties, a portion of the Fund's aggregate value of assets may be invested in mortgages secured by real estate where the Manager believes it is the most efficient way to access desired real estate. The Fund builds upon the Manager's history of investing in real estate that offers secure and growing distributions while limiting volatility and protecting capital.

The Fund and its subsidiaries will not invest more than 5% of their total consolidated assets in securities outside of the real estate sector.

2.3 Development of Business

The Fund was constituted on June 22, 2016. Since that date, the Fund has completed the Prior Sales and has used the proceeds therefrom to pay the costs, fees, and commissions incurred in connection therewith and to invest in its subsidiaries, which have, directly or indirectly, carried on the business of acquiring or otherwise investing in, improving or redeveloping, and/or operating and leasing to Targeted Lessees a portfolio of low- to mid-rise commercial and mixed-use real estate Properties in the Target Markets, including the Canora Property and the Drummond Property. See Item 2.2 – Business and Item 2.7 – Material Agreements. There have been no material events that have adversely affected the Fund's business since its inception.

2.3.1 Investment in Properties

The Fund is conducting the Offering and is seeking to acquire or otherwise invest in Properties in the Target Markets indirectly through its subsidiaries.

The Offering is a **“blind pool” offering**. Other than as set out in this Item 2.3.1 – Investment in Properties, the specific Properties in which the Fund's subsidiaries will be invested have not been identified as of the date of this Offering Memorandum. See Item 8 – Risk Factors. For information concerning the property investment strategy of the Fund's subsidiaries, see Item 2.2 – Business.

As of the date of this Offering Memorandum, the Fund has acquired, indirectly through its subsidiaries, the Canora Property and the Drummond Property. The Fund and its subsidiaries intend to develop the Drummond Project on the Drummond Property.

2.3.1.1 Acquisition of the Canora Property

Blucap Canora LP acquired the Canora Property pursuant to the Canora Acquisition Agreement.

The Canora Property is centrally located in the town centre of the prestigious neighbourhood of the Town of Mount Royal on the Island of Montreal in the province of Quebec. It is located just steps from the Mount Royal AMT train station next to a Pharmaprix, Rachelle-Béry health food store, banks, restaurants and many other services. High-end condos and million-dollar plus homes surround the Canora Property. It is situated close to all services and amenities, including schools, parks, and public transportation. Free street-level parking is also designated for the commercial shopping district in which the Canora Property is located.

The Manager operates, manages, rents, and leases the Canora Property on behalf of Blucap Canora LP pursuant to the terms of the Management Agreement. Blucap Canora LP may improve, redevelop and/or otherwise deal with the Canora Property and, if appropriate, will undertake to sell the Canora Property (or its interests therein), with a view to making a profit, and may exercise powers in furtherance thereof.

2.3.1.2 Acquisition of the Drummond Property

Blucap Canora LP acquired the Drummond Property pursuant to the Drummond Acquisition Agreement.

The Drummond Property is a private parking lot located in the heart of the Golden Square Mile in Montreal, Quebec. It is located just steps away from the Bell Centre, the city's financial district, Concordia and McGill universities, and the vibrant Sainte Catherine Street. It is situated close to all services and amenities, including McGill University and Concordia University, parks, and public transportation.

2.3.1.2 Drummond Project

The Fund and its subsidiaries intend to develop the Drummond Project on the Drummond Property. The Drummond Project has been conceived as a 13-storey immovable mixed-use residential and commercial property that will consist of 78 residential micro-condominium units and 3,994 square feet of commercial space.

The Fund and its subsidiaries intend to use a portion of the proceeds of the Offering to finance the Drummond Project. The cost to complete the Drummond Project is estimated at \$17.7 million.

Upon completion of the Drummond Project, the Manager will operate, manage, rent, and lease the property on behalf of Blucap/Drummond LP pursuant to the terms of the Management Agreement. Blucap/Drummond LP may undertake to sell the Drummond Property or the Drummond Project (or its interests therein), with a view to making a profit, and may exercise powers in furtherance thereof.

2.4 Long Term Objectives

The Fund's sole objective, in both the short term and the long term, is to act as an investment vehicle for Unitholders to participate in the commercial and mixed-use real estate business of the Fund and its subsidiaries.

The Fund and its subsidiaries intend to acquire (or otherwise invest in), improve or redevelop, and/or operate and lease to Targeted Lessees a portfolio of low- to mid-rise commercial and mixed-use real estate Properties in the Target Markets and, where appropriate, sell such Properties or interests therein for a return on investment.

The Fund and its subsidiaries will seek out opportunities where they can add value through the development process. The portfolio management strategy will focus on acquiring underperforming Properties in the Target Markets at attractive prices, providing the potential for strong growth and maximizing cash flow. The Fund will seek to acquire Properties where yields can be improved through leasing existing vacancies, increasing rental rates, and undertaking property expansion, upgrade and/or reconfiguration projects to respond to the ever-growing demand for real estate by the Target Lessees.

The primary target market of lessees for the office and retail spaces comprising the Properties will be government agencies, Crown corporations, and/or their agents and mandataries. Multinational, mid- to large-cap companies will be targeted as a secondary market of potential lessees to lease additional parts of the premises comprising the Properties. As part of the overall property development strategy, the Fund and its subsidiaries may also seek to acquire or otherwise invest in petroleum service stations located in the Target Markets and to lease or, where appropriate, sell such Properties to petroleum companies or other service station operators.

The Fund and its subsidiaries intend to primarily undertake "built-to-suit" property development projects on behalf of Targeted Lessees that will serve as anchor tenants, whereby the contractual arrangements with the anchor tenant will be established prior to the acquisition or financing of (or investment in) the Property, as the case may be, and prior to commencing work on any necessary leasehold improvements required by the anchor tenant.

The Fund's income will derive from distributions made by the Property LPs, as a result of the Fund's indirect interests therein through its unitholding in Blucap Optrust. The Property LPs' income will, in turn, derive from: (i) rent collected from leasing the Properties; (ii) returns on investment from the sale of acquired Properties with increased property values and/or decreased operating costs through upgrades to existing structures, changing or expanding the site's uses, re-positioning the site to the market, and/or achieving greater operating efficiencies;

and/or (iii) interest collected from borrowers on the total amount of secured loans provided to other property developers.

The time and cost to complete these events cannot be confirmed until the Fund and its subsidiaries identify additional suitable Properties to acquire, finance, or otherwise invest in. There is no assurance any of these events will occur. The Offering is a “blind pool” offering. Other than as described in Item 2.3.1 – Investment in Properties, the specific Properties in which the Fund’s subsidiaries will be invested have not been identified as of the date of this Offering Memorandum.

See Item 2.2 – Business, Item 2.3 – Development of Business, Item 2.5 – Short Term Objectives and How the Fund Intends to Achieve Them, and Item 8 – Risk Factors.

2.5 Short Term Objectives and How the Fund Intends to Achieve Them

The Fund’s objectives for the 12 months following the date of this Offering Memorandum are as follows:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Raise the Minimum Offering and invest in the Fund’s subsidiaries in order to indirectly acquire or otherwise invest in, renovate, upgrade, and/or redevelop one or more Properties.	6 months ⁽²⁾	\$130,000 ⁽¹⁾⁽²⁾
Raise up to the Maximum Offering to enable the Fund to invest in its subsidiaries in order to indirectly acquire or otherwise invest in, renovate, upgrade, and/or redevelop one or more additional Properties.	12 months ⁽²⁾	\$5,080,000 ⁽¹⁾⁽²⁾

Notes:

- (1) Includes Selling Commissions payable from the proceeds of the Offering and an allocation of estimated Offering costs. See Item 1 – Use of Available Funds and Item 7 – Compensation Paid to Sellers and Finders.
- (2) The time and cost to complete this event cannot be confirmed until the Fund and its subsidiaries identify one or more additional suitable Properties to acquire or invest in. **The Offering is a “blind pool” offering.** Other than as described in Item 2.3.1 – Investment in Properties, the specific Properties in which the Fund’s subsidiaries will be invested have not been identified as of the date of this Offering Memorandum. See Item 1 – Use of Available Funds and Item 8 - Risk Factors.

2.6 Insufficient Funds

Funds available as a result of the Offering may not be sufficient to accomplish all of the proposed objectives of the Fund and its subsidiaries. Closings shall occur from time to time during the course of the Offering or on such other date as determined by the Fund. No alternate financing has been arranged for the Fund. There is no assurance that alternative financing will be available on acceptable terms or at all. There is no assurance that the Fund will have adequate working capital to meet the anticipated requirements described in this offering memorandum. See Item 8 - Risk Factors.

2.7 Material Agreements

The following are the key terms of all material agreements which the Fund and its subsidiaries have entered into (or expect to enter into) and which can reasonably be regarded as presently being material to the business of the Fund and its subsidiaries or a prospective purchaser of Units being offered pursuant to this Offering. For a description of the key terms of the Declaration of Trust, see Schedule A – Organizational Structure.

2.7.1 Agreements with Selling Agents

The Fund will sign agreements with Selling Agents in connection with the issuance of Units of the Fund. The Fund intends to offer as remuneration to the Selling Agents up to 10% of the gross proceeds realised on the sale of Units under this Offering. The Fund will also pay up to 3% of the gross proceeds of this Offering to parties, including exempt market dealers, who provide wholesaling services to the Fund with respect to the sale of Units under this Offering. The Fund will pay all commissions and fees incurred by the Fund with respect to this Offering.

2.7.2 Property Agreements

Blucap GP entered into the Canora Acquisition Agreement and the Drummond Acquisition Agreement on behalf of Blucap Canora LP and Blucap/Drummond LP, respectively, in order to acquire the Canora Property and the Drummond Property.

The Property LPs will enter into other agreements to acquire (or otherwise invest in), improve or redevelop, operate and lease to Targeted Lessees, or otherwise deal with, Properties in the Target Markets and, where appropriate, to sell such Properties or interests therein for a return on investment.

2.7.3 Management Agreement

The business and affairs of the Fund and its subsidiaries will be externally managed by the Manager. Pursuant to the terms and conditions of the Management Agreement, the Manager will provide the officers and employees of the Fund, as well as advisory, asset and property management, and administrative services to the Fund and its subsidiaries.

2.7.3.1 Experience of the Manager

The Fund will be administered and operated by the Manager. The Manager will provide the services of Mr. Daniel Shamir as Chief Executive Officer and Chief Financial Officer of the Fund and Mr. Robert Iny as the Compliance Officer of the Fund. See Schedule A – Organizational Structure.

Daniel Shamir is Co-founder and Senior Partner at Unidev Capital Finance. He is a finance, real estate acquisition and development expert and has an extensive knowledge of the Quebec mortgage market. Mr Shamir is also Co-founder of Capital Express. He has been a mortgage lender for 2 years and also acted as a real estate broker. He participated in projects such as The V1 111 Alexis Nihon, Waterman condos (St. Lambert) and Condo- Hotel Golden Lion.

Robert Iny is Co-founder and Senior Partner at Unidev Capital Finance. He has over 30 years of experience in the field of real estate development and commercial leasing in the Canadian Real Estate market. He created his own real estate brokerage firm, “Immeubles Developpement Atlantique Inc.” which was renamed Unidev Capital Real Estate in 2013. In 2012 he leased more than 115,000 square feet of office space and closed one of the largest office leasing deals of the year in the province of Quebec with BPR Inc. a multi-faceted engineering firm with offices all over Canada.

The financial performance of the Fund will depend in part on the performance of the Manager. The Manager’s staff includes real estate professionals with over 30 years of experience in managing and financing commercial real estate projects. The Manager’s staff carries out business development, financial planning and syndication, project costing, scheduling, project engineering, bookkeeping, leasing, marketing and communications, monitoring and verification activities. The Manager’s staff have been involved in the completion of significant real estate transactions during the last 30 years in the province of Quebec, and have significant experience in real estate acquisitions and dispositions, asset level and corporate finance, and asset and property management.

2.7.4.2 Duties of the Manager

Pursuant to the terms and conditions of the Management Agreement, the Manager will provide advisory, asset and property management, and administrative services to the Fund and its subsidiaries in respect of each of the Properties that the Property LPs acquire (or otherwise invest in). The Manager will initially provide the services of Daniel Shamir as Chief Executive Officer and Chief Financial Officer of the Fund and Robert Iny as the Compliance Officer of the Fund, in a policy-making function typical of a person serving in such a position. The Manager will also make other members of its real estate management team available to the Fund and its subsidiaries to the extent necessary for the Manager to perform the services described below.

The Manager will have full responsibility for the management operations and maintenance of all of the Properties. The property management services that the Manager will provide will include the following:

- (i) managing the Properties, including leasing and marketing,
- (ii) collecting and depositing of all rents and other charges payable by tenants,
- (iii) negotiating contracts and arranging for any improvements and repairs as may be required,
- (iv) providing qualified personnel to perform daily duties with respect to the operation of the Properties,
- (v) reporting on the financial condition of the Properties,
- (vi) obtaining and renewing all licenses and permits which may be required,
- (vii) obtaining and maintaining adequate property and general liability insurance, and
- (viii) generally providing all other services as may be necessary.

The Manager will also provide the Fund and its subsidiaries with comprehensive advisory, asset management, and administrative services, as applicable, including but not limited to the following:

- (i) advising the trustees of the Fund and making recommendations on strategic matters,
- (ii) identifying, evaluating, recommending and assisting in the structuring of transactions and investment opportunities,
- (iii) analyzing and assisting in the prospective purchases and sale of Properties (or investments therein),
- (iv) making recommendations concerning the raising of funds,
- (v) arranging for the financing, refinancing or restructuring of the Properties,
- (vi) monitoring income and investments,
- (vii) preparing all reports reasonably requested,
- (viii) preparing business plans, implementing such plans and monitoring financial performance,
- (ix) advising and assisting with investor relations strategies and activities, and
- (x) maintaining the books and financial records of the properties and submitting all necessary income tax returns.

The Manager may delegate and/or subcontract any of its property management functions to a duly qualified property manager acceptable to the Fund. All fees of such third party property manager will be solely borne by the Manager, provided, however, that the out-of-pocket costs and expenses of such third party property manager, to the extent that they are costs and expenses that would otherwise be paid to the Manager, will be solely borne by the Fund.

2.7.4.3 Management Fee

In consideration of the services provided by the Manager under the Management Agreement, the Fund shall pay to the Manager a fee payable on the last day of each calendar month (the “**Fee**”) equal to the amount obtained by the following formula:

$$A = (B + C) - D - E$$

For the purposes of the above-noted formula:

- “A” is equal to the Fee, including applicable sales taxes;
- “B” is equal to the Gross Revenue from each Property or interest therein;

- “C” is equal to any realised gain from the disposition of any Property where the sale price of such Property is greater than the original purchase price paid by the Fund or any of its subsidiaries for the purchase of such Property (including assumed liabilities and any portion of the purchase price satisfied by the issuance of securities);
- “D” is equal to the costs associated with the Offering; and
- “E” is equal to the amount of Distributable Cash available to the Fund for a monthly or quarterly distribution period, as the case may be.

The parties hereto acknowledge that the Manager shall have the right to assign its fees earned hereunder to an Affiliate, in whole or in part, upon prior written notice to the Fund, and the Fund shall be obligated to pay such fees in the manner so directed by the Manager.

2.7.4.4 Term and Termination

Unless terminated in accordance with its terms, the Management Agreement will remain in force for an initial term of 10 years and will automatically renew for further two (2) year terms.

The Management Agreement may be terminated by the Fund: (i) by giving written notice not less than 120 days prior to the expiry of the applicable term, (ii) if the Manager commits any act constituting fraud, misconduct, breach of fiduciary duty, negligence or a wilful breach of applicable laws, (iii) if the Manager demonstrates a wilful disregard for the best interests of the Fund, or (iv) if the Manager materially breaches its obligations under the Management Agreement and such breach is not cured within 30 days.

Additionally, the Management Agreement may be terminated by the Manager: (a) for any reason, following the expiration of the initial ten year term, on 180 days’ prior written notice, or (b) if the Fund is in material breach of the Management Agreement and such breach is not cured within 60 days.

ITEM 3. INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table presents the information regarding compensation and securities held for each director, officer and promoter of the Fund as well as each person who owns, or exercises control or direction over, more than 10% of the voting securities of the Fund (a “principal holder”):

Name and municipality of principal residence	Position held and date of obtaining that position	Compensation paid by the Fund in the last financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Fund held after completion of Minimum Offering	Number, type and percentage of securities of the Fund held after completion of Maximum Offering
Gilles Seguin Saint-Lambert, QC	Trustee since 2016	2016: \$5,000 2017: \$5,000	nil	nil
Michel Panzini Montreal, QC	Trustee since 2016	2016: \$5,000 2017: \$5,000	nil	nil
Éric-Joseph Aouizerats Montreal, QC	Trustee since 2016	2016: \$5,000 2017: \$5,000	nil	nil

See Item 2.7.4 – Management Agreement for information on the management team of the Manager who will provide advisory, asset and property management, and administrative services to the Fund and its subsidiaries.

3.2 Management Experience

The names and principal occupations of the trustees of the Fund over the past five years are listed in the table below.

Name and position	Principal occupation and related experience
Éric-Joseph Aouizerats, Trustee	Entrepreneur
Michel Panzini, Trustee	Architect
Gilles Seguin, Trustee	Lawyer and Senior Partner, BCF LLP

Eric Aouizerats, Trustee – Mr. Aouizerats has over 25 years of experience in the hospitality industry and several years of experience in real estate development. He has held several senior-level sales, marketing, and asset management positions with various hotel companies in Quebec, the United States, and Europe.

Michel Panzini, Trustee – Mr. Panzini is an architect and industrial designer. He advises property developers and financial institutions in connection with property development projects. Mr. Panzini previously taught architecture and industrial design in Montreal, Quebec and founded and operated his own architecture firm for over 35 years. He has extensive experience working across Canada and overseas in building and urban design.

Gilles Seguin, Trustee – M^e Seguin is a lawyer, senior partner, Vice-Chairman of the Board, and head of the securities law group at the law firm BCF LLP in Montreal, Quebec. M^e Seguin has practiced law for over 30 years and specializes in securities law, mergers and acquisitions, and corporate law. M^e Seguin has extensive experience in regulatory matters, takeover bids, public offerings, and private placements. He assists in the incorporation and organization of companies and advises independent committees in various privatization transactions. He also sits on the board of directors of several public and private associations, including the Private Capital Markets Association of Canada (PCMA). M^e Seguin holds a Bachelor of Laws (LL.B.) from Université Laval and has been a member of the Barreau du Québec since 1982.

3.3 Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions that have been in effect during the last 10 years against a trustee, executive officer, or control person of the Fund or against a company of which any of them was a director/trustee, executive officer, or control person. No declaration of 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 trustee to hold assets, has been in effect during the last 10 years with regard to those individuals or any companies of which any of those individuals was an director/trustee, executive officer, or control person at that time.

ITEM 4. CAPITAL STRUCTURE

4.1 Share Capital

The following table sets out the capital structure of the Fund as at the date indicated below:

Description of security	Number authorized to be issued	Price per security	Number outstanding as at May 30, 2017	Number outstanding assuming completion of the Minimum Offering	Number outstanding assuming completion of Maximum Offering
Class A Units	Unlimited	\$10	303,082	Up to 353,082 ⁽¹⁾	Up to 5,303,082 ⁽¹⁾

Description of security	Number authorized to be issued	Price per security	Number outstanding as at May 30, 2017	Number outstanding assuming completion of the Minimum Offering	Number outstanding assuming completion of Maximum Offering
Class B Units	Unlimited	\$10	nil	Up to 50,000	Up to 5,000,000

Notes:

(1) The 10 Units currently outstanding will be redeemed upon completion of the Offering.

4.2 Long Term Debt Securities

As of the date of this Offering Memorandum, the Fund has no outstanding long term debt.

4.3 Prior Sales

The Fund has issued the following Unit since June 22, 2016 (the date of its constitution):

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
June 22, 2016	Units	10 ⁽¹⁾	\$10	\$100
January 17, 2017	Units	135,603	\$10	\$1,356,030
February 2, 2017	Units	84,976	\$10	\$849,760
March 1, 2017	Units	31,181	\$10	\$311,810
March 15, 2017	Units	51,322	\$10	\$513,220

Notes:

(1) The initial 10 Units issued on June 22, 2016 were redeemed by the Trust on closing of the Minimum Offering..

ITEM 5. SECURITIES OFFERED

5.1 Terms of Securities

The securities being offered pursuant to this Offering are Class A Units and Class B Units of the Fund. The price of each Unit is \$10. The minimum number of Units that must be purchased by a Subscriber is 100 Units requiring a minimum investment of \$1,000. There is no maximum number of Units allocated to any Subscriber. The material terms of the Units are included in the description of the structure of the Fund and its subsidiaries appended hereto as Schedule A – Organizational Structure.

5.2 Subscription Procedure

Subscribers will be required to enter into a Subscription Agreement with the Fund which will contain, among other things, representations, warranties and covenants by the Subscriber that it is duly authorized to purchase the Units, that it is purchasing the Units as principal and for investment and not with a view to resale and as to its corporate or other status to purchase the Units and that the Fund is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under applicable securities laws and as a consequence of acquiring the securities pursuant to this exemption, certain protections, rights and remedies, provided by applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber.

In order to subscribe for Units, Subscribers must complete, execute and deliver the following documentation to the Fund via its counsel, BCF LLP, at 1100 René Lévesque Boulevard West, 25th floor, Montreal, Quebec H3B 5C9:

1. one duly completed and signed copy of the Subscription Agreement;
2. completed and executed copies of the applicable schedules and appendices to the Subscription Agreement, including the appropriate investor qualification and risk acknowledgement forms. The appropriate form(s) to be completed depend(s) on a Subscriber's place of residence and on the amount of his or her investment (see the cover page to the Subscription Agreement for instructions);
3. a wire transfer in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to the following account:

For credit to:	Canadian Imperial Bank of Commerce 1155 René-Lévesque Blvd. West Montreal, Quebec H3B 3Z4 CANADA
Swift Code:	CIBCCATT
Bank number:	0010
Transit number:	00001
Account number:	2932512
Beneficiary's name:	BCF LLP, in trust
Beneficiary's address:	1100 René-Lévesque Blvd. West Montreal, Quebec H3B 5C9 CANADA
Reference no.:	41286/1

Subject to applicable securities laws, and the purchaser's two-day cancellation right, a subscription for Units, evidenced by a duly completed Subscription Agreement delivered to the Fund shall be irrevocable by the Subscriber. See Item 11 - Purchasers' Rights.

Subscriptions for Units will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Fund to close the subscription books at any time, without notice. If a subscription for Units is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

In connection with the Offering, the Fund may offer qualifying bondholders of Unidev Capital Mortgages Ltd. ("Unidev") the opportunity to exchange outstanding bonds in the capital of Unidev (the "Unidev Bonds") for Units of the Fund on the basis of one Unit for every \$10.00 aggregate principal amount of Unidev Bonds.

The closing of the Minimum Offering amount is scheduled to occur on or before August 1, 2017. It is expected that certificates representing the Units will be available for delivery within a reasonable period of time after the relevant closing date(s). If the Minimum Offering amount is not met prior to September 1, 2017, collected funds will be returned to the respective parties by October 31, 2017 without interest.

The subscription funds will be held in trust until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

ITEM 6. INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR TAX DEFERRED PLANS

You should consult your own professional adviser to obtain advice on the income tax consequences that apply to you. Not all securities are eligible for investment in a Tax Deferred Plan. You should consult your own professional advisers to obtain advice on the eligibility of these securities for Tax Deferred Plans.

ITEM 7. COMPENSATION PAID TO SELLERS AND FINDERS

Where allowed by applicable securities legislation, the Fund intends to offer compensation of up to 10% of the gross proceeds realized on the sale of Units under this Offering to any one of, or a combination of, the following parties: investment dealers, exempt market dealers and/or their dealing representatives, parties related to the Fund and employees and/or contractors of such parties.

The Fund has retained Whitehaven Securities Inc., a registered exempt market dealer, as lead selling agent in respect of the distribution and sale of the Units and the Fund may choose to retain additional selling agents.

ITEM 8. RISK FACTORS

Subscribers are cautioned that an investment in Units may involve risks and there is no assurance of a return or benefit on a Unitholder's investment. This offering should be considered only by sophisticated Subscribers able to assume the risk of total loss and to make long term investments. Investment in the Fund is not a complete investment program, and Subscribers should fully understand and be capable of assuming the risks of investing in the Fund. Subscribers should consider a number of risk factors before investing in the Units, including the following:

Blind Pool Investment

The Units represent a "blind pool" investment. The Fund expects that the Available Funds from the Offering will be used to make direct and indirect investments in its subsidiaries, which will use the invested proceeds for purchasing (or otherwise investing in), renovating, upgrading, and/or redeveloping one or more Properties. The specific Properties in which the Fund's subsidiaries will invest have not been identified as of the date of this Offering Memorandum.

While the Fund anticipates that its subsidiaries will be able to identify and complete the purchase of (or investment in) real estate Properties and undertake the subsequent renovation, upgrading, operation, leasing, refinancing and/or sale of such Properties, on an ongoing basis that will satisfy the Fund's investment and business objectives and achieve acceptable returns on investment, there can be no assurance that it will be able to do so.

The Fund and its subsidiaries will allocate capital in their own discretion. Accordingly, the Fund and its subsidiaries may find it necessary or advisable to allocate funds to:

- (i) acquire, finance, or otherwise invest in Properties;
- (ii) renovate, repair, maintain, upgrade, or redevelop the Properties or otherwise make them ready for lease, sale, or other use; and
- (iii) where appropriate, sell (or divest of its investments in) the Properties,

in a manner different than contemplated, and without notice to the Unitholders.

Limited Operational History

The Fund and its subsidiaries are newly-constituted entities and their commercial and mixed-use property development business is subject to all the risks inherent in the establishment of a new business. There is no certainty that the Fund's business strategy will be successful. The likelihood of success of the Fund must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. If the Fund fails to address any of these risks or difficulties adequately, its business will likely suffer. There is no assurance that the Fund can operate profitably.

Financing

The proceeds raised by the issuance of Units may not be sufficient to accomplish all of the objectives of the Fund and its subsidiaries or meet all the obligations of the Fund and its subsidiaries and there is no assurance that alternative financing to pay for such objectives will be available. The Fund will depend upon future financing to fund its business objectives. The Fund may, to the extent available on acceptable terms, obtain institutional financing or other arm's length, third party financing to fund, in part, its objectives. No alternate financing has been arranged for the Fund or its affiliates. There is no assurance that alternative financing will be available on acceptable terms or at all. There is no assurance that the Fund will have adequate working capital to meet the anticipated requirements described in this Offering Memorandum.

Risks of Real Property Ownership

Real estate developments, speculation and investments are, generally, subject to numerous risks depending on the nature and location of the property that can affect attractiveness and saleability of real estate assets to potential purchasers or other investors, or the owner's use of such real estate assets, all of which are beyond the control of the Fund. Such risks include:

- the highly competitive nature of the real estate industry;
- changes in general economic conditions (such as the availability and cost to the Fund or widespread fluctuations in adjacent property values);
- changes in general or local conditions (such as the supply of competing real estate assets or the possibility of competitive overbuilding or the inability to obtain full occupancy or other usage of any real estate assets);
- governmental regulation, rules or policies (such as increased taxation on the sale of or profits from real property, environmental legislation or municipal approvals for usage, development or subdivision); and
- changes in costs or operating expenses anticipated for real estate assets.

Each segment in the real estate development industry is capital intensive and is typically sensitive to interest rates. Any proceeds generated by the sale of real estate assets depend upon general economic conditions and, accordingly, the ability of the Fund to repay its financing may be affected by changes in those conditions. The Fund and its subsidiaries will be required to make certain significant expenditures in respect of its business including, but not limited to, the payment of property taxes, maintenance costs, mortgage payments, insurance costs and related charges which must be made regardless of whether or not real estate assets are producing sufficient income to service such expenses. If the Fund is unable or unwilling to meet the payment obligations on such loans, losses could be sustained as a result of the exercise by the lenders of their rights of foreclosure or sale. As a result, the ability of the Fund and its subsidiaries to make interest payments could be adversely affected.

Not Reviewed by Regulator

Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any securities regulatory authority or regulator.

No Deposit Insurance

The Units offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.

No Trustee

There is no trustee being used in connection with Units issued pursuant to this Offering. Unitholders must rely on the Fund to make all payments to Unitholders pursuant to the terms of the Units.

Tax Risk

The tax consequences associated with an investment in Units may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to investors holding or disposing of Units. If Units held by a Tax Deferred Plan are redeemed by the Fund through the transfer of notes of Blucap OpTrust, such notes would not be qualified investments for purposes of that Tax Deferred Plan. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Minimum Number of Unitholders

The requirements for mutual fund trust status under the Tax Act include ongoing requirements that must be met at all times. These requirements include a requirement that at all times, after the 89th day after the Fund's first taxation year, the Fund must have at least 150 Unitholders holding at least 50 Units having an aggregate fair market value of not less than \$500. In addition, the Fund may cease to be a "mutual fund trust" where it is considered to be established or maintained primarily for the benefits of Non-Residents unless certain requirements are met. If the Fund were not to qualify as a "mutual fund trust" under the Tax Act, the federal income tax considerations described in this Offering Memorandum would, in some respects be materially and adversely different. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the Units will cease to be qualified investments for Deferred Plans. There can be no assurance that the Units will continue to be qualified investments for Deferred Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Reliance on Third Parties

The Fund does not carry on any business directly and will depend on the Property LPs, Blucap GP and the Manager to perform the obligations under the material agreements in respect of the Properties. The Fund is not a party to any of those agreements. If any of the aforementioned parties (none of which is controlled by the Fund) fails to perform its obligations under any of those agreements, the Fund may suffer significant losses.

Changes to the Tax Act

No assurance can be given that changes in the Tax Act or future court decisions or the implementation of new taxes will not adversely affect the Fund or fundamentally alter the income tax consequences to holders of Units with respect to acquiring, holding or disposing of Units. Investors are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of Units purchased pursuant to the Offering.

No Advance Tax Ruling

No advance income tax ruling has been applied for or received with respect to the income tax consequences described in the Offering Memorandum. See Item 6 – Income Tax Consequences and Eligibility for Tax Deferred Plan.

Canadian Tax Treatment of Units

The tax treatment of the Units constitutes a major factor when considering an investment in the Units. There is no guarantee that the taxation laws and regulations and the current administrative practices of both the federal and provincial tax authorities will not be amended or construed in such a way that the tax considerations for a Unitholder will not be altered and, moreover, there is no guarantee that there will not be any differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the Units and the status of the Units. No guarantees can be given that Canadian tax laws will not be amended, that the amendments announced with respect to such laws will be adopted or that the current administrative practice of the tax authorities will not be modified. See Item 6 – Income Tax Consequences and Eligibility for Tax Deferred Plans.

Trust Not a Corporation

Subscribers are cautioned that the Fund is not generally regulated by established corporate law and Unitholders' rights are governed primarily by the specific provisions of the Deed of Trust, which addresses such items as the nature of the Units, the entitlement of Unitholders to cash distributions, restrictions respecting non-resident holdings, meetings of Unitholders, delegation of authority, administration, Trust governance and liabilities and duties of the Fundees of the Fund to Unitholders. As well, under certain existing legislation such as the *Bankruptcy and Insolvency Act* and the *Companies Creditor's Arrangement Act*, the Fund is not a legally recognized entity within the definitions of these statutes. In the event of insolvency or restructuring of the Fund, the rights of Unitholders may be different from those of shareholders of an insolvent or restructuring corporation as the Fund and its stakeholders would not be able to access the remedies and procedures available thereunder.

Trustees' Interests

The trustees of the Fund will not be devoting all of their time to the affairs of the Fund, but will be devoting such time as required to effectively manage the Fund. The trustees of the Fund are engaged and will continue to be engaged in the search for business prospects on their own behalf and on behalf of others.

No Management Rights

The trustees of the Fund, and not Unitholders, will make decisions regarding the management of the Fund's affairs. Subscribers must carefully evaluate the personal experience and business performance of the trustees of the Fund.

Management Ability

The success of the Fund's business strategy depends to a certain extent, on the efforts and abilities of its trustees and on external factors such as, among other things, the general political and economic conditions that may prevail from time to time, which factors are out of the control of the Fund. As a result, there is no guarantee that Unitholders will earn a return on their investment in the Units.

Independent Counsel

No independent counsel was retained on behalf of the Subscribers with respect to this Offering. There has been no review by independent counsel on behalf of the Subscribers of the Offering Memorandum, or any other documentation in relation to the Offering. No due diligence has been conducted on behalf of Subscribers by counsel.

No History

The Fund does not have any operational history or history of earnings. Accordingly, there is no operating history upon which to base an evaluation of the Fund and its business and prospects.

Illiquidity of Investment

An investment in the Units of the Fund is an illiquid investment. **There will be no market through which the Units of the Fund may be sold.** The Fund is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the Units. The Units are subject to a number of restrictions respecting transferability and resale, including a restriction on trading imposed by applicable securities laws. Until the restriction on trading expires, you will not be able to trade the Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation. See Item 10 – Resale Restrictions.

Market Risks

The economic performance and value of the Fund's indirect investments in real estate Properties through its subsidiaries will be subject to all of the risks associated with investing in real estate, including:

- changes in the national, regional and local economic climate;
- local conditions, including an oversupply of properties like real estate assets, a reduction in demand for properties like real estate assets, or a reduction in demand for leased premises;
- the attractiveness of all or parts of real estate assets to renters or purchasers;
- competition from other available real estate assets; and
- changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

The performance of the Fund and its subsidiaries will be affected by the supply and demand for property in its geographic area(s) of ownership. Key drivers of demand include employment levels, population growth, demographic rents and consumer confidence. The potential for reduced sales revenue exists in the event that demand diminishes or supply becomes overabundant thereby driving down prices for real estate assets.

Real estate markets may experience dramatic changes, which may occur abruptly and unexpectedly. Economic circumstances in real estate markets may cause the Property LPs to hold real estate assets for a longer than anticipated period of time in order to realize profits from the sale thereof. There can be no guarantee that the Fund and its subsidiaries will realize a profit from Properties and there is no guarantee that the Fund will achieve its objectives.

Real Estate Investments are Relatively Illiquid

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and for the perceived desirability of, the investment. Such illiquidity may tend to limit the Fund's ability to vary its asset base promptly in response to changing economic or investment conditions. If the proceeds to the Fund's subsidiaries from the rental, refinancing or sale of real estate assets are significantly less than the total cost of its investment, in whole or in part, on a timely basis, the Fund's ability to make distributions to the holders of Units could be adversely affected.

Limited Information Regarding Private Issuers

The Fund's investments in Properties may consist of securities issued by privately held issuers. There is generally little or no publicly available information about such issuers and the Fund must rely on the diligence of the Manager to obtain the information necessary for its decision to invest in them. There can be no assurance that the diligence efforts of the Manager will uncover all material information about the privately held business necessary for the Fund to make a fully informed investment decision.

Fluctuations in Property 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 the capitalization rates.

Acquisitions and Investments

The success of the property development business strategy of the Fund and its subsidiaries depends in large part on identifying suitable acquisition or investment opportunities, pursuing such opportunities and consummating acquisitions and investments. The acquisition of, or investment in, Properties entails risks that investments will fail to perform in accordance with expectations. It is not possible to manage all risks associated with such acquisitions in the terms and conditions contained in commercial agreements pertaining to such acquisitions or investments. The real estate assets may be subject to unknown, unexpected or undisclosed liabilities that may materially and adversely affect the Fund's operations and financial condition and results. The representations and warranties, if any, given by arm's length third parties to the Fund or its subsidiaries may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Properties may not achieve anticipated occupancy levels and the estimates of costs and benefits of renovations for a particular Property may prove inaccurate or may not have the intended results. Moreover, real estate assets acquired, or invested in, by the Fund and its subsidiaries may not meet expectations of operational or financial performance due to unexpected costs associated with improving or redeveloping such Property, as well as the general investment risks inherent in any real estate investment.

Reliance on Property Management

The Fund and its subsidiaries may rely on various entities to perform certain property and asset management functions in respect of each of the Properties. It is expected that any such property and asset manager(s) retained by the Property LPs, including the Manager, will devote as much of their time to the management of the Properties as in their judgement is reasonably required, but conflicts of interest may arise in allocating management time, services and functions among the Properties and their other development, investment and/or management activities not related to the Properties.

Available Funds Used to Invest in Properties May be Advanced without Obtaining Security

Available Funds from the Offering may be used as deposits on the purchase price of one or more Properties. If the Fund advances the Available Funds to its subsidiaries to be used as a deposit on the purchase price of a Property, such funds will be at risk, whether such deposit is refundable or non-refundable, as those deposit funds will be held by a third party who, generally, will not have granted any security interest or charge over any collateral in favour of the Fund.

Risk Inherent to the Real Estate Mortgage Market

There are a number of risks inherent to the real estate mortgage market, including: changes in the value of real properties, competition, interest rates, the economy and regulations. The Fund and its subsidiaries have no control over these risks, all of which can affect their performance.

Key Management Personnel

The Fund and its subsidiaries rely on the diligence and skill of their trustees, directors, and executive officers for the selection, structure, completion and oversight of transactions. Their future success is to a great extent dependent on the coordination and continuous services of their management teams. Staff, executive officers, and key employees leaving the Fund or its subsidiaries could have a material adverse effect on the Fund's ability to implement its business strategy. The Fund does not maintain life insurance policies on the officers and employees of the Fund and its subsidiaries.

Status of the Fund

As the Fund is not a mutual fund offered by prospectus as defined under applicable securities legislation, it is not subject to the Canadian regulations, rules and policies that apply to mutual funds offered by prospectus.

No Assurance of Achieving Investment Objectives

There is no assurance that the Fund will be able to achieve its investment objectives or be able to pay distributions at targeted levels. The funds available for distribution to Unitholders will vary according to, among other things, the rental income, interest, dividends, and distributions received in respect of its portfolio of Properties and investments and the market value of its investments. There is no assurance that the Fund will earn any return.

The Manager, on behalf of the Fund, may periodically and will at least annually re-evaluate the Fund's targeted level of distributions.

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment and who can withstand the effect of distributions not being paid in any period or at all.

Loss of Capital

All investments in securities involve risk of the loss of all or part of the investor's original capital. An investment in the Fund carries such risk.

No Resale Market for the Units

The Fund's Units are not traded on any exchange or market. The Units are also subject to restrictions and conditions on their resale and redemption by the Fund. These restrictions and conditions appear on the Unit certificate.

General Economic Situation and Market Conditions

The financial markets in 2007 and 2008 entered a period of turbulence triggered primarily by difficulties in the United States housing market. Canada and other countries could presumably experience a similar slowdown. Such slowdown could have an effect on the performance of the Fund and its subsidiaries.

Absence of Subscribers

The Fund's business strategy includes identifying private placements with subscribers of Units in order to pursue commercial and mixed-use real estate development opportunities. Lack of funding from Subscribers may have an adverse effect on the Fund's operations, leveraging ability and performance.

Securities Regulatory Risks

In the ordinary course of business, the Fund and its subsidiaries may be subject to ongoing reviews by the securities regulators, who have broad powers to pass, interpret, amend and change the interpretation of securities laws from time to time and broad powers to protect the public interest and to impose terms, conditions, restrictions or requirements regarding registration under applicable Canadian Securities Laws. Further, the securities regulators have the authority to retroactively deny the benefit of an exemption from prospectus or registration requirements otherwise provided for under securities laws where the regulator considers it necessary to do so to protect investors or the public interest.

While the Fund believes that its position regarding compliance with applicable Canadian Securities Laws is appropriate and supportable, it is possible that securities law matters may be reviewed and challenged by the securities authorities. If such challenge were to succeed, it could have a material adverse effect on the Fund. There can be no assurance that applicable Canadian Securities Laws or the securities regulators interpretations thereof or the practices of the securities regulators will not be changed or re-interpreted in a manner that adversely affects the Fund.

No Insurance against Loss

The Units are not insured against loss through the Canadian Deposit Insurance Corporation or any other insurance company or program.

No Fiduciary

The Units are not being issued pursuant to a trust indenture and the Unitholders will not have the benefit of a trustee to coordinate enforcement and realisation in the event of a default in payment under the Bonds by the Fund.

ITEM 9. REPORTING OBLIGATIONS

The Fund is not subject to continuous reporting and disclosure obligations which the securities legislation of any province or territory of Canada would require of a "reporting issuer" as defined in such legislation and, as such, except as noted below, there is no requirement that the Fund make disclosure of its affairs, including, without limitation, through the prompt notification of material changes by way of news releases.

The Fund is required, however, to file its audited annual financial statements within 120 days after the end of each of its financial years with the applicable securities commissions and provide a copy thereof to each subscriber in Quebec, Ontario, Alberta, Saskatchewan, New Brunswick, and Nova Scotia that subscribes for Units pursuant to the "offering memorandum" exemption under subsection 2.9(2.1) of NI 45-106 (the "**OM Exemption**"). Additionally, the Fund is required to provide:

- (i) to the abovementioned subscribers, a notice detailing the use of the aggregate gross proceeds raised by the Fund under the OM Exemption; and
- (ii) to subscribers in Ontario, New Brunswick, and Nova Scotia who subscribe for Units pursuant to the OM Exemption, a notice within 10 days of the occurrence of any of the following events: (a) a

discontinuation of the Fund's business; (b) a change in the Fund's industry; or (c) a change of control of the Fund.

ITEM 10. RESALE RESTRICTIONS

The Units offered hereunder will be subject to a number of resale restrictions under securities legislation, including a restriction on trading. Unless or until the restrictions on trading expire, you will not be able to trade the Units unless you are eligible to rely on and comply with an exemption from the prospectus and registration requirements under securities legislation. For information about these resale restrictions you should consult a lawyer.

10.1 General Statement

For trades in Alberta, British Columbia, Saskatchewan, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories:

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

10.2 Restricted Period

For trades in Alberta, British Columbia, Saskatchewan, Ontario, Quebec, Nova Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and Northwest Territories:

Unless permitted under securities legislation, you cannot trade the Units without an exemption before the date that is 4 months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada.

The Fund does not intend to become a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restrictions

For Manitoba residents, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (i) the Fund has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
- (ii) you have held the securities for at least 12 months.

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

ITEM 11. PURCHASERS' RIGHTS

If you purchase Units pursuant to the OM Exemption you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

11.1 2 Day Cancellation Right

If you purchase Units pursuant to the OM Exemption, you can cancel your agreement to purchase these securities. To do so, you must send a notice to the Fund by midnight on the 2nd business day after you sign the agreement to buy the securities.

11.2 Statutory and Contractual Rights of Action in the Event of a Misrepresentation

Applicable securities laws in the Offering Jurisdictions provide you with a remedy to sue to cancel your agreement to buy the securities or for damages if this Offering Memorandum, or any amendment thereto, contains a misrepresentation. In addition, any marketing materials in respect of the Offering delivered or made reasonably available before the termination of the Offering to Subscribers in Ontario, Quebec, Alberta, Saskatchewan, New Brunswick, and Nova Scotia that purchase Bonds pursuant to the OM Exemption are incorporated by reference into this Offering Memorandum.

Unless otherwise noted, in this section, a “misrepresentation” means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

These remedies are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the Persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In addition, these remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by you within the strict time limit prescribed in the applicable securities laws.

The applicable contractual and statutory rights are summarized below. By its execution of the Subscription Agreement, the Fund will be deemed to have granted these rights to you. Subscribers should refer to the applicable securities laws of their respective Offering Jurisdiction for the particulars of these rights or consult with professional advisors.

Statutory Rights of Action for Subscribers in the Province of British Columbia

Securities legislation in British Columbia provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages against the Fund, every director of the Fund at the date of the Offering Memorandum or any person who signed the Offering Memorandum. The purchaser may also elect to exercise a right of rescission against the Fund in which case the purchaser has no right of action for damages. Purchasers should refer to the applicable provisions of the British Columbia securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below.

If there is a misrepresentation in this Offering Memorandum, purchasers have a statutory right to sue:

- (a) the Fund to cancel their agreement to buy the Units; or
- (b) for damages against the Fund, directors of the issuer at the date of the Offering Memorandum and any person who signed the Offering Memorandum (collectively defined as the “**Insiders**” for this section).

If this Offering Memorandum or any amendment thereto contains a misrepresentation and it was a misrepresentation on the date of investment, a purchaser to whom such Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against the Insiders. A purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Fund:

- (i) the purchaser may elect to exercise a right of rescission against the Fund in which case the purchaser does not have a right of action for damages against the Insiders;
- (ii) the Insiders are not liable under subsection (a) if the Fund proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (iii) in an action for damages pursuant to subsection (b), the Insiders are not liable for all or any portion of the damages that the Insiders prove do not represent the depreciation in value of the security as a result of the misrepresentation relied on;

- (iv) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and
- (v) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

Statutory Rights of Action for Subscribers in the Province of Alberta

Securities legislation in Alberta provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, or both, against the Fund or selling security holder on whose behalf the distribution is made if the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the Alberta securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below.

If there is a misrepresentation in this Offering Memorandum, purchasers have a statutory right to sue:

- (a) the Fund to cancel their agreement to buy the Units; or
- (b) for damages against the Fund, directors of the issuer at the date of the Offering Memorandum and every person who signed this Offering Memorandum.

This statutory right to sue is available to the purchaser whether or not the purchaser relied on the misrepresentation. However, there are various defences available to the persons or companies that the purchaser has the right to sue. In particular, the Fund would have a defence if the purchaser knew of the misrepresentation when the purchaser purchased the Units.

If the purchaser intends to rely on the rights described in (a) or (b) above, the purchaser must do so within strict time limitations. The purchaser must commence its action to cancel the agreement by notice to the Fund within 180 days and must commence its action for damages by notice to the Fund within one year from the date of the transaction.

If this Offering Memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact which is required to be stated or which is necessary in order to make any statement therein not misleading in light of the circumstances in which it was stated (herein called a “**misrepresentation**”) and it was a misrepresentation on the date of investment, a purchaser to whom this Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against the Fund, while still the owner of any of the securities offered hereunder. provided that, if the Offering Memorandum contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Fund:

- (i) the purchaser may elect to exercise a right of rescission against the Fund in which case the purchaser does not have a right of action for damages against the Fund;
- (ii) the Fund is not liable under subsection (a) if the Fund proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (iii) in an action for damages pursuant to subsection (b), the Fund is not liable for all or any portion of the damages that the Fund proves does not represent the depreciation in value of the security as a result of the misrepresentation relied on;
- (iv) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and
- (v) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

Statutory Rights of Action for Subscribers in the Province of Saskatchewan

In the event that this Offering Memorandum and any amendment thereto or advertising or sales literature used in connection therewith delivered to a purchaser of the securities resident in Saskatchewan contains an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities (herein called a “**material fact**”) or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made (herein called a “**misrepresentation**”), a purchaser will be deemed to have relied upon that misrepresentation and will have a right of action for damages against the Fund, the promoters and “directors” (as defined in *The Securities Act, 1988* (Saskatchewan)) of the Fund, every person or company whose consent has been filed with this Offering Memorandum or amendment thereto but only with respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum or any amendment thereto, and every person who or company that sells the securities on behalf of the Fund under this Offering Memorandum or amendment thereto.

Alternatively, where the purchaser purchased the securities from the Fund, the purchaser may elect to exercise a right of rescission against the Fund.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the securities and the verbal statement is made either before or contemporaneously with the purchase of the securities, the purchaser has a right of action for damages against the individual who made the verbal statement.

No persons or company is liable, nor does a right of rescission exist, where the persons or company proves that the purchaser purchased the securities with knowledge of the misrepresentation. In an action for damages, no persons or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied on.

No action shall be commenced to enforce these 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 any action, other than an action for rescission, the earlier of one year after the purchaser first had knowledge of the facts giving rise to the cause of action or six years after the date of the transaction that gave rise to the cause of action.

These rights are (i) in addition to and do not derogate from any other right the purchaser may have at law; and (ii) subject to certain defences as more particularly described in *The Securities Act, 1988* (Saskatchewan).

Statutory Rights of Action for Subscribers in the Province of Manitoba

In the event that this Offering Memorandum (including any amendment hereto) delivered to a purchaser of Units resident in Manitoba, contains a misrepresentation and it is a misrepresentation at the time of purchase, the purchaser shall be deemed to have relied upon the misrepresentation and shall have, in addition to any other rights they may have at law: (a) a right of action for damages against (i) the Fund, (ii) every director of the Fund at the date of this Offering Memorandum (collectively, the “**Directors**”), and (iii) every person or company who signed this Offering Memorandum (collectively, the “**Signatories**”); and (b) a right of rescission against the Fund.

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 purchaser may elect to exercise a right of rescission against the Fund, in which case the purchaser will have no right of action for damages against the Fund, Directors or Signatories.

The Fund, the Directors and Signatories will not be liable if they prove that the purchaser purchased Units with knowledge of the misrepresentation.

All persons or companies referred to above that are found to be liable or accept liability are jointly and severally liable. A person or company who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

A Director or Signatory will not be liable:

- (a) if they prove this Offering Memorandum was sent or delivered to the purchaser without their knowledge or consent and, on becoming aware of its delivery, gave reasonable notice to the Fund that it was delivered without their knowledge and consent;
- (b) if they prove that, after becoming aware of a misrepresentation in this Offering Memorandum, they withdrew their consent to this Offering Memorandum and gave reasonable notice to the Fund of their withdrawal and the reasons therefore;
- (c) 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, a report, opinion or statement of an expert ("**Expert Opinion**"), such person proves they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of this Offering Memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or
- (d) with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority, or not purporting to be a copy of, or an extract from an Expert Opinion, unless the Director or Signatory (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.

In an action for damages, the Fund, the Directors and Signatories will not be liable for all or any part of the damages that they prove do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon. The amount recoverable under the right of action shall not exceed the price at which the Units were offered for sale.

A purchaser of Units to whom this Offering Memorandum was not delivered prior to such purchase in circumstances where such Offering Memorandum was required to be delivered has a right of rescission or a right of action for damages against the Fund or any dealer who failed to deliver the Offering Memorandum within the prescribed time.

A purchaser of Units to whom the Offering Memorandum is required to be sent may rescind the contract to purchase the Units by sending a written notice of rescission to the Fund not later than midnight on the second day, excluding Saturdays, Sun days and statutory holidays, after the purchaser signs the agreement to purchase the Units.

Unless otherwise provided under applicable securities legislation, no action shall be commenced to enforce a right of action unless the right is exercised not later than:

- (a) in the case of rescission, 180 days from the day 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 from the day the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) two years from the day of the transaction that gave rise to the cause of action.

The rights discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of The Securities Act (Manitoba) and are subject to the defences contained therein.

Statutory Rights of Action for Subscribers in the Province of Ontario

Section 6.2 of Ontario Securities Commission Rule 45-501 ("**Rule 45-501**") provides that when an offering memorandum is delivered to a prospective purchaser resident in the Province of Ontario to whom securities are sold

in reliance upon the prospectus exemption contained in section 2.3 [*accredited investor*] of National Instrument 45-106, the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) (the “**Act**”) shall be described in the offering memorandum.

Section 130.1 of the Act and Rule 45-501 provide that in the event that this Offering Memorandum, together with any amendments hereto, is delivered to a prospective purchaser in the Province of Ontario and contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made, a purchaser in Ontario who purchases securities offered by this Offering Memorandum (other than a purchaser purchasing under the accredited investor exemption that is a Canadian financial institution or a Schedule III Bank, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada) or a subsidiary of any such entity if the such entity owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) will have a right of action against the Fund for damages or rescission as follows:

- (a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario, only if the investor gives written notice to the Fund, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the Fund not later than the earlier of:
 - i. 180 days after the investor had knowledge of the facts giving rise to the course of action; or
 - ii. three years after the date of the transaction giving rise to the cause of action;
- (b) the Fund will not be liable if it proves that the investor purchased securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Fund will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation that the investor relied upon;
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and
- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

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

Statutory Rights of Action for Subscribers in the Province of Quebec

If this Offering Memorandum, together with any amendment to it, is delivered to a Subscriber resident in Quebec and contains a misrepresentation that was a misrepresentation at the time of purchase, the Subscriber will be deemed to have relied upon the misrepresentation and will have a statutory right of action against the issuer, the officers and directors of the issuer or any dealer under contract with the issuer for damages or for rescission or revision of the price.

This right of action is subject to the following limitations:

- (a) the right of action for rescission or revision of the price must be exercised within three years of the date of the transaction that gave rise to the cause of action; or, in the case of any action other than an action for rescission or revision of the purchase price, the earlier of: (i) three years after the plaintiff first had knowledge of the facts giving rise to the cause of action unless the delay in knowledge is caused by the

- negligence of the plaintiff, or (ii) five years after the Offering Memorandum is filed with the *Autorité des marchés financiers*;
- (b) no person or company will be liable if it proves that the Subscriber acquired the Units with knowledge of the misrepresentation;
 - (c) in the case of an action for damages, the officers or directors of the issuer or the dealer under contract with the issuer will not be liable if they acted with prudence and diligence; and
 - (d) a defendant may defeat an action based on a misrepresentation in forward-looking information by proving that
 - i. the document containing the forward-looking information contained, proximate to that information,
 - (A) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
 - (B) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection; and
 - ii. the defendant had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward-looking information.

Statutory Rights of Action for Subscribers in the Province of New Brunswick

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue in New Brunswick:

- (a) the Fund to cancel your agreement to buy the Units; or
- (b) for damages against the Issuer and a selling security holder on whose behalf the distribution is made.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Units as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Units were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if they prove that you knew of the misrepresentation when you purchased the Units.

In New Brunswick, the defendant will not be liable for a misrepresentation in forward-looking information if the Issuer proves that:

- (a) this Offering Memorandum contained, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

However, in New Brunswick, the above defence does not relieve a person of liability respecting forward -looking information in a financial statement.

If you intend to rely on the statutory rights to sue described above, you must do so within strict time limitations.

In New Brunswick, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of: (i) one year after you knew of the misrepresentation, or (ii) six years after the transaction.

Statutory Rights of Action for Subscribers in the Province of Prince Edward Island

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue in Prince Edward Island:

- (a) the Fund to cancel your agreement to buy these securities; or
- (b) for damages against the Fund, any selling security holder on whose behalf the distribution is made and any director of the Fund (who was a director at the date of this Offering Memorandum), and any person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your securities as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if they prove that you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Fund proves that:

- (a) this Offering Memorandum contained, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

However, in Prince Edward Island, the above defence does not relieve a person of liability respecting forward-looking information in a financial statement required to be filed under Prince Edward Island securities laws. If you intend to rely on the statutory rights to sue described above, you must do so within strict time limitations.

In Prince Edward Island, you must commence your action to cancel the agreement to purchase securities within 180 days after the transaction or commence your action for damages within the earlier of: (i) 180 days after learning of the misrepresentation, or (ii) three years after the transaction.

Statutory Rights of Action for Subscribers in Newfoundland and Labrador

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue:

- (a) to cancel your agreement to buy these Units; or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your Units as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the Units were offered. There are various defences available to the Fund should you exercise a right to sue. For example, it has a defence if you knew of the misrepresentation when you purchased the Units.

If you intend to rely on the rights described above, you must do so within strict time limitations.

In Newfoundland and Labrador, you must commence your action to rescind your agreement to purchase Units within 180 days after you signed the agreement to purchase the Units or commence your action for damages within the earlier of: (1) 180 days after learning of the misrepresentation, or (2) three years after the transaction.

Statutory Rights of Action for Subscribers in the Province of Nova Scotia

If this offering memorandum, together with any amendment thereto, contains a misrepresentation, an investor in Nova Scotia who purchases a security offered by this offering memorandum during the period of distribution shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and such investor shall have a right of action for damages against the Fund and every person or company who signed the offering memorandum or, at the election of the investor, a right of rescission against the Fund (in which case the investor does not have a right of action for damages), provided that:

- (a) no action may be commenced to enforce a right of action:
 - i. for rescission more than 180 days after the date of the purchase; and
 - ii. for damages later than the earlier of (A) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, and (B) three years after the date of purchase;
- (b) where a misrepresentation is contained in an offering memorandum, the Fund or any person or company is not liable for damages:
 - i. if it is proven that the purchaser had knowledge of the misrepresentation;
 - ii. if it is proven that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
 - iii. if it is proven that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
 - iv. if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum 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;
 - v. with respect to any part of the 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 or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation;

- (c) the amount recoverable under this section shall not exceed the price at which the securities were offered under the offering memorandum;
- (d) subsection (b)(ii) to (v) do not apply to the Fund;
- (e) in an action for damages, the Fund or any person or company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (f) in no case shall the amount recoverable exceed the price at which the security was offered.

Statutory Rights of Action for Subscribers in the Northwest Territories

If an Offering Memorandum contains a misrepresentation, a Subscriber who purchases a security offered by the 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 the Fund, the selling holder of a Unit on whose behalf the distribution is made, every director of the Fund at the date of the Offering Memorandum, and every person who signed the Offering Memorandum. If an Offering Memorandum contains a misrepresentation, a Subscriber who purchases a security offered by the Offering Memorandum during the period of distribution has a right of action for rescission against the Fund or the selling security holder on whose behalf the distribution is made. If the Subscriber elects to exercise a right of action for rescission, the Subscriber shall have no right of action for damages.

A defendant is not liable if he or she proves that the Subscriber purchased the securities with knowledge of the misrepresentation. A person, other than the Fund and selling security holder, is not liable if he or she proves that:

- (a) the 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 issuer that it had been sent without the knowledge and consent of the person;
- (b) the person, on becoming aware of the misrepresentation in the Offering Memorandum, had withdrawn their consent to the Offering Memorandum and given reasonable notice to the Fund of the withdrawal and the reason for it;
- (c) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion 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 the Offering Memorandum:
 - (A) did not fairly represent the report, statement or opinion of the expert, or
 - (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert.

A defendant, other than the Fund and selling holder of a Unit, is not liable with respect to any part of an 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, statement or opinion 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 that there had been a misrepresentation.

A defendant is not liable with respect to a misrepresentation in forward-looking information if the offering memorandum containing the forward-looking information also contains, proximate to the forward-looking information,

- (a) reasonable cautionary language identifying the forward-looking information as such forecast or projection in the forward- looking information; and
- (b) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (c) the person had a reasonable basis for drawing the conclusions or making the forecasts or projections set out in the forward - looking information.

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. The amount recoverable by a plaintiff must not exceed the price at which the Units purchased by the plaintiff were offered. The right of action for rescission or damages is in addition to and without derogation from any other right the Subscriber may have at law. If a misrepresentation is contained in a record incorporated by reference in, or deemed to be incorporated into, an Offering Memorandum, the misrepresentation is deemed to be contained in the Offering Memorandum.

Statutory Rights of Action for Subscribers in the Yukon Territory

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, then you have a statutory right to sue in Yukon:

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

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your securities as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Fund proves that:

- (a) this Offering Memorandum contains reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

However, in Yukon, the above defence does not relieve a person of liability respecting forward -looking information in a financial statement required to be filed under Yukon securities laws.

If you intend to rely on the statutory right to sue described above, you must do so within strict time limitations.

In Yukon, you must commence your action to cancel the agreement within 180 days after the transaction or commence your action for damages within the earlier of:

- (a) 180 days after learning of the misrepresentation, or
- (b) three years after the transaction.

If you reside in Yukon and you did not receive a copy of this Offering Memorandum before you signed your Subscription Agreement, you have a right to sue for damages, or if you still own your securities, you can choose to cancel your agreement instead of suing for damages.

Statutory Rights of Action for Subscribers in the Nunavut Territory

In addition to any other right or remedy available to you at law, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue in Nunavut:

- (a) the Fund to cancel your agreement to buy the Units; or
- (b) for damages against the Fund, any selling security holder on whose behalf the distribution is made, any director of the Fund (who was a director at the date of this Offering Memorandum), and any person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you choose to rescind your purchase, you cannot then sue for damages. In addition, in an action for damages, the defendant will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of your securities as a result of the misrepresentation. Furthermore, the amount recoverable in an action for damages will not exceed the price at which the securities were offered. There are various defences available to the persons or companies that you have a right to sue. For example, they have a defence if they prove that you knew of the misrepresentation when you purchased the securities.

The defendant will not be liable for a misrepresentation in forward-looking information if the Fund proves that:

- (a) this Offering Memorandum contained, proximate to the forward-looking information, reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and
- (b) the Fund has a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

If you intend to rely on the statutory rights to sue described above, you must do so within strict time limitations.

In Nunavut, you must commence your action to cancel the agreement to purchase securities within 180 days after the transaction or commence your action for damages within the earlier of:

- (a) 180 days after learning of the misrepresentation, or
- (b) three years after the transaction.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them.

General

The foregoing summaries are subject to the express provisions of the applicable securities legislation and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions. The rights of action described herein are in addition to and without derogation from any other right or remedy that the Subscriber may have under applicable laws.

ITEM 12. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Fund are attached hereto as Schedule B.

SCHEDULE A - ORGANIZATIONAL STRUCTURE

1. **Blucap Real Estate Fund**

a. General

It is intended that the Fund will qualify as a “mutual fund trust” for the purpose of the Tax Act, although the Fund will not be a “mutual fund” under applicable securities laws.

The Fund is a limited purpose trust that was established to invest in its subsidiaries, which will, directly or indirectly:

- (i) acquire (or otherwise invest in), improve or redevelop, and/or operate and lease to Targeted Lessees a portfolio of low- to mid-rise commercial and mixed-use real estate properties (the “**Properties**”), initially, in the province of Quebec and, subsequently, in other parts of the rest of Canada (the “**Target Markets**”); and
- (ii) where appropriate, sell such Properties or interests therein for a return on investment (collectively, the “**Business**”).

The structure of the Fund is set forth in the organizational chart attached as Exhibit 1 to this Schedule A.

b. Terms of Securities

The Fund intends to make regular distributions representing an amount equal to the Maximum Distribution (as defined below).

A distribution of an amount representing an equivalent yield would be paid on any outstanding exchangeable LP units of the Property LPs (“**Exchangeable LP Units**”), being the class B units of the Property LPs that may be issued to certain property vendors as partial consideration for the purchase of Properties by the Property LPs. The Exchangeable LP Units may be exchanged into units of the Fund under the terms and conditions set forth in the exchange agreements to be entered into among the Fund, Blucap OpTrust, and Blucap GP with each of the Property LPs providing, among other things, for the right to effectively exchange, through a series of steps, all or a portion of the Exchangeable LP Units for Units of the Fund.

The Fund is authorized to issue an unlimited number of Units of an unlimited number of classes. There are two classes of Units currently authorized, namely Class A Units and Class B Units. Only Class A Units are currently issued and outstanding. Pursuant to the Declaration of Trust, the Fund may create a new class of Units and make corresponding amendments to the Declaration of Trust to create such new class of Units by providing not less than 30 days’ prior written notice to Unitholders. Currently, the Class B Units are designed for fee-based and/or institutional accounts and differ from the Class A Units in that it is anticipated that the Selling Commissions paid upon issuance of the Class B Units will be lower than those payable on the issuance of the Class A Units. Accordingly, the net asset value per Unit for Class A Units and Class B Units will not be the same as a result of the different fees allocable to Class A Units and Class B Units.

The Units issued under the Offering entitle the holders thereof to one vote for each whole Unit held at all meetings of voting Unitholders. Special voting units would be issued in connection with or in relation to Exchangeable LP Units that are, directly or indirectly, exchangeable for Units, in each case for the sole purpose of providing voting rights at the Fund level to the holders of such securities and such units would entitle the holder thereof to a number of votes at any meeting of the Unitholders equal to the number of Units of the Fund that would be obtained by a holder of Exchangeable LP Units if these units were exchanged for Units of the Fund.

Units are redeemable at any time on demand by the holders thereof. Upon receipt of the redemption notice by the Fund, all rights relating to the Units tendered for redemption will be surrendered and the Unitholder will be entitled to receive a price per Unit (the “**Redemption Price**”) equal to the subscription price paid for that Unit under the offering completed pursuant to the Offering Memorandum, i.e., \$10 (the “**Fixed Portion of the Redemption**”).

Price”) plus accrued but unpaid distributions for the period ending on the earlier of (i) the date that the Fixed Portion of the Redemption Price is paid and (ii) the month during which the redemption notice is received (the “**Variable Portion of the Redemption Price**”).

It is intended that the Fixed Portion of the Redemption Price will be paid no later than five days after the end of the month in which the Units were tendered for redemption and that the Variable Portion of the Redemption Price will be paid concurrently to the Fund Distributions (as defined below) for the period in which the redemption occurred.

The aggregate Redemption Price payable by the Fund in respect of all Units surrendered for redemption during any month will be satisfied by way of a cash payment; 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 such Units and all other Units tendered for redemption in the same month shall not exceed \$20,000 (the “**Redemption Expenses**”).

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the foregoing limitations, then the Redemption Price for such Units shall be paid and satisfied by way of a distribution in kind of a note. Such a note would not constitute a qualified investment for purposes of a Tax Deferred Plan. You should consult your own professional advisers to obtain advice on the income tax consequences that apply to your situation.

c. Limitation on Non-Resident Ownership

In order for the Fund to maintain its status as a “mutual fund trust” under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada (“**Non-Residents**”) within the meaning of the Tax Act. Accordingly, for so long as it is required by the Tax Act to meet that test, the Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of more than 49.9% of the Units.

The trustees of the Fund, in accordance with the Declaration of Trust, in their sole discretion, are authorized to take any action required so that the Fund continues to qualify as a mutual fund trust for purposes of the Tax Act.

d. Distributions to Unitholders

The Fund’s available cash consists of all cash amounts received by the Fund less estimated cash amounts required for repayment of the principal amount of any indebtedness or the payment of accrued interest thereon, costs, expenses, capital expenditures and other obligations of the Fund, cash redemptions and repurchases of Units and for income tax liability of the Fund, if any.

The Fund intends to make regular distributions of its available cash to the Unitholders on record on the last business day of each month or each quarter (the “**Fund Distributions**”), at its discretion. Such distributions are expected to be paid on or about the 20th day of each month or the following the end of each quarter, as the case may be. The Fund intends to pay monthly distributions to those subscribers having invested \$100,000 or more under the Offering and quarterly distributions to all other subscribers.

The Fund’s available cash will ultimately be derived from distributions made by the Property LPs as a result of the Fund’s indirect interest in the Property through units held in Blucap OpTrust.

Unitholders who are Non-Residents will be subject to withholding taxes in respect of any distribution of income by the Fund. Non-Residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

It is intended that the Fund Distributions are to be capped, for a given quarter, to an amount corresponding to 2.5% of the aggregate original subscription price of all outstanding Units on the first day of that given quarter (being 1/4 of the targeted return of 10%). In the case of monthly Fund Distributions, those Fund Distributions are intended to be capped, for a given month, to an amount corresponding to approximately 0.83% of the aggregate original subscription price of all outstanding Units on the first day of that given month (being 1/12 of the targeted return of

10%). In all cases, Fund Distributions are subject to adjustment relating to the redemption of Units, if any, that occurred in a given period before the Fund Distributions for that given period.

The Units are neither fixed income nor equity securities. The Units represent a fractional interest in the net assets of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. Unitholders will 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.

2. Blucap Operating Trust

a. General

Blucap OpTrust was established to be a limited partner of the Property LPs, which will carry on the Business.

To effect the investment in the Property LPs, the Fund intends to subscribe for units and series 1 notes of Blucap OpTrust, which will in turn use those subscription proceeds to subscribe for limited partnership units of the Property LPs, which will then use those subscription proceeds to acquire one or more Properties.

The general partner of the Property LPs will be Blucap GP or one or more separate entities.

b. Declaration of Trust of Blucap OpTrust

The Fund has subscribed for units and series 1 notes of Blucap OpTrust and is the sole unitholder of Blucap OpTrust. The declaration of trust of Blucap OpTrust provides that it is intended that the Fund will be the sole unitholder of Blucap OpTrust at all times.

3. Blucap Limited Partnership

a. General

It is anticipated that Blucap OpTrust will subscribe for limited partnership units of the Property LPs and will be the sole limited partner of each Property LP.

It is anticipated that Blucap GP will be the general partner of the Property LPs. The sole director and officer of Blucap GP is Mr. Robert Iny.

b. Limited Partnership Agreement

It is anticipated that the Property LPs will be formed to carry on the Business, in accordance with the terms of Property LP Agreements.

Subject to any limitation set out in a Property LP Agreement or any property and asset management agreement, including the Management Agreement, and to the limitations provided for by law, Blucap GP shall have full power and exclusive authority for and on behalf of the Property LPs to manage, conduct, control, administer and operate the business and affairs of the Property LPs and shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and Business of the Property LPs described in the applicable Property LP Agreement and for the protection and benefit of the Property LPs.

Accordingly, Blucap GP has delegated the day-to-day management and the operation of the affairs of the Property LPs to the Manager under the Management Agreement, pursuant to which the Manager has agreed to provide the property and asset management services in respect of the Properties as subcontractor to the Fund and its subsidiaries for a variable Fee determined pursuant to the Management Agreement. See Item 2.7.4.3 – Management Fee.

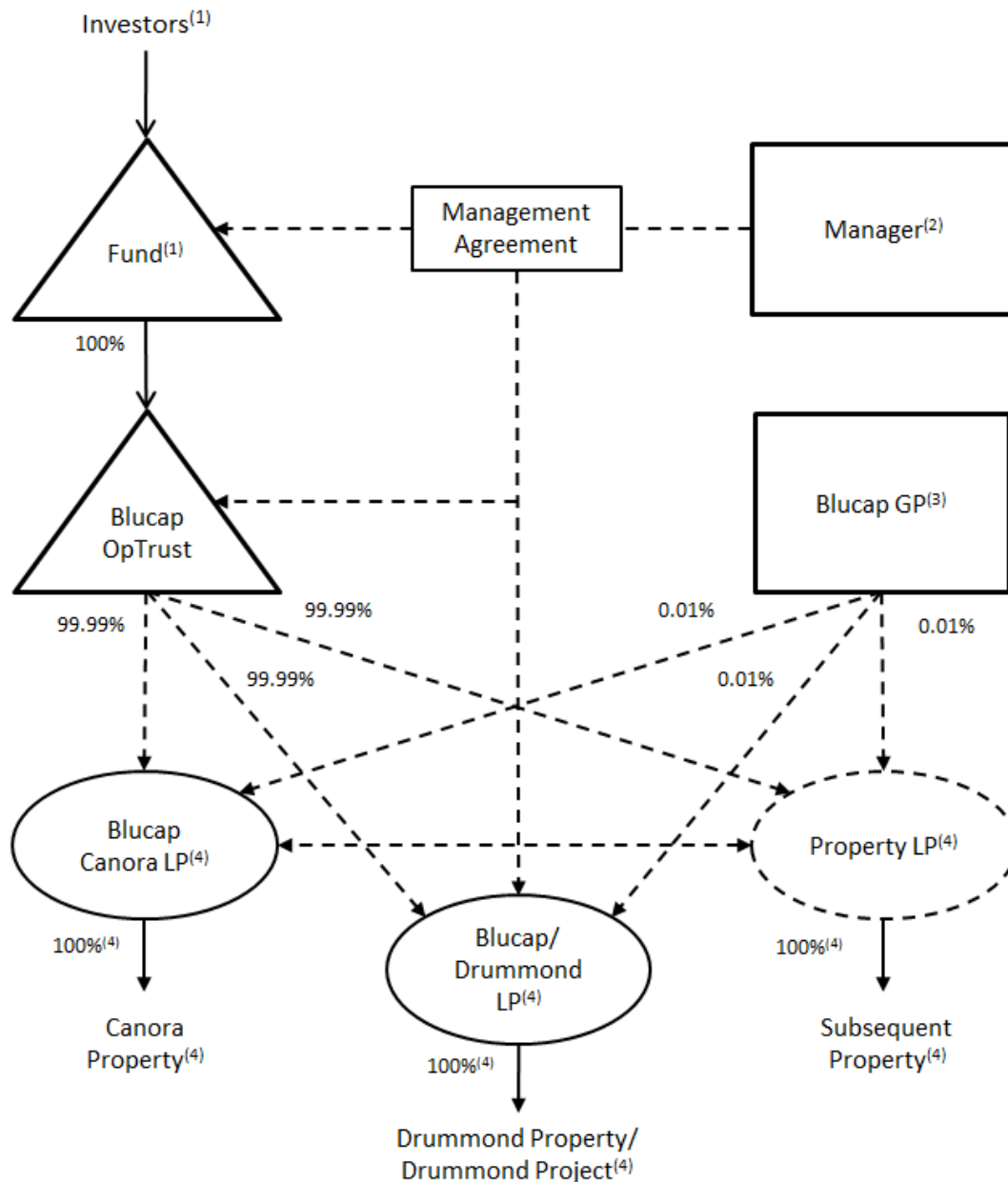
c. Distributions and OpTrust's Units Cap

The Property LPs will make regular cash distributions of their available cash. The Property LPs' cash available for distribution will be derived from the operation of the Business and will generally consist of all available cash on hand at the end of each payment period after satisfaction of (i) the costs associated with the offering described in the Offering Memorandum, (ii) the Structure Expenses, and (iii) the Redemption Expenses.

It is intended that under the Property LP Agreements that the cash distributions in favour of Blucap OpTrust are to be capped, for a given payment period, at an amount equivalent to 10% annually of the aggregate value of all outstanding Units on the first day of that given period (subject to adjustment relating to the redemption of Units, if any, that occurred in a given period before the cash distributions for that given period) (the "**Maximum Distribution**").

It is anticipated that pursuant to the property and asset management agreements to be entered into by the Property LPs and pursuant to the Management Agreement, the Property LPs available cash in excess of the Maximum Distribution for a given period will ultimately be distributed to the Manager through the Fee. However, as it is intended to reach the Maximum Distribution in each period, the Fee payable to the Manager for any period in which the Maximum Distribution is not reached will be nil.

EXHIBIT 1 TO SCHEDULE A
ORGANIZATIONAL CHART



Notes:

- (1) Investors hold Units, each of which represents a holder's proportionate undivided beneficial interest in the Fund.
- (2) The Manager will provide property and asset management services to the Fund, Blucap OpTrust, and the Property LPs pursuant to the terms and conditions of the Management Agreement. Mr. Robert Iny beneficially owns or controls, directly or indirectly, all of the issued and outstanding common shares of the Manager and is the sole officer and director of the Manager.
- (3) Mr. Robert Iny beneficially owns or controls, directly or indirectly, all of the issued and outstanding common shares of Blucap GP and is the sole officer and director of Blucap GP.
- (4) Each of the existing Property LPs are, and any subsequently constituted Property LPs will be, limited partnerships, formed under the laws of the province of Quebec (or elsewhere, as reasonably determined by the Fund and its subsidiaries) for the purposes of acquiring Properties. A separate Property LP will be used for the acquisition of, or investments in, each Property. Each Property LP will be governed by a separate Property LP Agreement. It is anticipated that the partners of each Property LP will be Blucap OpTrust (as limited partner) and Blucap GP or one or more separate entities (as the general partner(s) of such Property LP).

SCHEDULE B - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE FUND

(See attached)

Consolidated Financial Statements

Blucap Real Estate Fund

December 31, 2016

BLUCAP REAL ESTATE FUND

**CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016**

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CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated statement of changes in unitholder’s equity	5
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INDEPENDENT AUDITOR'S REPORT

To the unitholders and trustees of
BLUCAP REAL ESTATE FUND

We have audited the accompanying consolidated financial statements of **BLUCAP REAL ESTATE FUND**, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of income, changes in unitholder's equity and cash flows for the initial period from May 16 to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 about whether the consolidated financial statements are free from material misstatement.

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

MAZARS HAREL DROUIN, LLP

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INDEPENDENT FIRMS



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, the consolidated financial statements present fairly, in all material respects, the financial position of **BLUCAP REAL ESTATE FUND** as at December 31, 2016, and its financial performance and cash flows for the initial period from May 16 to December 31, 2016 in accordance with International Financial Reporting Standards.

Other Matter

Without modifying our opinion, we draw attention to Note 1 of the consolidated financial statements, which indicates that the Fund does not generate any profit and that the beginning of activities is dependent upon financing from the offering memorandum. This situation may indicate the existence of a material uncertainty regarding the capacity of the Fund to continue as going concern.

1

Mazars Harel Brown, LLP

Montréal, May 1, 2017

1. CPA auditor, CA, public accountancy permit n°A117854

BLUCAP REAL ESTATE FUND

Consolidated statement of financial position

December 31, 2016

ASSETS

Current assets

Cash and cash equivalents	<u>\$ 100</u>
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Non-current assets

Deferred charges - Trust Units issuance transaction costs	<u>120,049</u>
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Total assets	<u>\$ 120,149</u>
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LIABILITIES AND UNITHOLDERS' EQUITY

Current liabilities

Accounts payable and accruals - Professional fees for auditor and consultants	<u>\$ 140,798</u>
---	-------------------

Unitholders' equity

Unitholders' equity (Note 4)	100
Deficit	<u>(20,749)</u>
	<u>(20,649)</u>

Total liabilities and unitholders' equity	<u>\$ 120,149</u>
--	--------------------------

See accompanying notes to the consolidated financial statements.

Approved by the trustees of BLUCAP REAL ESTATE FUND

(s) Gilles Seguin , Trustee

(s) Michel Panzini , Trustee

(s) Eric Aouizerats , Trustee

BLUCAP REAL ESTATE FUND

Consolidated statement of comprehensive loss

December 31, 2016

	May 16 to December 31, 2016
Revenue	<u>\$ -</u>
Expenses	
Professional fees	5,749
Trustees' fees	<u>15,000</u>
	<u>20,749</u>
Comprehensive loss	<u>\$ (20,749)</u>

See accompanying notes to the consolidated financial statements

BLUCAP REAL ESTATE FUND

Consolidated statement of changes in unitholder's equity

December 31, 2016

	Number of units	Unitholders' capital (Note 4)	Accumulated gain / (deficit)	Unitholders' Equity
Balance as at May 16, 2016	-	\$ -	\$ -	\$ -
Comprehensive loss	-	-	(20,749)	(20,749)
Contributions	10	100	-	100
Balance as at December 31, 2016	10	\$ 100	\$ (20,749)	\$ (20,649)

See accompanying notes to the consolidated financial statements

BLUCAP REAL ESTATE FUND

Consolidated statement of cashflows

May 16 to
December 31, 2016

Operating activities

Comprehensive loss \$ (20,749)

Changes in non-cash working capital:

Accounts payable and accruals - Professional fees for auditor and consultants 140,798

Net cash generated from operating activities

-

Net cash used for investing activities

-

Financing activities

Proceeds from issuance of units 100

Deferred charges - Trust Units issuance transaction costs (120,049)

Net cash generated from financing activities

(119,949)

Net decrease in cash and cash equivalents

100

Cash and cash equivalents at beginning of year

-

Cash and cash equivalents at end of year

\$ 100

See accompanying notes to the consolidated financial statements

BLUCAP REAL ESTATE FUND

Notes to the consolidated financial statements

December 31, 2016

1. Creation and nature of the activities

Blucap Real Estate Fund (the "Fund") was constituted on May 16, 2016 under the Civil Code of Québec pursuant to the Declaration of Trust. The Fund's registered and head office is located at 1315, Canora Road, Mont-Royal, Quebec H3P 2J5.

The Fund was constituted to qualify as a "mutual fund trust" under the Tax Act for the purpose of investing in its subsidiaries, which will, directly or indirectly, carry on the commercial and mixed-use real estate development business.

The Fund does not and will not carry on active business, directly. Rather, the Fund owns interests in subsidiary entities, which carry on the business of acquiring or otherwise investing in, improving or redeveloping, and/or operating and leasing to targeted lessees a portfolio of low- to mid-rise commercial and mixed-use real estate properties in the target markets and, where appropriate, selling properties or interests therein for a return on investment.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") assuming the Fund will continue on a going-concern basis. The Fund has incurred a loss since inception. The ability of the Fund to continue as a going concern in the long-term depends upon its ability to raise adequate financing. Management is actively targeting sources of financing through the Offering Memorandum ("OM"). These conditions indicate the existence of a material uncertainty that may give rise to significant doubt about the entity's ability to continue as a going concern.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below.

Basis of preparation and statement of compliance

The consolidated financial statements has been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS requires management to exercise its judgement in the process of applying the Fund's accounting policies and making certain critical accounting estimates that affect the reported amounts of assets, liabilities, income and expenses during any reporting year. Actual results could differ from those estimates. The following is a summary of significant accounting policies that will be followed by the Fund in the preparation of its consolidated financial statements.

BLUCAP REAL ESTATE FUND

Notes to the consolidated financial statements

December 31, 2016

2. Summary of significant accounting policies (continued)

Basis of preparation and statement of compliance (continued)

The consolidated financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments and derivative financial instruments, which are measured at fair value. Historical cost generally represents the fair value of consideration given in exchange for assets upon initial recognition.

These consolidated financial statements were approved by the trustees for issue on May 1, 2017.

Basis of consolidation

These consolidated financial statements include the accounts of the Fund and its subsidiary. All intercompany transactions have been eliminated in these consolidated financial statements.

Subsidiaries are those entities that the Fund controls by having the power to govern the financial and operating policies of the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Fund controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Fund and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases.

Consolidated entities include:

- Blucap Operating Trust, 100% owned

Distributions

Distributions to Unitholders are recognized in the period in which they are approved by the Board of Trustees and are recorded as a reduction of Unitholder's equity.

Functional currency and presentation currency

The financial statements are presented in Canadian dollars, which is the Fund's functional and presentation currency.

Issue costs

Issue costs incurred in connection with the offering will be charged against the capital raised by the OM.

BLUCAP REAL ESTATE FUND

Notes to the consolidated financial statements

December 31, 2016

2. Summary of significant accounting policies (continued)

Income taxes

It is expected that the Fund is taxed as a mutual fund for Canadian income tax purposes.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid marketable investments with an original maturity date of 90 days or less from the date of acquisition. Cash equivalents are designated as Fair Value Through Profit and Loss ("FVTPL") and accounted for at fair value.

Financial instruments - classification and measurement

Financial assets

Financial assets are classified as either financial assets at FVTPL, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Fund determines the classification of its financial assets at initial recognition. When, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, the investment is reclassified into the available-for-sale category.

Financial assets at FVTPL

The Fund may designate any financial asset as fair value through profit or loss on initial recognition with transaction costs recognized in profit or loss. Financial assets are also classified as financial assets at FVTPL if they are acquired for the purpose of selling in the near term. Gains or losses on these items are recognized in profit or loss. Cash and cash equivalents are classified in this category.

Derivatives that are financial assets are classified as financial assets at FVTPL unless they are designated as, and are effective, hedging instruments.

Financial liabilities

The Fund classifies its financial liabilities on initial recognition as either FVTPL or other liabilities measured at amortized cost. Financial liabilities are initially recognized at fair value less related transaction costs. Financial liabilities classified as other liabilities are measured at amortized cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the financial liabilities are recognized in comprehensive income over the expected life of the debt. The Fund's financial liabilities that are classified as FVTPL are initially recognized at fair value and are subsequently remeasured at fair value each reporting period, with changes in the fair value recognized in comprehensive income. Accounts payable and unit contributions are classified as other liabilities.

BLUCAP REAL ESTATE FUND

Notes to the consolidated financial statements

December 31, 2016

2. Summary of significant accounting policies (continued)

Financial instruments - classification and measurement (Continued)

Loans and receivables

Loans and receivables (including trade, other receivables and long-term receivables with terms of more than one year) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortized cost using the effective interest rate method, less any impairment losses, with gains and losses recognized in profit and loss when the asset is derecognized or impaired. Loans yielding interest at normal market rates are reported at face value, while non-interest bearing loans and loans not at market rates are discounted to present value using a risk adjusted discount rate.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Fund has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Held-to-maturity investments are measured at amortized cost using the effective interest rate method, less any impairment losses. Impairment losses are recognized in profit and loss.

The Fund's risk management policies are established to identify, analyze and manage the risks faced by the Trust and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the Fund's activities and to ensure applicability.

Available-for-sale financial asset

Available-for-sale financial assets are those non-derivative assets that are designated as available-for-sale or are not classified in any of the other three stated categories. After initial recognition, available-for-sale financial assets are measured at fair value with unrealized gains or losses recognized in other comprehensive income until the asset is derecognized, or impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit or loss.

BLUCAP REAL ESTATE FUND

Notes to the consolidated financial statements

December 31, 2016

2. Summary of significant accounting policies (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL and those available-for-sale measured at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in net income.

When an available-for-sale financial asset is considered to be impaired, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to net income. Impairment losses previously recognized in net income are not reversed through net income. Any increase in fair value subsequent to an impairment is recognized in other comprehensive income.

Units

Under International Accounting Standard ("IAS") 32, Financial Instruments - Presentation ("IAS 32"), puttable instruments, such as the Units, are generally classified as financial liabilities unless the exemption criteria are met for equity classification. The Units meet the exemption criteria under IAS 32 for equity classification.

Estimates

Estimations and underlying hypotheses are reexamined on a continual basis. Related changes are recorded in the year they occur and future related years. The Fund's main estimates are:

- Evaluation of financial liabilities as they are issued

3. Sale of units in the offering memorandum

The Fund is undertaking a private placement of Class A and Class B Units in certain provinces and territories of Canada, with gross proceeds of up to \$25,000,000 (2,500,000 Units), with aggregate minimum gross proceeds from the sale of Units of \$1,200,000 (120,000 Units). The price per unit is \$10 and the minimum subscription is \$1,000 (100 Units). There is no maximum number of units allocated to any subscriber.

The Units offered will be subject to a number of resale restrictions under securities legislation, including a restriction on trading. Unless or until the restrictions on trading expire, you will not be able to trade the Units.

BLUCAP REAL ESTATE FUND

Notes to the consolidated financial statements

December 31, 2016

4. Unitholder's equity

At formation of the Fund, 10 Class A Units were issued for \$100. The Fund is authorized to issue unlimited Units of an unlimited number of classes, redeemable at any time by the holder. It is expected that the 10 outstanding units will be redeemed upon completion of the Offering.

Units entitle the holders thereof to one vote for each whole unit held at all meetings of voting Unitholders. Special voting units would be issued in connection with or in relation to Class B units to be expected to be issued by the Limited Partnership that will be purchased by the Operating Trust that are, directly or indirectly, exchangeable for units of the Fund, in each case for the sole purpose of providing voting rights at the Fund level to the holders of such securities and such units would entitle the holder thereof to a number of votes at any meeting of the Unitholders equal to the number of Units of the Fund that would be obtained by a holder of Class B units if these units were exchanged for Units of the Trust.

Units are redeemable at any time on demand by the holder. The redemption price for the Units is equal to the subscription price paid for that Unit under the offering completed pursuant to the OM, plus accrued but unpaid distributions.

The Fund intends to make regular distributions of its available cash to the Unitholders on record on the last business day of each month or each quarter, at its discretion. The Fund intends to pay monthly distributions to those subscribers having invested \$100,000 or more under the OM and quarterly distributions to all other subscribers. Distributions are to be capped, for a given quarter, to an amount corresponding of 2.5% and, for a given month, to an amount of 0.83%, of the aggregate original subscription price of all outstanding Units on the first day of that given quarter or given month. In all cases, distributions are subject to adjustment relating to the redemption of Units, if any, that occurred in a given period before the distributions for that given period.

5. Commitments

The Fund signs agreements with selling agents in connection with the issuance of Units of the Fund. The Fund intends to offer as remuneration to the selling agents up to 10% of the gross proceeds realised on the sale of Units under the OM. The Fund will also pay up to 3% of the gross proceeds of the OM to parties, including exempt market dealers, who provide wholesaling services to the Trust with respect to the sale of Units under the OM. The Fund will pay all commissions and fees incurred by the Fund with respect to the OM.

BLUCAP REAL ESTATE FUND

Notes to the consolidated financial statements

December 31, 2016

5. Commitments (continued)

In consideration of the services provided by the manager of the Fund under a management agreement, which will be in force for 12 years, the Fund shall pay to the manager a fee payable on the last day of each calendar month equal to the amount obtained by the following formula: $A = (B+C)-D-E$, where A is equal to the amount payable (including applicable sales tax), B is equal to the gross revenue from each Property or interest therein, C is equal to any realised gain from the disposition of any property where the sale price of such property is greater than the original purchase price paid by the Fund or any of its subsidiaries for the purchase of such Property, D is equal to the costs associated with the OM, E is equal to the amount of distributable cash available to the Fund for a monthly or quarterly distribution period.

6. Financial risks

The Fund's risk management policies enable the Fund to identify, analyze and manage the risks faced by the Trust and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the Trust's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Fund's use of financial instruments include credit risk, liquidity risk and market risk. These risks, and the actions taken to manage them, include:

Credit :

This refers to the risk that the Fund will incur a financial loss if the other party to a financial instrument fails to discharge an obligation. The maximum exposure to credit risk for the Trust at the end of a given period usually corresponds to the carrying amount of its financial assets exposed to such risk. The Fund plans to limit its exposure by investing funds diligently.

Liquidity :

Liquidity risk is the risk the Fund will encounter difficulty in meeting obligations associated with the maturity of financial obligations. The Fund will constantly scrutinize its financial assets vis-à-vis its financial liabilities to keep the proper balance between having sufficient funds available to meet all its obligations, as they come due, and investing said funds to earn the best possible returns.

Market :

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other market price risk. The Fund interest rate is mitigated since the rate of return payable to the Unitholders on their investments is based on cash available in the Fund and is capped at 10%.

BLUCAP REAL ESTATE FUND

Notes to the consolidated financial statements

December 31, 2016

7. Standards, amendments and interpretations not yet effective

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended December 31, 2016:

IFRS 9, Financial Instruments:

IFRS 9, Financial Instruments replaces IAS 39 – Financial Instruments: Recognition and Measurement. This standard presents two measurement categories: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flows' characteristics of the financial asset. Furthermore, the standard introduces a single forward-looking expected credit loss impairment model.

The standard is effective for annual periods beginning on or after January 1, 2018. The Fund is currently assessing the impact of this new standard on its opening balance sheet.

IFRS 15, Revenue from Contracts with Customers:

IFRS 15 replaces IAS 18 - Revenue, IAS 11 - Construction contracts and other revenue related interpretations. IFRS 15 provides for a single five-step model that applies to contracts with customers. The proposed framework establishes principles for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

The new standard is effective for annual periods beginning on January 1, 2018. The Fund is currently assessing the impact of this new standard on its opening balance sheet.

IFRS 16, Leases:

IFRS 16 - Leases replaces IAS 17 Leases, and related interpretations.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer/lessee and the supplier/lessor. More specifically, IFRS 16 is requiring assessing whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time. In such cases, leases are capitalized as "right-of-use assets" or as "property, plant and equipment". Therefore, the new requirement eliminates the classification of leases as either operating leases or finance leases for a lessee.

The new standard is effective for annual periods beginning on January 1, 2019. The Fund is currently assessing the impact of this new standard on its opening balance sheet.

BLUCAP REAL ESTATE FUND

Notes to the consolidated financial statements

December 31, 2016

8. Capital management disclosures

The Fund's capital structure has been defined by management as being comprised of unitholders' equity. The Fund's objectives when managing its capital structure are to preserve the Fund's access to capital markets and its ability to meet its financial obligations and to finance its activities and general corporate costs. This is achieved by the Board of Trustees review and acceptance of budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other funding, especially regarding the moment those expenditures will occur.

The Fund monitors its capital structure using annual forecasted cash flows, budgets and targets for the year as well as corporate capitalization schedules.

The Fund currently has no source of revenues; as such the Fund is dependent upon external financing to fund its activities. In order to carry future projects and pay for administrative costs, the Fund will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Fund, is reasonable.

Based on available funds, the Fund manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above as well as support future business opportunities. To manage the capital structure the Fund may adjust its programs, operating expenditure plans, or issue new units.

The Board of Trustees does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Fund's management to sustain future development of the business. The Fund is not subject to externally imposed capital requirements or covenants. The Fund's approach to capital management has not changed over the last year.

9. Related party transactions

The Fund's related parties include its subsidiary : Blucap Operating Trust; entities under common control : Blucap/Drummond LP, Blucap Miséricorde LP, Blucap Canora LP1 LP, its trustees: Gilles Séguin, Michel Panzini and Éric-Joseph Aouizerats; its manager and Blucap GP.

The following related party transactions occurred in the current period :

Trustees

- Trustees' Fees \$ 15,000

At year-end, intra group balances to be paid in regards to transactions listed above are as follows :

- Trustees \$ 15,000

BLUCAP REAL ESTATE FUND

Notes to the consolidated financial statements

December 31, 2016

10. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

The Fund's financial instruments include cash and cash equivalents, accounts payable and redeemable Units.

The carrying values of the Fund's financial instruments as at December 31, 2016 are as follows :

- Other Liabilities \$ 140,798

The Fund has implemented a system to test fair value measurements. Management is responsible for overseeing any significant fair value measurements, specifically those categorized within level 3.

Management regularly reviews key unobservable inputs and measurement adjustments. If fair value is measured using third party information (broker ratings or external valuation services), management analyzes the information obtained to ensure that it complies with IFRS requirements and that the estimated fair value is categorized appropriately.

To the extent possible, the Fund uses data from observable markets to measure the fair value of an asset or liability. Fair value measurements are established based on a hierarchy into three levels that categorizes the inputs to valuation techniques

Level 1

Fair value measurement based on quoted prices (unadjusted) observable in active markets for identical assets or liabilities.

Level 2

Fair value measurement using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3

Fair value measurement using inputs that are not based on observable market data (unobservable inputs).

Management considered that cash is of level 1 in the hierarchy of fair value measurements. The carrying amount of cash is of \$100 and it is considered to be its fair value.

11. Subsequent events

In January 2017, the Fund received 99.99% units of 2 entities under common control, Blucap/Drummond and Blucap Canora LP1 in return of Units to be issued.

ITEM 13. DATE AND CERTIFICATE

Dated May 29, 2017.

This Offering Memorandum does not contain any misrepresentation.

(s) Gilles Seguin

Gilles Seguin
Trustee

(s) Michel Panzini

Michel Panzini
Trustee

(s) Eric Aouizerats

Eric Aouizerats
Trustee