PRIVATE PLACEMENT CONFIDENTIAL OFFERING MEMORANDUM JULY 5, 2018
GVEST PRIVATE EQUITY LTD.
(THE "CORPORATION")

10840 - 27th Street SE, Calgary, Alberta, Canada T2Z 3R6
Phone: (403) 570-5168 / Email: **cpelletier@gracorpcapital.com**
Fax: (403) 570-5040

OFFERING OF UP TO:
$20.0 Million of 10% Debentures and Preferred Shares (as described below)

Currently listed or quoted: No. **Reporting issuer:** No. **SEDAR filer:** No.

These securities are not transferable and do not trade on any exchange or market.

THE OFFERING:

Securities Offered:	The Corporation, a corporation formed under the laws of the Province of Alberta, will issue securities referred to as "blocks" and denominated in $1,000 increments (the "**Blocks**"), each of which will grant the Corporation the right to require each Subscriber to purchase (i) one hundred $7.00 principal amount unsecured debentures bearing interest at 10% per annum (the "**Debentures**"); and (ii) a number of preferred shares of the Corporation ("**Preferred Shares**") that is equal to $300 divided by the Fair Market Value at the time of issuance (as defined below), at a later date and in accordance with the terms of the Blocks. See "*Description of Securities Offered – Terms of Securities*".
Price per Security:	Blocks will be issued at no cost to the Subscriber. The Debentures and Preferred Shares will be issued at the prices set out above under "*Securities Offered*".
Minimum Offering:	**There is no minimum offering. You may be the only purchaser.**
Maximum Offering:	$20,000,000 (the "**Maximum Offering**"), including proceeds of a concurrent offering of Partnership Units (the "**Partnership Offering**") of GVest Private Equity Limited Partnership (the "**Partnership**"). It is not known at this time what portion of the aggregate Offering amount will be raised through the issuance of Partnership Units and what portion will be raised through the issuance of Debentures and Preferred Shares of the Corporation. **Funds available under this Offering may not be sufficient to accomplish our proposed objectives.**
Minimum Subscription Amount:	The minimum subscription amount is $5,000 and subscriptions for Capital Commitments must be made in $1,000 increments.
Payment Terms:	Each subscriber of a Block (a "**Subscriber**") will execute a subscription agreement (the "**Subscription Agreement**") pursuant to which the Subscriber will make a capital commitment ("**Capital Commitment**") to purchase on demand by the Corporation, Preferred Shares and Debentures in $1,000 increments (a "**Capital Call**"). The Corporation will give notice to Subscribers of a Capital Call and the Subscribers will be required to purchase Preferred Shares and Debentures pursuant to the terms of the Blocks and the Capital Call.
Proposed Closing Dates:	The initial issuance of Blocks under this Offering is intended to occur on, or about August 20, 2018 (the "**Initial Closing Date**"). The Initial Closing Date may be extended at the discretion of the Corporation. The Offering may also remain open, and additional closing dates may be set, at the Corporation's discretion. The issuance of Preferred Shares and Debentures pursuant to a Capital Call will occur from time to time and pursuant to the terms of each Capital Call Notice ("**Closings**"). Payment for Preferred Shares and Debentures will be payable by certified cheque or bank draft or such other manner as is acceptable to the Corporation, acting reasonably. Preferred Shares and Debentures will be issued at each Closing upon receipt of funds from a Subscriber.
Income Tax Consequences:	There are important tax consequences to making an investment in these securities. See "*Income Tax Consequences*".
Selling Agent:	Gracorp Capital Advisors Ltd. (the "**Manager**") is an exempt market dealer ("**EMD**") pursuant to relevant Canadian securities laws. The Manager is registered as an EMD in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario and may act as selling agent, or may appoint sub-agents, in connection with the Offering. A description of the fee payable to the Manager is set out under the heading "*Compensation Paid to Sellers and Finders*".

Resale Restrictions

The Blocks, Debentures and Preferred Shares and any beneficial interest therein are not transferable. You will be restricted from selling the Debentures and Preferred Shares for an indefinite period. See "*Resale Restrictions*".

Purchasers' Rights

You have two business days to cancel your agreement to acquire the Blocks. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See "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 "Risk Factors".

DISCLAIMERS

Subscriptions for the Blocks offered pursuant to this Offering will be received subject to rejection or allotment in whole or in part and the Corporation reserves the right to close the subscription books at any time without notice.

Neither the Blocks, the Preferred Shares nor the Debentures have been approved or disapproved by any securities regulatory authority in Canada, the United States Securities and Exchange Commission or by the securities regulatory authority of any state, province or any other jurisdiction, nor has any such securities regulatory authority or commission passed upon the accuracy or adequacy of this Offering Memorandum. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or an advertisement for a public offering of the securities referred to herein.

This Offering Memorandum and the information contained herein must be treated in a confidential manner and may not be reproduced or used, in whole or in part, for any other purpose, nor may the Offering Memorandum or such information be disclosed without the prior written consent of the Corporation, the manager of the Partnership and the Manager, all of whom reserve the right to modify any of the terms of this Offering Memorandum and the securities described herein prior to the issuance thereof and to revise and reissue this Offering Memorandum. This Offering Memorandum and the securities offered herein are qualified entirely by the Corporation's constating documents and the terms of the securities offered herein.

Forward-Looking Statements

Certain statements in this Offering Memorandum may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results or performance. Forward-looking statements have been identified by such words as "may", "will", "expect", "believe", "plan", "anticipate", "intend", "estimate" and other similar terminology. In particular, this Offering Memorandum contains forward-looking statements relating to: (i) the anticipated use of the net proceeds of the Offering; (ii) the anticipated date of closing of the Offering; and (iii) the business plan of the Corporation. Forward-looking statements respecting the anticipated use of the net proceeds of the Offering are based upon various assumptions and factors, including that there will be no material changes to the Corporation's business or operating conditions. Such forward-looking statements are subject to the risk that a material change in the Corporation's business or operating conditions will necessitate a reallocation of the net proceeds of the Offering. Forward-looking statements respecting the anticipated Initial Closing Date of the Offering are based upon various assumptions and factors, including that all corporate approvals will be received in a timely manner and that the Offering will not be terminated prior to such anticipated date. Forward-looking statements respecting the business plan of the Corporation are based upon various assumptions and factors, including: (i) that the sources of funding which the Corporation has relied upon in the past will continue to be available to the Corporation on acceptable terms; (ii) the absence of material changes in economic and operating conditions; (iii) no material changes in currency exchange rates or interest rates; and (iv) the continued ability of the Corporation to generate internal cash flow. Such forward-looking statements are subject to certain risks, including uncertainty in credit and equity markets and the inability to access capital, the default of contractual obligations by third parties, industry conditions, the loss of key management personnel and fluctuations in currency exchange rates. These statements reflect the Corporation's current expectations regarding future events and operating performance and speak only as of the date of this document. The Corporation and the Manager expressly disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking conditions or circumstances on which any statement is based except as required by applicable law.

Marketing Material

All written communication from the Corporation delivered to a prospective Subscriber in advance of the date hereof, and during the course of the Offering, which contains material facts relating to the Corporation, the Capital Commitments, the Preferred Shares, the Debentures or the Offering is hereby included by reference and is deemed to form part of this Offering Memorandum.

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GLOSSARY OF TERMS

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

"**Blocks**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**Capital Call**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**Capital Call Notice**" means the issuance of a notice to Subscribers by the board of directors of the Corporation at least 10 days prior to the applicable Closing when Capital Commitments are required, specifying the capital contribution to be made to the Corporation. Such capital contribution shall be made on a *pro rata* basis by all Subscribers based on the proportion that their respective remaining Blocks bears to the aggregate remaining Blocks of all Subscribers (regardless of when such Blocks were actually issued);

"**Capital Commitment**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**CC&L GVest Fund**" means Connor Clark & Lunn GVest Traditional Infrastructure Limited Partnership, the Manager's second sponsored fund. See "*Business of the Corporation and the Manager – Structure*"*;*

"**Closings**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**Corporation**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**Debentures**" means $7.00 principal amount unsecured debentures of the Corporation bearing interest at 10% per annum. See "*Description of Securities Offered*"*;*

"**Debentures Lock-up Date**" means December 31 following the fifth anniversary of the issuance of a Debenture when a holder may retract such Debenture. See "*Description of Securities Offered – Terms of Securities – Debentures*"*;*

"**EMD**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**Fair Market Value**" means the fair market value of the Preferred Shares as determined by the board of directors of the Corporation from time to time, taking in consideration the Net Asset Value of the Partnership Units as determined by the general partner of the Partnership and overseen by the independent advisory board of the Partnership;

"**Graham**" means Graham Group Ltd., the parent corporation of the Manager;

"**GVest Fund 1**" means GVest Infrastructure and Development Fund I, the Manager's first sponsored fund. See "*Business of the Corporation and the Manager – Structure*"*;*

"**Initial Closing Date**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**Management Fee**" means the fee paid quarterly by the Corporation to the Manager for all services rendered by the Manager pursuant to the MSA. See "*Material Agreements*"*;*

"**Manager**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**Maximum Offering**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**MSA**" means the management services agreement, dated December 17, 2009 as between the Corporation and the Manager, pursuant to which the Manager has agreed to provide a range of services to the Corporation. See "*Material Agreements*";

"**Net Asset Value**" means the net asset value of the Partnership Units as at the date of issuance, or as calculated from time to time pursuant to the terms of the Partnership Agreement by the general partner of the Partnership and overseen by the independent advisory board of the Partnership;

"**Net Proceeds**" means the net funds available to the Corporation under this Offering after the deduction of selling commissions and fees, offering costs, and any working capital deficiencies. See "*Use of Available Funds*"*;*

"**Offering**" means the offering of up to $20,000,000 of Capital Commitments of the Corporation;

"**Partnership**" means GVest Private Equity Limited Partnership;

"**Partnership Agreement**" means the limited partnership agreement of the Partnership dated December 3, 2009, and as amended from time to time;

"**Partnership Investment**" means an investment in the core business of the Partnership, and includes all the Partnership's current investments listed under the heading "*The Partnership's Investments*"*;*

"**Partnership Offering**" means the concurrent offering of the Partnership, pursuant to which the Partnership is completing an offering of Partnership Units of up to $20,000,000;

"**Partnership Units**" means the interest of a limited partner in the Partnership consisting of a right to participate in the income and losses of the Partnership, to participate in the distribution of the net assets of the Partnership upon a liquidation or winding-up of the Partnership and such other rights as are prescribed under the Partnership Agreement;

"**Payee**" means the recipient of the Service Fee payable to either the Manager or a Sub Agent in connection with the sale of Preferred Shares and Debentures pursuant to the Offering;

"**Preferred Shares**" means the preferred shares of the Corporation. See "*Description of Securities Offered*"*;*

"**Preferred Shares Lock-up Date**" means December 31 following the fifth anniversary of the issuance of Preferred Shares when holder may retract such Preferred Shares. See "*Description of Securities Offered – Terms of Securities – Preferred Shares*";

"**Prospective Investment**" means a potential investment in the core business of the Partnership, and includes the investments listed under the heading "*The Partnership's Prospective Investments*"*;*

"**Service Fee**" means the fee payable to the Manager or a Sub Agent in connection with the sale of Preferred Shares and Debentures pursuant to the Offering;

"**Shareholder**" means a holder of Preferred Shares or other equity securities of the Corporation;

"**Sub Agent**" mean s a sub-agent appointed by the Manager to provide certain services for the benefit of the Subscriber including, without limitation: (i) identifying and introducing to the Subscriber the opportunity to invest in the Corporation; (ii) meeting with the Subscriber as required during each calendar year to provide the Subscriber with insight into the development and progress of the Corporation's investment activities; (iii) providing the Subscriber with all reports and financial statements of the Corporation which may be relevant to the Subscriber's investment in the Preferred Shares and Debentures; and (iv) performing such additional services as may from time to time be mutually agreed between the Manager and/or the Sub Agent;

"**Subscription Price**" means $1,000 per Block, each of which represents a commitment to purchase the specified number of Preferred Shares and Debentures to be issued pursuant to the Offering;

"**Subscriber**" has the meaning ascribed thereto on the cover page of this Offering Memorandum; and

“**Subscription Agreement**” means the subscription agreement of the Corporation, and all exhibits thereto, to be executed by a Subscriber being issued Blocks, and committing to purchase Preferred Shares and Debentures, under this Offering. See “*Description of Securities Offered – Subscription Procedure*".

ITEM 1 – USE OF AVAILABLE FUNDS

Net Proceeds Available to Corporation

The following table sets forth the estimated net proceeds of the Offering that will be available to the Corporation after completion of the Maximum Offering. There is no minimum Offering size.

		Assuming Minimum Offering	Assuming Maximum Offering [(1)]
A	Amount to be raised by this Offering	$0	$20,000,000
B	Selling Commissions and Fees [(2)]	$0	$650,000
C	Estimated Offering costs (e.g. legal, accounting, audit, etc.)	$50,000	$50,000
D	Available Funds: D = A – (B+C)	-$50,000	$19,300,000
E	Additional Sources of Funding Required	$0	$0
F	Working Capital Deficiency	$0	$0
G	Net proceeds: G = (D+E) – F	-$50,000	$19,300,000

Notes:

(1) The Maximum Offering includes proceeds of the Partnership Offering. It is not known at this time what portion of the aggregate offering amount will be raised through the Offering and what portion will be raised through the Partnership Offering.

(2) This is the maximum possible fee payable on this Offering. See "Commission Paid to Sellers and Finders".

Sources and Uses of Net Proceeds from the Offering

The net proceeds, as set forth in the table above (the "**Net Proceeds**") less any reserve as determined by the board of directors, will be used to purchase Partnership Units pursuant to the Partnership Offering. The subscription price payable by the Corporation for Partnership Units from time to time in connection with the Partnership Offering will be the Net Asset Value per Partnership Unit as of the date of issuance, calculated pursuant to the limited partnership agreement governing the Partnership (the "**Partnership Agreement**").

The Corporation is seeking up to $20 million in Capital Commitments from the Subscribers. The approximate sources and projected uses of proceeds are noted below.

SOURCES	
Partnership Offering	$0 to $20,000,000
Corporation Offering	$0 to $20,000,000
Total – maximum combined amount raised	**$20,000,000**

It is not known at this time what portion of the aggregate amount will be raised through the issuance of Units of the Partnership and what portion will be raised through issuance of securities by the Corporation.

From the Net Proceeds raised through the sale of Preferred Shares and Debentures pursuant to the conversion of Blocks and through the subsequent purchase by the Corporation of Partnership Units, the

Partnership expects the Net Proceeds after the completion of the Offering to be used as set forth below. There is no minimum offering size.

Description of Intended use of Net Proceeds Listed in Order of Priority (1)	Assuming Minimum Offering	Assuming Maximum Offering
Waterfront Place Project	$0	$1,750,000
University District Project	$0	$6,500,000
Marine & Kerr Project	$0	$4,000,000
Other Projects & General Corporate Purposes	$0	$7,050,000
Total	**$0**	**$19,300,000**

Notes:

(1) See "*The Partnership's Prospective Investments*" for a description of additional potential investment opportunities for the Partnership.

The Service Fee for this Offering is dependent on the nature and amount of the subscriptions. Assuming the Corporation raises the Maximum Offering of $20 million, the maximum possible Service Fee would be $650,000. See the section "*Compensation Paid to Sellers and Finders*".

The Corporation intends to invest the available funds as stated and will reallocate funds for sound business reasons at the discretion of the board of directors.

ITEM 2 – BUSINESS OF THE CORPORATION AND THE MANAGER

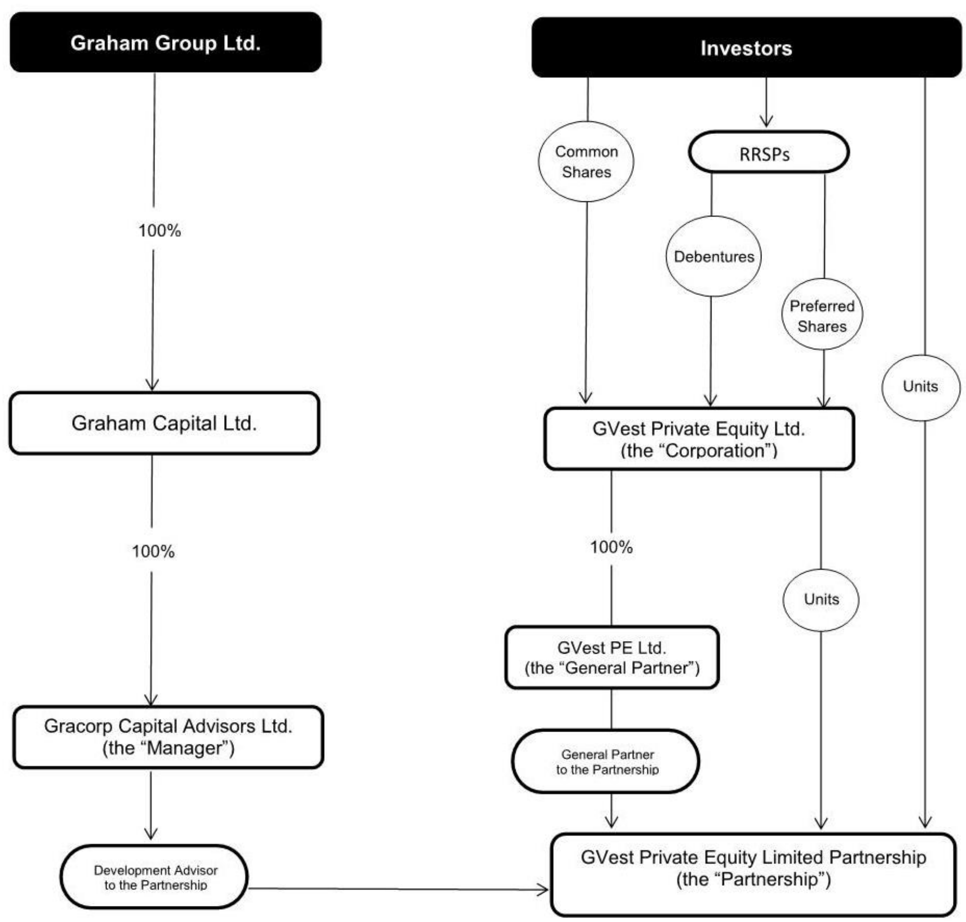
Structure

The Corporation was incorporated on March 31, 2009 under the *Business Corporations Act* (Alberta).

The objective of the Corporation is to manage and invest, either directly or through affiliates, into joint ventures, limited partnerships, equity or preferred equity positions, interest-bearing securities and other investment vehicles primarily involving real estate properties, private equity investments and publicly traded securities in Canada and the United States. The Corporation may invest in a mix of projects, properties and businesses, diversified by location and type, with the ultimate goal of providing cash flow to the Corporation or to develop equity interests for sale. The Corporation has declared itself a public company for purposes of the *Income Tax Act* (Canada) but is not a reporting issuer in any province or territory of Canada. From time to time, the Corporation issues securities in the form of Debentures and Preferred Shares.

The Corporation has and will continue to invest in, and alongside with, the Partnership (a special purpose limited partnership sponsored by the Corporation and the Manager). Since its inception, the Corporation has made several separate investments in Partnership Units. See "*The Corporation's Investments*".

The following organization chart shows the relationships between the Corporation, the Partnership, the general partner of the Partnership, the Manager and its related entities:



The Corporation has entered into a Management Services Agreement ("**MSA**") with the Manager, which provides for the management of the affairs of the Corporation by the Manager. The Corporation's investment opportunities will continue to be originated and managed by the Manager. The Manager is registered as an EMD with the securities regulatory authorities in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario. The Manager is a wholly-owned subsidiary of Graham, and its head office is located in Calgary, Alberta, Canada.

The Manager is also a developer of real estate assets and provides development management, asset and investment administration services.

The Manager is led by Tim Heavenor (President and CEO of the Manager and CFO of Graham) and a group of investment and management professionals with collectively over 130 years of experience in real estate, construction, private equity and banking. The Manager currently provides services to the Corporation, two investment funds (including the Partnership) and several other limited partnerships an trusts. See "*Material Agreements*".

The Manager's first sponsored fund, GVest Fund 1, was a closed-end fund with approximately $18 million in capital commitments and a mandate to sell its investments and return capital and profit to investors within a ten-year period. GVest Fund 1 has sold all four of its investments and returned invested capital and earnings back to investors. The table below illustrates the returns made for the GVest Fund 1. As a whole, GVest Fund 1 generated a gross internal rate of return of approximately 20% per annum from its portfolio and a 12.4% internal rate of return after deducting management fees and performance incentive fees.

GVest Fund 1					
Investments	**Investment Cost**	**Income from Investment**	**Proceeds on Investment**	**Earn out**	**Gross IRR**
BBPP Alberta Schools Ltd.	$5,000,000	$525,000	$7,900,000	N/A	21.7%
B2L Partnership ("ASAP II")	$2,780,000	Nil	$3,500,000	$275,000	32.7%
Shoppers Drug Mart, Vancouver	$2,500,000	Nil	$3,900,000	N/A	22.2%
Calgary Marriott Hotel Mezzanine Loan	$3,850,000	$680,000	$4,000,000	N/A	19.0%

There can be no assurances that the Corporation's future financial results will meet or exceed the historic returns on investment of the Manager's other sponsored funds.

The Manager's second sponsored fund, CC&L GVest Fund, is jointly sponsored and managed by the Manager and Connor Clark & Lunn Infrastructure Ltd., an affiliate of Connor Clark & Lunn Financial Group ("**CC&L FG**"), which is one of Canada's leading asset management firms with approximately $74 billion in assets under management. The following list provides a project overview of the CC&L GVest Fund.

- The CC&L GVest Fund has liquidated its initial investment, the ASAP II project, realizing a return in excess of 20% after deducting management fees and performance fees.

- The CC&L GVest Fund made a second investment in June 2014 into the North Island Hospitals Public Private Partnership Project ("**NIH Project**"). The NIH Project is a $606.2 million healthcare infrastructure project which will see new hospitals built in Campbell River and Comox Valley on Vancouver Island, British Columbia. Construction of the NIH Project is complete and the hospitals are now in the operations phase.
- The CC&L GVest Fund made a third investment in August 2015 into the Regina Bypass Public Private Partnership Project ("**RBP Project**"). The RBP Project is a $1.2 billion highway project in and around Regina, Saskatchewan.
- The CC&L GVest Fund made a fourth investment in July 2016 into the Southwest Calgary Ring Road Project (“**SWCRR Project**”). The SWCRR Project is a $1.4 billion highway project in and around Calgary, Alberta.

The Manager's third sponsored fund is the Partnership, an open-ended limited partnership formed on December 3, 2009 with approximately $43.5 million in Capital Commitments, of which 100% has been cash called as of the date hereof. The Partnership has made 13 investments since inception and has liquidated four of those investments, see "*The Partnership’s Investments*" and "*Previous Partnership Investments*". The objective of the Partnership is to invest, either directly or through affiliates, into joint ventures, limited partnerships, equity or preferred equity positions, interest-bearing securities and other investment vehicles primarily involving real estate properties, private equity investments and publicly traded securities in Canada and the United States. Since its inception, the Partnership has distributed approximately $13.6 million to its investors.

The Corporation expects to continue to leverage its relationship with Graham and will utilize relationships of the Manager to source new investment opportunities. Graham is a leading Canadian general contractor with 14 locations in Canada and the northern United States. Formed in 1926, Graham became employee-owned in 1985. Revenues were approximately $2.0 billion in 2017. Graham is an industry-leading group of companies offering general contracting, project management, design-build and construction services. Graham has over 1,500 employees.

The Corporation has a strategic relationship with Graham. The Corporation anticipates that many of the projects in which it invests will also procure construction services from Graham.

Graham has a number of subsidiaries and affiliates with whom the Corporation may have business relationships and which may give rise to a conflict of interest. The Corporation has policies and procedures in place for identifying and minimizing the conflicts of interest arising from business activities and the business relationships the Corporation may have with other subsidiaries or affiliates of Graham. See "*Risk Factors – Related Party Risk*" and "*Interests of Directors, Management, Promoters and Principal Holders*".

Our Business

Purpose

The Corporation was formed to invest, directly or indirectly (including through the Partnership), through the formation of or investment in joint ventures, limited partnerships, corporations or any other form of entity, in: (i) the development, construction, financing or acquisition of real estate properties and private businesses, whether directly, in whole or in part, or by investing in equity, debt, or other instruments issued by entities that are involved therein; (ii) financial instruments, whether or not publicly traded; and (iii) publicly traded securities; all of which may be based or located in Canada and/or the United States.

Targeted investments of the Corporation (including through the Partnership) include the following:

a) short term investments where the Manager can create value by: (i) accepting and managing development and construction risks; (ii) restructuring debt and capital structures of the investments; (iii) increasing revenues or decreasing expenses so that investor income improves; and (iv) creating turnaround and exit strategies to assist in monetizing returns over the near and medium terms;

b) long term investments that, through the injection of new capital and development efforts, are structured in a fashion to provide transaction returns or ongoing cash flow that can be distributed to investors; and

c) private placements into public entities, financial instruments or private transactions wherein return expectations are comparable to private equity investment opportunities and where the Manager has governance and control over management.

The Manager maintains an active investing philosophy where it can utilize its strategic relationships and its management's relationships, experience and capabilities to create value.

Concurrent Offering

The Corporation has and will continue to invest in projects together with the Partnership. Concurrent with the Offering contemplated by this Offering Memorandum, the Partnership is completing the Partnership Offering. Additional information in respect of the Partnership Offering may be obtained through the Manager.

The Corporation's Investments

As of the date hereof, the Corporation owns approximately 59.21% of the issued and outstanding Units of the Partnership and 100% of the Partnership Capital Commitments to date have been cash called. Current and former employees of Graham constitute the majority of the investors in the Corporation and the majority of investors, other than the Corporation, in the Partnership.

Partnership Subscriptions to date:

Date	Amount of Subscription Commitments in the Partnership
January 2010	$3,165,000
June 2010	$9,160,000
June 2011	$835,000
July 2011	$5,290,000
November 2011	$3,024,000
August 2013	$6,765,000
September 2014	$1,000,000
December 2014	$1,010,000
February 2015	$200,000
June 2015	$450,000
July 2015	$692,000
May 2016	$935,000
June 2016	$420,000
July 2016	$150,000
November 2016	$150,000
June 2017	$8,241,000
August 2017	$2,025,000
Total Subscription Commitments in the Partnership	**$43,512,000**

From 2010 through 2017, the Corporation committed the following investments to the Partnership:

Date	$ Per Partnership Unit	Total Amount
January 2010	10.00	$721,256
April 2010	10.00	$717,139
June 2010	10.06	$660,802
August 2010	10.32	$768,168
September 2010	10.57	$837,376
June 2011	11.28	$1,024,500
July 2011	11.65	$1,059,000
November 2011	11.87	$261,400
February 2012	12.10	$2,417,796
May 2013	8.54	$3,222,600
August 2013	8.57	$420,500
December 2013	8.61	$3,634,500
February 2015	$8.72	$220,000
August 2015	$10.71	$290,000
June 2016	$11.38	$650,000
July 2016	$11.38	$223,000
November 2016	$12.12	$150,000
June 2017	$11.12	$6,950,000
August 2017	$11.12	$1,590,000
Total		**$25,818,030**

The above $ Per Partnership Unit does not include the following distributions:

- Distribution of $0.12 per unit was paid during March 2011
- Distribution of $0.18 per unit was paid during December 2011
- Distribution of $4.74 per unit was paid during December 2012
- Distribution of $0.07 per unit was paid during April 2014
- Distribution of $0.04 per unit was paid during April 2016
- Distribution of $1.43 per unit was paid during November 2016

During 2011, the Corporation sold 419,274 Partnership Units for $11.28 per unit to certain Debenture and Preferred Share holders for total proceeds of $4,782,229. Concurrently, the Corporation repaid Debentures and accrued interest and redeemed Preferred Shares for $3.00 per Preferred Share at a total cost of $7,177,162.

As of March 31, 2018 the Corporation owns 2,513,112 Partnership Units, representing about 59.21% of the outstanding Partnership Units. Because a Subscriber's investment is in Preferred Shares and Debentures and not Partnership Units, the holders of Preferred Shares do not exercise control or direction over the Partnership. However, the Corporation controls and directs the general partner of the Partnership.

The Partnership's Investments

The following table summarizes the Partnership's investments at March 31, 2018.

	Investment	Description	Size (sq. ft.)	Dates	Investment Type	Estimated Fair Market Value	Ownership % (1)
COMPLETED	GVest SDM LP	Shoppers Drug Mart Vancouver, BC	17,500	Q1 2010 / Q2 2012	Equity	Proceeds of $2.1 MM Gross return of 22.55%	100.00%
	Marriott Residence Inn	Marriott Hotel Calgary, AB	6 stories, 329 rooms	Q2 2010 / Q4 2012	Mezz. Debt	Proceeds of $7.7 MM Gross return of 10.50%	n/a
	Gracorp Capital Ltd.	Alberta Schools P3 Project Calgary & Edmonton, AB	625,000	Q2 2011 / Q3 2014	Equity	Proceeds of $1.1 MM Gross return of 23.22%	38.92%
	GVest 12th & Yesler Investment LP	Apartments Seattle, WA	124,000	Q4 2012 / Q3 2016	Equity	Proceeds of $14.1 MM Gross return of 24.95%	90.84%
LATE	GVest Eagle Landing LP	Retail Chilliwack, BC	360,000	Q3 2010 / …	Equity	$8,063,407	25.00%
	GVest 12th & Alder Investment LP	Apartments Seattle, WA	68,000	Q2 2013 / …	Equity	$4,055,980	38.87%
	GVest 11th & Alder Investment LP	Apartments Seattle, WA	74,000	Q4 2013 / …	Equity	$1,247,329	11.66%
MID	Edmonton SW Lands LP	Retail & Residential Edmonton, AB	1,550,000 (518 acres residential)	Q1 2012 / …	Equity	$6,178,267	15.70%
	GVest Tsawwassen Power Centre LP	Retail Tsawwassen, BC	544,060	Q4 2011 / …	Equity	$5,026,032	8.65%
EARLY	Marine & Kerr	Apartments & Townhouses Vancouver, BC	82,000	Q4 2016 / …	Equity	$6,485,472	100.00%
	GVest Poplar Centre LP	Medical Office & Commercial Calgary, AB	67,500	Q2 2017 / …	Equity	$4,180,000	38.23%
	GVest Rhapsody LP	Apartments & Commercial Calgary, AB	508,225	Q4 2017 / …	Equity	$7,900,000	100.00% (2)
	GVest Waterfront Place LP	Apartments Everett, WA	248,000	Q1 2018 / …	Equity	$1,851,021	49.99%
	Cash & Other Net Assets	-	-	-	-	$7,639,050	100.00%
					TOTAL	**$52,626,558**	

Notes:

(1) Ownership % is shown as the Partnership's net interest in the project.

(2) Subsequent to March 31, 2018, the Partnership raised additional capital in this project to reduce its net ownership position to 39.0%.

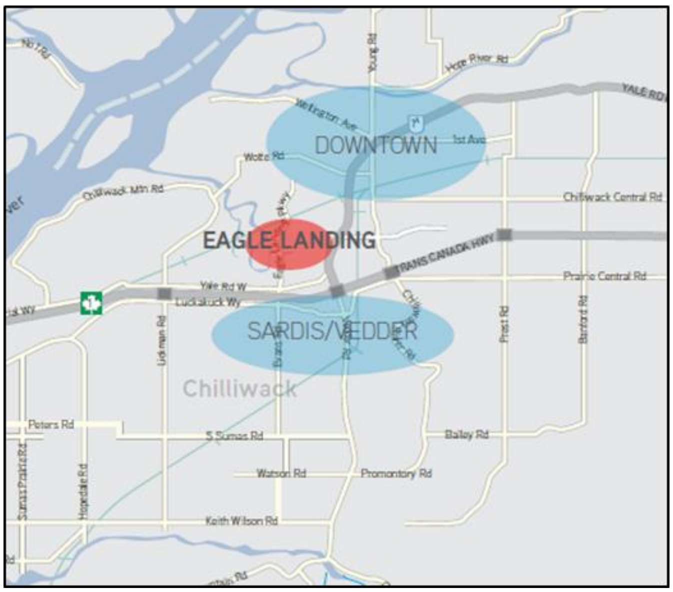
The following briefly describes the Partnership's current investments.

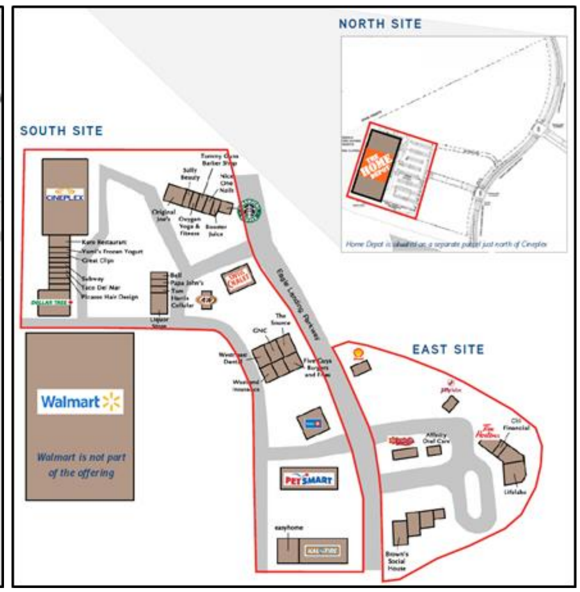
GVest Eagle Landing Limited Partnership (Chilliwack, BC)

In late 2010, the Partnership acquired a 25% interest in the development of a 360,000 sq. ft. retail shopping centre located in Chilliwack, BC known as Eagle Landing (the "**Eagle Landing Projec**t"). Construction for the 32-acre phased Eagle Landing Project was completed in late 2014.

The Eagle Landing Project consists of three land parcels including the South, East and North sites. The Walmart site was sold to Walmart at the onset of the project. Together the remaining sites have a total of approximately 232,000 sq. ft. of leasable area.

Anchor Tenants	Walmart, Home Depot and Cineplex Entertainment Corp
Key Tenants	Starbucks, Subway, A&W, Bank of Montreal, Original Joe's, Swiss Chalet, Shell, Jiffy Lube, Tim Hortons, PetSmart, Kal Tire, Dollar Tree, Booster Juice, Taco Del Mar, Bell, Papa John's Pizza, Five Guys Burgers and Fries, Citi Financial, Lifelabs, GNC, Browns Socialhouse, Oxygen Yoga, Carl's Jr., Glam & Glow, SushiCo, Orange Theory Fitness and an Italian Deli.





The Partnership co-developed the Eagle Landing Project with two other partners including the Squiala First Nation, who is the original land owner and retains a 50% ownership in the project, and a limited partnership sponsored by League Assets Corp. ("**League**"). In October 2013, League and a number of related entities sought protection under the Companies' Creditors Arrangement Act (Canada) (the "**CCAA**"). The Eagle Landing Project was specifically excluded from the CCAA application; therefore, the filing did not affect the project.

As of the date of this Offering Memorandum, Eagle Landing Project was approximately 96% leased with two new leases being signed in the first quarter including Orange Theory Fitness (~2,000 sq. ft.) and an Italian Deli (~1,200 sq. ft.). In addition, subsequent to the end of the first quarter, a lease was signed with a local vendor (~900 sq. ft.). Brokers continue to work with potential tenants on the remaining available leasing locations.

Eagle Landing is cash flow positive and excess monthly cash is being distributed to the three investment partners. As of the date of this Offering Memorandum, the Partnership has received distributions of $86,600 in 2018. The Manager has recently engaged a broker to market both the Partnership's interest in the project and the 25% ownership interest held by a third-party investor.

Seattle Apartment Projects (Seattle, WA)

The Partnership is currently invested in two Seattle, Washington based apartment / retail mixed use projects in close proximity to the Seattle downtown core as indicated in the following image.

The Seattle apartment projects represent a group of urban, transit-oriented buildings located in the First Hill area of Seattle comprising approximately 160 apartments. The current Seattle apartment projects (as shown in the green and red icons in the image above) consist of Reverb and Decibel. The projects are ideally located on the southern slope of First Hill adjacent to and within walking distance of downtown Seattle, Harborview Medical Center, Swedish Hospital, Virginia Mason Hospital, the International District and Seattle University.

The Seattle apartment projects are targeted towards the Millennial Generation (Gen Y). These projects are primarily market rate apartments, though 20% of the apartments are income restricted for middle income wage earners. The demographics of the areas surrounding the Seattle apartment projects are rapidly improving and ongoing leasing demand is expected to benefit from having over 12,000 employees working in the three nearby hospitals as well as the growth in head office space (e.g. Amazon.com) in downtown Seattle. The Seattle apartment projects are also located three blocks from Seattle University which has over 8,000 students.

In 2013, the Seattle Housing Authority ("**SHA**") began the redevelopment of an adjacent 30-acre parcel into a landmark mixed-use project (part of the blue and orange buildings in the image above) which is expected to be developed over the next 10 to 15 years. The SHA land redevelopment is expected to provide:

- 4.3 million sq. ft. (5,000 units) of housing;
- 900,000 sq. ft. of office space;
- 65,000 sq. ft. of neighbourhood services, including the existing Yesler Community Center;
- 88,000 sq. ft. of neighbourhood retail space;
- 15.9 acres of parks and semi-private open space; and
- 5,100 parking spaces to serve the residential, office and neighbourhood retail uses.

One of Seattle's largest real estate developers, Vulcan, Inc., is currently involved in the development of key components of the SHA lands.

Decibel Apartments at 12th and Alder

The Partnership acquired a 38.87% equity partnership in a multi-family residential apartment project situated at 12th Avenue and Alder Street in Seattle, Washington ("**Decibel**" or the "**12th and Alder Project**") in May 2013. This 68,000 sq. ft. project consists of 75 apartment units and 2,600 sq. ft. of commercial space on the ground floor and is located one block away from the Reverb project.

Apartment Mix	Studio, one-bedroom and two-bedroom apartments
Building Amenities	Roof top deck with a fire pit and barbecues, lounge area, dog run and pet washing station, bike storage and workshop station, fitness centre, controlled-access parking, community room, and future retail space

Decibel achieved LEED Gold certification for incorporating green building strategies in its design and has a walkability score of 96 out of 100.

Construction of Decibel was completed in the second quarter of 2016. As of the date of this Offering Memorandum, 97% of the Decibel apartments were occupied. The current leasing and occupancy rates are reflective of the strong leasing and job market in Seattle. Decibel's leasing agents expect some of the one-year leases to rollover in 2018, however, tenant traffic and apartment showings remain steady. Decibel's leasing agents also continue to negotiate with several prospective tenants to lease the commercial space on the ground floor.

The following images shows a rendering and the completed Decibel project.

Financing has been provided by PNC Real Estate under the federally insured Housing and Urban Development ("**HUD**") loan program at a fixed interest rate of 3.36% over a 40-year amortization and term.

The Manager has recently engaged a local real estate broker to explore selling its interest in the Decibel project. The broker's marketing website is located at: www.seattlecoreoffering.com.

The Decibel project's website is located at: www.decibel12.com.

__Reverb Apartments at 11th and Alder__

The Partnership acquired a 11.66% equity partnership in a multi-family residential apartment project situated at 11th Avenue and Alder Street in Seattle, Washington ("**Reverb**" or the "**11th and Alder Project**") in December 2013. This 74,000 sq. ft. project consists of 85 apartment units and is located one block away from the Decibel project.

Apartment Mix	Studio, one-bedroom and two-bedroom apartments
Building Amenities	Roof top deck with a fire pit and barbecues, lounge area, dog run and pet washing station, bike storage and workshop station, fitness centre, controlled-access parking, and community room

Reverb achieved LEED Gold certification for incorporating green building strategies in its design and has a walkability score of 93 out of 100.

Construction of Reverb was completed in the fourth quarter of 2016. As of the date of this Offering Memorandum, 92% of the Reverb apartments were occupied . The current leasing and occupancy rates are reflective of the strong leasing and job market in Seattle. Reverb's leasing agents expect some of the one-year leases to rollover in 2018, however, tenant traffic and apartment showings remain steady.

The following images shows a rendering and the completed Reverb project.

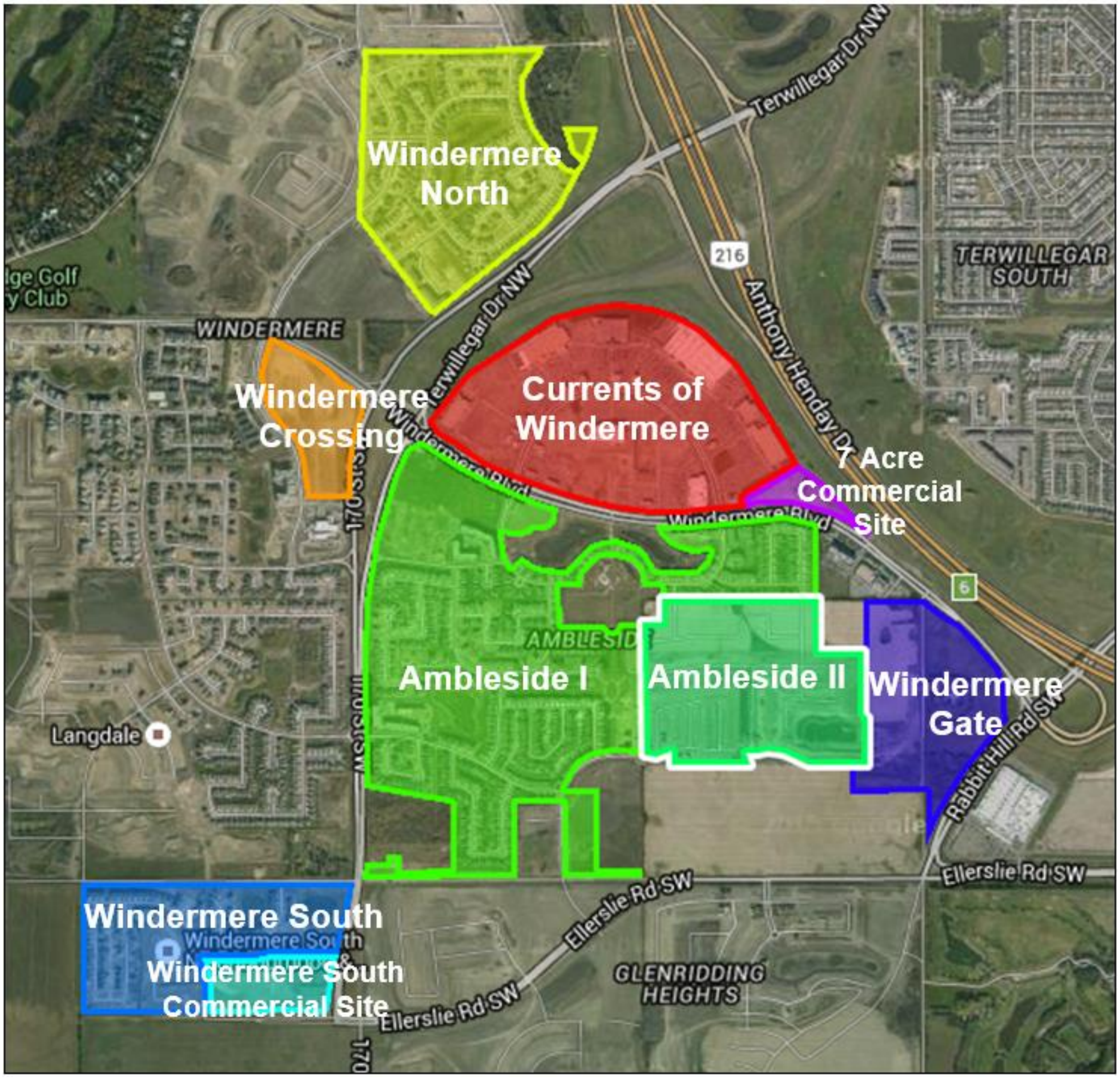
Financing has been provided by PNC Real Estate under the federally insured HUD loan program at a fixed interest rate of 3.43% over a 40-year amortization and term.

The Manager has recently engaged a local real estate broker to explore selling its interest in the Reverb project. The broker's marketing website is located at: www.seattlecoreoffering.com.

The Reverb project's website is located at: www.reverb11.com.

Edmonton Southwest Lands Limited Partnership (Edmonton, AB)

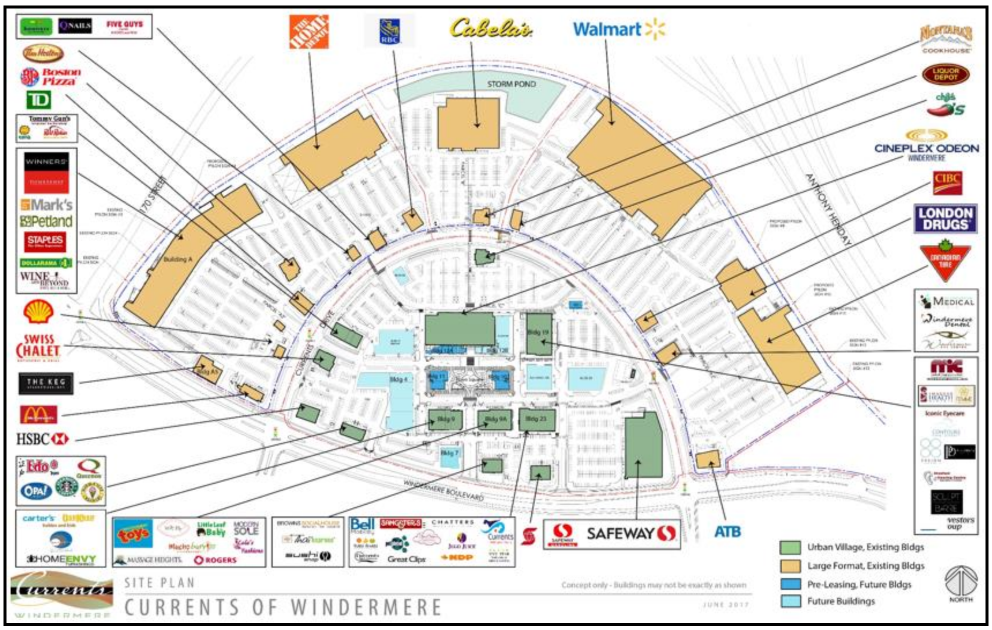
In early 2012, the Partnership acquired a 15.7% interest in the Edmonton Southwest Lands Limited Partnership (the "**ESWL-LP**"). The ESWL-LP was formed in 2004 and includes a series of projects in partnership with other developers such as Cameron Development Corporation, Harvard Developments and Delcon Development Group Ltd. The ESWL-LP owns an interest in a variety of assets in southwest Edmonton, Alberta, including the Currents of Windermere shopping centre, Windermere Crossing shopping centre, Windermere Gate Business Park, residential subdivisions and commercial development land as further described below.



Currents of Windermere

ESWL-LP holds a 26.7% interest in a 106-acre shopping centre site that is considered one of Edmonton's largest shopping centres (the "**Currents of Windermere**"). The Currents of Windermere is comprised of approximately 1.2 million sq. ft. of retail space.

Anchor Tenants	Home Depot, Walmart, Cabela's and Canadian Tire
Key Tenants	Cineplex Odeon Cinemas, Safeway, London Drugs, Dollarama, Winners, HomeSense, Staples, Mark's, Petland, Swiss Chalet, Montana's, Quizno's, Opa!, Edo Japan, CIBC, HSBC, Liquor Depot, ATB Financial, Royal Bank of Canada, Shell, TD Canada Trust, Five Guys Burgers and Fries, Jugo Juice, Tim Hortons, Scotiabank, Boston Pizza, The Keg, Milestones, McDonald's, Marble Slab Creamery, Red Robin, Cora, Tommy Gun's Original Barbershop, Bell, Carter's OshKosh, Browns Socialhouse and Chili's Texas Grill, Believe Fit, Contours Oral Surgery, Lola, Starbucks



As of the date of this Offering Memorandum, there were 79 tenants paying rent and occupying approximately 82% of the site's total leasable area and the total site build-out was approximately 85% complete. Please refer to the table below for additional details.

Gross Leasable Area	Site Build Out	Space Leased	Total Tenants (#)
1.2 million sq. ft.	1.09 million sq. ft.	990,000 sq. ft.	79

Construction of the Currents of Windermere's Town Square is now complete, and ESWL-LP is currently negotiating with potential tenants to lease the Town Square buildings. Building fit out work and interior finishing will still be required after the leasing agreements have been signed, but tenant openings are targeted to occur in the fourth quarter of 2018. In addition, the Currents of Windermere's leasing agents continue to pursue new tenants for all the remaining leasable locations.

Windermere Crossing

ESWL-LP holds a 26.7% interest in a 20-acre shopping centre site (the "**Windermere Crossing**") which is adjacent to the Currents of Windermere. Windermere Crossing is comprised of approximately 191,830 sq. ft. of retail space.

Anchor Tenants	Real Canadian Superstore
Key Tenants	Starbucks, Subway, DQ, Fabutan, Liquor Depot, Expedia, Dairy Queen, Panago, Chopped Leaf, Cobbs Bread, BMO, Servus and State and Main

As of the date of this Offering Memorandum, there were 28 tenants paying rent and occupying approximately 88% of the site's total leasable area and the total site build-out was approximately 99% complete. Please refer to the table below for additional details.

Gross Leasable Area	Site Build Out	Space Leased	Total Tenants (#)
191,830 sq. ft.	190,000 sq. ft.	170,050 sq. ft.	28

7-Acre Commercial Site

ESWL-LP holds a 26.7% interest in this 7-acre commercial site which is located east of the Currents of Windermere. The management of ESWL-LP is currently evaluating development opportunities on this site.

Windermere South Commercial Site

ESWL-LP holds a 26.7% interest in this 15-acre commercial site which is located in the neighbourhood of Windermere South and is expected to be comprised of approximately 110,000 sq. ft. of leasable area at full build-out. It is estimated that construction could start in 2018 and the first phase may include a 20,000 sq. ft. daycare facility and a 15,000 sq. ft. multi-tenant retail building and gas bar. Management of ESWL-LP is currently evaluating pre-leasing activity before committing to a construction start.

Residential Lands

ESWL-LP holds a 10.0% interest in 518 acres of residential lands. These residential lands consist of the following residential subdivisions:

1. Windermere North – 103 acres, 245 lots – 100% sold
2. Windermere South – 65 acres, 379 lots – 100% sold
3. Ambleside I – 280 acres, 301 lots – 100% sold
4. Ambleside II – 70 acres, 454 lots – 100% sold

The residential subdivisions began development in 2005 and have made significant distributions to ESWL-LP over time. Additional distributions to ESWL-LP are expected to occur in 2018 and 2019; however, as the residential subdivisions are nearly entirely sold out, these distributions will materially diminish compared to the distributions received in previous years. The investment in the residential lands is expected to mature in late 2019, with the final distribution following in the first quarter of 2020.

Windermere Gate Business Park

ESWL-LP holds a 10.0% interest in a 22.5 acre mixed-use commercial / industrial business park site (the "**Windermere Gate Business Park**"). As of the date of this Offering Memorandum, all but one of Windermere Gate Business Park's available lots were sold.

ESWL-LP Summary

The Manager believes the assets held by ESWL-LP represent an attractive investment for the Partnership due to the lower risk profile as the project has been under development since 2005 and significant progress has been made in building out, leasing and selling the sites. Furthermore, these assets are providing periodic distributions from cash flow and in certain cases, the cash flow is being used as equity for further construction.

ESWL-LP received total distributions of approximately $1,149,716 in the first quarter of 2018, of which the Partnership is entitled to 15.7% (~$180,500) of the distributions, net of future cash calls. Please refer to the Partnership's related financial statements for additional information. The project team continues to focus on development opportunities on ESWL-LP's remaining commercial sites.

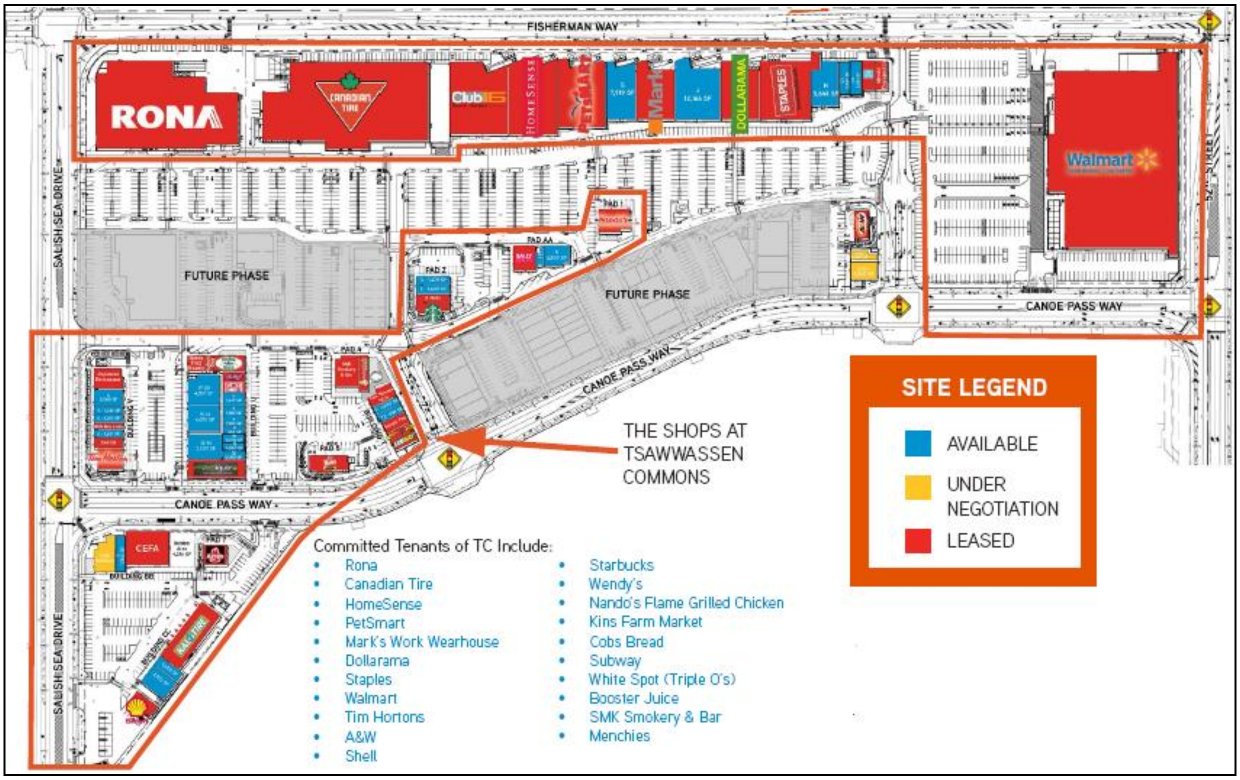
Tsawwassen Commons (Tsawwassen, BC)

Tsawwassen Commons is a new major retail shopping centre being developed on lands leased from the Tsawwassen First Nations ("**TFN**") in Tsawwassen, British Columbia (the "**Tsawwassen Project**").

Tsawwassen Commons is anticipated to be a 549,343 sq. ft. development leased to some of the leading retailers in Canada. The Tsawwassen Project will include "big box" and "mid-box" retailers, commercial retail units, and banks and restaurants.

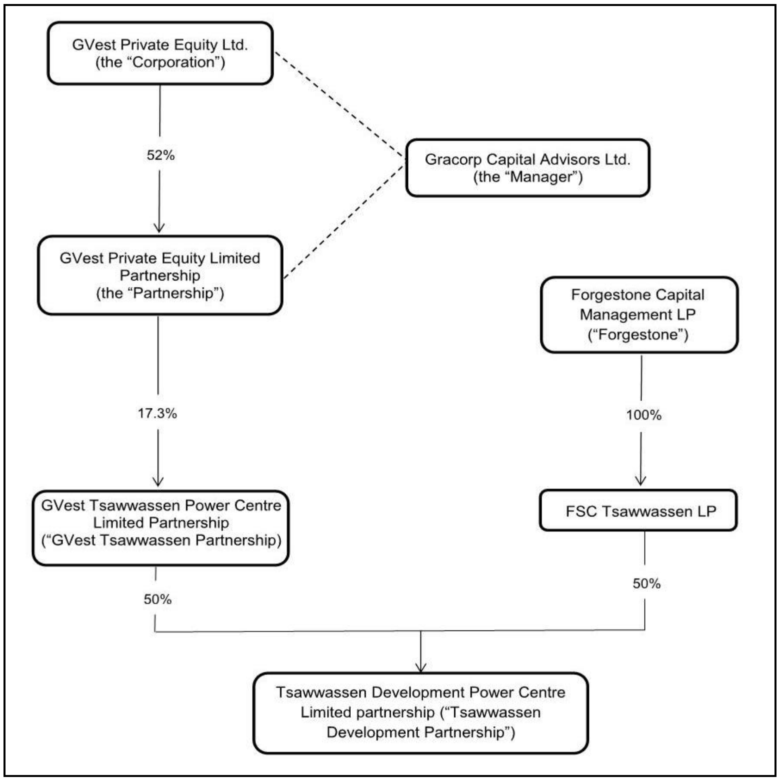
The Tsawwassen Commons lands (the "**Lands**") are part of a 1,000+ acre master-planned community that includes commercial, industrial, residential, office and natural park areas. The Lands are next to, and easily accessible from, Highway 17, which is the main roadway that links Metro Vancouver to the Tsawwassen Ferry Terminal.

Ivanhoe Cambridge developed a 1,200,000 sq. ft. enclosed shopping mall named Tsawwassen Mills (the "**Mills Project**") on a parcel of land adjacent to Tsawwassen Commons. The two centres are expected to attract complementary but distinct tenants as the Mills Project is an enclosed mall oriented to clothing and fashion with 16 anchor tenants, while Tsawwassen Commons is a "power centre" suited for big box, mid-box and service-oriented tenants. The Mills Project officially opened and began operating in the fourth quarter of 2016.



Financing

On September 5, 2014, the Manager and GVest Tsawwassen Power Centre Limited Partnership (the "**GVest Tsawwassen Partnership**") brought in a 50% equity partner to the Tsawwassen Commons Power Centre ("**Tsawwassen Commons**"). Forgestone Capital Management LP ("**Forgestone**"), through a limited partnership called FSC Tsawwassen LP, invested \$8.9 million in the project entity called Tsawwassen Development Power Centre Limited Partnership ("**Project LP** ") as part of a commitment to fund half of the required equity commitments of the Tsawwassen Project. Forgestone is a Toronto-based fund that manages capital on behalf of several Ontario and Quebec-based pension funds. Since September 2014, both investors have been contributing equity equally to the Tsawwassen Project. The Tsawwassen Project ownership structure is indicated in the following organization chart.



Senior Loan

On November 2, 2015, the Project LP and its bare trustee, PDG Tsawwassen Holdings Ltd., as co-borrowers, entered in to a $116.8 million senior loan (the "**Senior Loan**") with a syndicate of lenders led by Otéra Capital ("**Otéra**"). The co-borrowers finalized an amendment and extension of the Senior Loan in June of 2018, which increases the facility to $124.0 million and extends the maturity date to December 31, 2020.

Subordinated Note and Mezzanine Debt

The GVest Tsawwassen Partnership previously utilized Subordinated Promissory Notes from the Partnership to fund a portion of its equity contributions. During the second quarter of 2017, the GVest Tsawwassen Partnership finalized a $15.4 million mezzanine debt facility with a Toronto based Lender. The mezzanine debt facility provided a secure source of capital that has been drawn on, as required, to fund ongoing project costs.

As of the date of this Offering Memorandum, the GVest Tsawwassen Partnership had the following Promissory Note and Mezzanine Debt outstanding:

Loan	Principal Amount	Current Principal Outstanding	Expiry
Partnership Subordinated Promissory Note	$4.60M	$0.32M	Aug. 2018
Firm Capital Mezzanine Debt Facility	$15.40M	$14.33M	Sept. 2018
TOTALS	**$20.00M**	**$14.65M**	

The Manager, on behalf of GVest Tsawwassen Partnership, is currently in negotiation to either replace the existing debt facilities with other lenders or extend the maturity dates.

Budget

Since inception, the Tsawwassen Project has experienced budget increases and timeline pressures due to several factors, including:

- construction cost increases in B.C.'s Lower Mainland which have been averaging approximately 3 to 5% per annum over the past three years;
- changes to the retail marketplace, specifically in regard to large and mid-box tenants;
- unfavourable exchange rates for construction materials purchased in the United States;
- additional site servicing scope and delays due to the subdivision process with the TFN;
- additional highway design criteria added by the Ministry of Transportation and Infrastructure; and
- additional design criteria for the electrical power infrastructure added by BC Hydro.

Permitting, Construction and Timing

As of the date of this Offering Memorandum, base building construction of Phase 2, 3 and 4 is complete with all Phase 2, 3 and 4 buildings having received interim occupancy permits from the TFN. There is currently 414,487 sq. ft. of construction completed, comprising Phase 1, 2, 3 and 4. An additional 26,709 sq. ft. is under construction representing the Phase 5 work which commenced in March 2018.

The following images show aerial shots of the project and a select store location as of the date of this Offering Memorandum.

Leasing

The GVest Tsawwassen Partnership is directly responsible for the development management services, and the finance and accounting functions for the Tsawwassen Project. Graham Construction ("**Graham**") is responsible for the construction of the Tsawwassen Project and Triovest Realty Advisors ("**Triovest**") is responsible for the project management, lease documentation, tenant coordination and leasing management services. The Project LP has also appointed Colliers International ("**Colliers**") to provide leasing services and Titanium Projects ("**Titanium**") to provide construction management and tenant coordination services.

Anchor Tenants	Walmart, Canadian Tire and Rona
Key Tenants	HomeSense, PetSmart, Mark's, Dollarama, Staples, Club 16, Shell, Subway, A&W, Tim Hortons, Nando's, SMK Smokery, Menchie's, Wendy's, Cobs Bread, Captain's Oven Pizza, Booster Juice, Kin's Market, Arby's, Simply Pho, Pacific Liquor, Clancy's Meats, Kal-Tire, N&N Hair Salon, Triple O, Curry Way, Blaze Pizza and Starbucks

The first and second quarter of 2018 saw several new store openings including Booster Juice, A&W, Subway, Menchies, Tim Hortons, Live Well Exercise Cling and Starbucks. Additional tenants including Meraki Therapeutics, Pacific Liquor, Kamome Restaurant, Manna Grill, Kin's Market and Simply Pho are scheduled to open in the second half of 2018.

The total gross leasable area of the Tsawwassen Project is anticipated to be 549,651 sq. ft. at completion. As of the date of this Offering Memorandum, the Tsawwassen Project has the following leasing status:

- **Space Leased:** 379,311 sq. ft. (for a total of 69.0% of the leasable area)
- **Space Under Conditional Offer to Lease:** 5,800 sq. ft. (for a total of 1.0% of the leasable area.)
- **Space Under Negotiation to Lease:** 14,626 sq. ft. (for a total of 2.7% of the leasable area)

The goal of the Tsawwassen Project is to be substantially leased by the end of 2019. During the first half of 2018, leasing agreements were signed with Club 16 for 20,000 sq. ft in the mid-box space; Big Kahuna Dog for 604 sq. ft.; and Blaze Pizza for 2,500 sq. ft.

The Tsawwassen Project's website is located at: www.tsawwassencommons.ca

Marine & Kerr, (Vancouver, BC)

The Partnership holds a 100% interest in a 1.14 acre parcel of land located on Marine Drive in South Vancouver which was acquired in December 2016. The Manager plans to develop the site in to an approximate 70,000 sq. ft. multi-family condominium building ("**Marine & Kerr**").

The land is located on one of the last remaining undeveloped parcels in the Vancouver River District which has already been extensively developed by Vancouver-based Wesgroup and Polygon into multi-family housing similar to the type proposed for Marine & Kerr. Marine & Kerr adheres to the design and massing that was set out in the Official Development Plan ("**ODP**") for the River District (also called the "**East Fraser Lands**"). East Fraser Lands is Vancouver's largest master planned river view community with over 7,000 residential units in a mixed-use setting. There has been strong development activity in the area with over 1,500 units already sold, constructed or underway, and another 625 units sold and in active pre-construction.

A roadway is planned to bisect the site and will be dedicated to the City of Vancouver. The new roadway will divide the site into north and south parcels.

Marine & Kerr will include market housing only and will be located on the north site, in the form of an approximate 70,000 sq. ft., 5 storey multi-family building. The building will include 4 two-storey townhomes, approximately 79 condo units, and approximately 97 underground parking stalls.

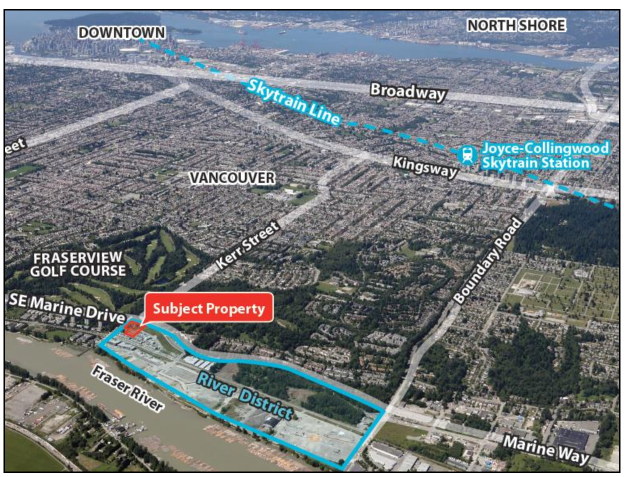
The Manager has come to an agreement with the City of Vancouver regarding the approach to meeting the Marine & Kerr's required affordable housing contribution. The ODP for the East Fraser Lands requires all new projects to provide 17% of the development (based on area) as affordable housing. The Partnership has agreed to provide 17% of Marine & Kerr's development density and the south parcel to the City of Vancouver. In return, Marine & Kerr will not be required to construct the affordable housing. The City of Vancouver may elect to construct affordable housing on the south parcel at a future date.

Since acquiring the property, the Manager has hired a full consultant team. A geotechnical investigation has been completed and the Manager is working with the architect and the structural, mechanical, electrical, landscape, sustainability and code consultants to refine the design. As part of the city's rezoning process, a community open house was held in Spring 2018 and the attendees were generally supportive of the proposed development.

The Manager submitted a formal rezoning application to the City of Vancouver on June 26, 2018. The application will be distributed to the various city departments for their comments in advance of a city-led community meeting, which will likely be held in September 2018.

The Manager is exploring options with the Vancouver Affordable Housing Agency to combine the neighbouring site to the east that is owned by the City of Vancouver to take advantage of common goals including an improved project schedule and shared efficiencies.

The following images show an aerial view of the Marine & Kerr location, a site map of the north and south parcels, and two current renderings of the project.



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Permitting, Construction and Timing

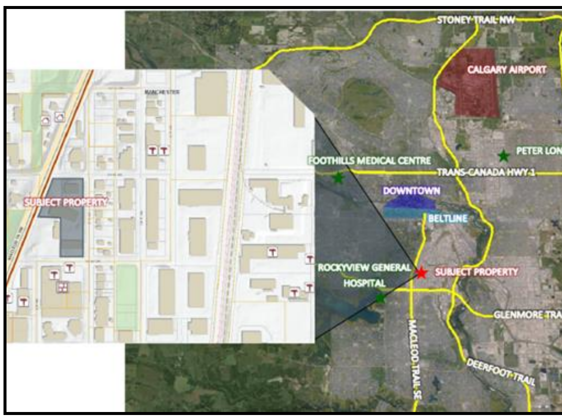
The public hearing is not yet scheduled but the Manager anticipates it will take place within the next 6-12 months. Construction will start approximately 10 months after the enactment of the zoning. Graham is the contractor for this project.

Poplar Centre Medical Office (Calgary, AB)

The Partnership holds a 41.86% interest in a medical office and retail building located at 5512 Macleod Trail just south of Downtown Calgary (the "**Poplar Centre**"). Poplar Centre is being developed in partnership with Rise Management Inc. ("**Rise**"), an experienced medical office developer that has completed seven similar projects across Western Canada.

The total size of Poplar Centre is approximately 67,500 sq. ft. consisting of 44,000 sq. ft. of medical office space, 22,000 sq. ft. of ground floor retail space, a 1,500 sq. ft. stand-alone retail / food service unit, and over 200 underground and surface parking stalls. These figures reflect the results of a redesign in the third quarter of 2017 which was conducted to identify additional property and design efficiencies.

Poplar Centre is in a strong commercial area with average weekday traffic on McLeod Trail of approximately 49,000 vehicles, proximity to LRT and bus transit, established residential communities, nearby amenities and complementary commercial developments. The following images show the location and a current rendering of the project.



Permitting, Construction, Timing and Leasing

The Poplar Centre land purchase was closed in 2017. Poplar Centre is now in the permitting phase and the development permit is expected to be released by the City of Calgary the third quarter of 2018. The building permit was submitted in the second quarter of 2018 and, overall, the permitting process is progressing as planned.

The Manager hired a third-party company to complete abatement on the existing structures, which was completed in March 2018. Graham remains responsible for the construction of the project which is expected to begin in the third quarter of 2018 and take approximately 14 months to complete.

Rise is directly responsible for the leasing process and they have appointed CBRE to assist with the tenant coordination and leasing management services.

As of the date of this Offering Memorandum, the Poplar Centre project has the following leasing status:

- **Space Leased**: 33,416 sq. ft. (49.5% of the leasable area)

- **Space Under Conditional Offer to Lease**: 7,145 sq. ft. (10.6% of the leasable area)
- **Space Under Negotiation to Lease**: 0 sq. ft. (0.0% of the leasable area)

Budget and Financing

Poplar Centre's total budget is $38.4 million, of which $29.7 million is being funded through a senior debt facility with the Bank of Montreal. A total of $4.5 million of equity was contributed to the project in 2017 and a second equity contribution of $2.1 million was closed in February 2018. The Partnership currently holds approximately 38% of the equity in the project with the remaining equity being held by limited partner investors which are managed by the Manager, Rise and select owner/occupiers of the medical office space.

The Poplar Centre project's website is located at: https://www.poplarcentre.com/.

Rhapsody (Calgary, AB)

The Partnership currently holds a 78.0% interest in GVest Rhapsody Limited Partnership ("**GVest Rhapsody Partnership**") which holds a 50% interest in Gracorp Rhapsody Limited Partnership ("**Gracorp Rhapsody**") which is developing a purpose built rental apartment building (known as "**Rhapsody**") located in a new master planned community of University District, adjacent to the University of Calgary. As of the date of this Offering Memorandum, the Partnership has committed $10.4 million of equity to the GVest Rhapsody Partnership, of which $8.8 million has been drawn.

Rhapsody has an estimated total project cost of $127.5 million, and will consist of two floors of underground parkade, a main floor commercial / retail space and five storeys of concrete and steel stud purpose built rental apartments. In total, Rhapsody will include approximately 566 parking stalls to service both the apartment and commercial spaces, 288 rental apartment units (245,000 sq. ft.) and 12 main floor commercial / retail units (63,500 sq. ft.).

Upon completion the retail space and the first floor of the underground parkade will be sold back to West Campus Development Trust ("**WCDT**") for an agreed upon purchase price. Proceeds from the sale will be used to paydown the outstanding senior construction debt facility. Gracorp Rhapsody will retain ownership of the five storey residential apartment building and second floor of the underground parkade.

Rhapsody is situated within walking distance of Alberta Children's Hospital, the University Research Park, Foothills Hospital and the future Tom Baker Cancer Center. Together, these facilities employ over 21,000 health care and university workers. The University of Calgary is also home to over 40,000 students. The following images show the location and a current rendering of the project.

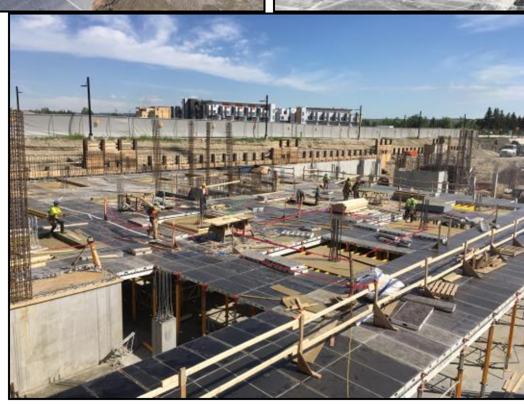
Permitting, Construction and Timing

All conditions on the Rhapsody project agreement with the University of Calgary have been waived, and the site servicing is complete. The GVest Rhapsody Partnership now expects to close on the land in August of 2018, pending approval of the strata site subdivision by the City of Calgary. Rhapsody's development permit was approved by the City of Calgary in February 2018 and is expected to be released in July 2018. A partial permit for the construction of footings and foundations was previously released and the full building permit application was submitted in April 2018. The full building permit is expected to be approved and released in July 2018.

Mobilization and excavation of Rhapsody began in February 2018 and the project has progressed on schedule. Construction of footings and the outer foundation wall is complete and the construction of the slab on grade commenced in June 2018.

The following images show an aerial shot of the project and the progress of the concrete work as of the date of this Offering Memorandum.





Budget and Financing

The Manager has successfully negotiated a senior revolving construction debt facility with a national lender and completed the equity financing for the project in June 2018. The construction loan allows Gracorp Rhapsody to use the proceeds from the sale of the retail strata to paydown the outstanding amount under the construction facility. The Manager is currently in the process of completing the necessary legal documentation for the construction debt facility.

Rhapsody's total budget is $127.5 million, of which $74 million is being funded through the revolving senior construction debt facility and $27.8 million through equity.

The Rhapsody project's website is located at: https://rhapsodycalgary.ca.

Waterfront Place (Everett, Washington)

The Partnership currently holds a 50% interest in Waterfront Place Limited Partnership (“**Waterfront Place**”) which is developing two purpose built rental apartment buildings located in a new master planned community on the waterfront at the Port of Everett. Waterfront Place is being developed in partnership with with a local development partner (“**Sealevel Properties**”) who holds the other 50% interest. Sealevel Properties has over 20 years of development experience in the Pacific Northwest.

Waterfront Place has an estimated total project cost of USD $72.5 million, and will consists of four floors of wood frame purpose built rental apartments. In total, Waterfront Place will include approximately 16 enclosed garages, 394 surface parking stalls and 266 rental apartment units (247,833 sq. ft.).

Waterfront Place is located at the Port of Everett and adjacent to one of the largest marinas on the West Coast (approximately 2,300 boat slips). The Port of Everett lands are part of a 65 acre master-planned community. The Port of Everett is a special purpose district tasked with economic development for the region and governed by elected commissioners and executive directors. Adjacent developments to Waterfront Place include 447,500 sq. ft. of office space, 83,000 sq. ft. of retail, 142 hotel rooms (the hotel is under construction), two parks and four miles of walking trails.

Everett has a strong employment base with several large employers located near Waterfront Place, namely:

- Boeing Everett – 787 Dreamliner: 30,000 employees
- Everett Naval Station: 10,000 employees
- Other aerospace: 14,000 employees
- Everett Community College: 20,000 students
- The Everett Clinic: 2,200 employees
- Providence Everett: 3,000 employees

The following images show the location and a current rendering of the project.

WSLEGAL\063909\00012\18000382v2

Land Acquisition, Construction and Timing

The Waterfront Place land purchase was closed in June 2018 and the development permit is expected to be approved and released by the City of Everett in July 2018.

The freehold land purchase was structured to provide for two payments that are tied to lease levels being achieved. The base closing price is USD $3,000,000. The price increases a further USD $2,000,000 on each of the following thresholds being achieved:

- stabilization of the project rents at or above USD $2.35 per sq. ft. within 3 years of occupancy; and
- stabilization of the project rents for new leases for three consecutive months at or above USD $2.45 per sq. ft. within 5 years of occupancy.

The Manager estimates that the additional payments described above will be paid at stabilization.

Construction of Waterfront Place is expected to start in December 2018 and Graham Construction is the project contactor.

Budget and Financing

The total budget for Waterfront Place is USD $72.5 million of which USD $61.8 million is expected to be funded through the HUD loan and USD $10.8 million through equity. The Manager continues to negotiate the construction loan with HUD and the senior construction loan facility is expected to be approved in July 2018.

The Partnership's Prospective Investments

The Manager reviews a considerable number of project opportunities that are presented through industry contacts and its relationship to Graham. At present, the Manager has a greater number of viable opportunities than could be pursued in relation to available resources. The Manager intends to responsibly and diligently review these opportunities to select the best possible projects for the Partnership to undertake. From time to time, the Manager may sponsor and manage separate investment vehicles that invest directly into prospective opportunities and/or alongside investments by the Partnership.

Currently, the Manager is involved in various stages of due diligence or procurement on numerous prospective projects including:

University District (Seattle, Washington)

The Partnership is currently pursuing a 100% interest in two parcels of land in the University District neighborhood of Seattle, Washington (the "**U District**"). This development is located on University Way

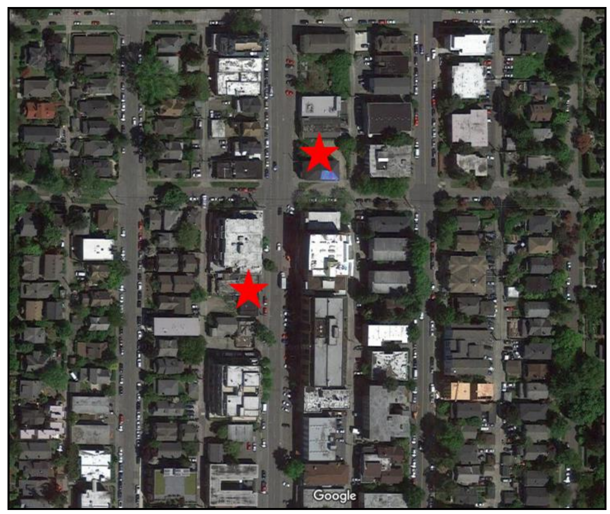
NE near the University of Washington and will be accessible via two light rail transit stations that are expected to be complete in 2021.

The development is positioned to provide affordable housing alternatives for the University of Washington's student population (over 45,000 students) and for Seattle's growing employee base which increased by approximately 24,500 jobs in 2016 as referenced in the Collier's 2018 apartment market study. According to the University of Washington's capital planning study, there is currently an approximate 30% supply shortage in the University of Washington's student accommodations. The development is expected to alleviate some of this shortage by providing small rental housing units geared towards the student population.

The proposed development will be comprised of two midrise apartment rental buildings with wood frame construction on a concrete floor and will include approximately 110 rental apartment units (45,858 sq. ft) and room for ground floor commercial retail space (3,800 sq. ft.). The average size of the proposed units is 250 - 300 sq. ft. and all the units will be studio apartments.

The Manager plans to include micro commercial retail units on the ground floor retail commercial space as initial research has shown that there is a strong demand for these types of commercial units in Seattle. The demand is primarily among small business owners, recent graduates, and technology startups.

The following images show a satellite view of the project's location (red star) relative to the University of Washington and downtown Seattle and a closer aerial view of the two project sites.



Land Purchase

The land purchase was negotiated in a private deal from a local landowner. The Manager recently made a USD $250,000 non-refundable deposit to remove subjects on the land purchase. The closing of the land purchase is currently set for August 31, 2018. The Manager continues to negotiate a land loan with prospective lenders to finance the approximate USD $6.2 million land purchase price.

Permitting, Construction and Timing

Production of the design documents are underway and are expected to be approved by the municipal authority in late 2019. The construction of the project is expected to take 18 months to complete. Graham will oversee the construction of these two projects.

Other Prospective Projects

The Partnership regularly considers other prospective investment opportunities and may invest in additional projects that have not been specifically identified as a Prospective Investment. The Prospective Investments noted herein may change in layout and scope as analysis and planning progress, or the Partnership may choose not to proceed at all.

Previous Partnership Investments

The following briefly describes the Partnership's liquidated investments:

Shoppers Drug Mart (Vancouver, BC)

In January 2010, an investor group, which included the Partnership and GVest Fund 1, facilitated the development of a two-storey Shoppers Drug Mart with an underground parkade situated at Granville Street and 13th Avenue in Vancouver, BC. The store consists of 17,500 square feet of net rentable space, two elevators and a 20-stall parkade. The Granville/Broadway market is one of the most desired retail areas in Vancouver with a limited supply of developable sites. In April 2012, the Shoppers Drug Mart store was sold to a local investor, resulting in a 22.55% internal rate of return on the Partnership's investment.

Marriott Hotels (Calgary, AB)

The Partnership entered into a loan agreement for $6.5 million to provide a participating mezzanine loan to facilitate the development of a 158-room Residence Inn and a 171-room Courtyard by Marriott Hotel. The six-storey hotels are connected and share common amenities like a fitness centre, indoor swimming pool, whirlpool and back-of-house facilities. They are part of an 11.5-acre, multi-phase development situated at Barlow Trail and 48th Avenue NE in Calgary near the Calgary International Airport. The Residence Inn provides the service and room configuration that appeal to the extended-stay market while the Courtyard by Marriott targets the focused-service segment. The hotels share management and operations departments, contributing to operational and financial efficiencies.

The hotels opened in February 2012 and the mezzanine loan was repaid. The gross annualized return of this investment was approximately 10.55%.

Anthem Apartments at 12th and Yesler (Seattle, WA)

The Partnership held a 91.0% equity interest in a 120 unit multi-family residential apartment project situated on 12th Avenue and Yesler Way in Seattle, Washington ("Anthem"). The 124,000 sq. ft. project consisted of 120 apartments and 4,000 sq. ft. of commercial space on the ground floor. The apartment mix was comprised of studio, one-bedroom and two-bedroom apartments. Building amenities included a roof top deck with barbecues, a lounge area, a dog run, a bike storage and repair station, a fitness centre, controlled-access parking, a community room with kitchen facilities, and future restaurant and retail space.

Construction on Anthem started in the spring of 2014 and the project achieved 95% occupancy of the residential suites in the fourth quarter of 2015. In September 2016, Anthem was sold to buyer based out of Austin, Texas, resulting in an annualized return to the Partnership of 23.92%.

Gracorp Capital Ltd.

The Partnership made investments in debentures of $452,900 and preferred shares of $194,100 of Gracorp Capital Ltd. The debentures were repaid along with interest of $213,804 in 2013. The preferred shares were redeemed and a dividend of $164,328 was received in 2014. The Partnership realized a 23.22% internal rate of return on its investment.

There can be no assurances that the Partnership's future financial results will meet or exceed historic returns on investment.

Long Term Objectives

The Corporation's long term objectives are to invest in the Partnership and realize a return on its investment through the distributions on Partnership Units. The Partnership's long term objectives are to invest in a portfolio of projects throughout the development spectrum and to monetize each investment once it is fully operational. Specifically, the Partnership intends to:

- monetize the investment in the Eagle Landing project by December 31, 2018;
- monetize the investment in the Decibel project by December 31, 2018;
- monetize the investment in the Reverb project by December 31, 2018;
- progress the development of the ESWL-LP and Tsawwassen Commons projects, including the leasing and construction activities;
- progress the entitlement process, project design and development efforts of the Marine and Kerr Poplar Centre, Rhapsody and Waterfront Place projects; and
- continue to conduct due diligence on the project opportunities including the opportunities described above in "*The Partnership's Prospective Investments*" section. Upon selection of a suitable investment opportunity, it is the Partnership's intention to fund the project and, in conjunction with Graham, participate in the development, finance, design, construction and operations of such project with a view to monetizing the investment in a three to five-year timeframe.

Short Term Objectives and How we Expect to Achieve Them

The following table sets out our objectives over the next 12 months:

What the Partnership must do and how it will do it:	Target Time Horizon	The Partnership's Estimated Equity Investment (1) (2)
Complete the Offering of Capital Commitments and invest in the Waterfront Place project.	1-6 months	Up to $1,750,000
Complete the Offering of Capital Commitments and invest in the Marine & Kerr and Washington University projects.	1-12 months	Up to $7,000,000
Invest in other prospective projects in target market areas, working capital, administrative expenses and other.	Ongoing	Up to $1,000,000

Notes:

(1) The Partnership intends to invest the available funds as stated. It will reallocate funds for sound business reasons, at the discretion of the General Partner.

(2) The estimated equity investment amounts are reported based on a 12 month investment time horizon. The aggregate amounts may not match the Maximum Offering amount as certain investments will occur later in the project development life cycle

Insufficient Funds

The funds available as a result of the Offering either may not or will not be sufficient to accomplish all of the Corporation's proposed objectives and there is no assurance that alternative financing will be available. See "*Risk Factors*".

Material Agreements

The Corporation and the Manager have entered into a Management Services Agreement (the "**MSA**") dated effective December 17, 2009 (as amended from time to time) pursuant to which the Manager has agreed to provide a range of services to the Corporation, including but not limited to, originating transactions, performing due diligence, managing investments, implementing exit strategies, administration of issuance of securities and investor reporting/accounting. Either party may terminate the MSA: (i) in the case of a default by the other party; or (ii) by 30 days written notice.

The Manager is paid a quarterly management fee (the "**Management Fee**") by the Corporation for all services rendered by the Manager pursuant to the MSA. The Management Fee is calculated and payable quarterly in advance, and is equal to 0.25% of the book value of the outstanding Preferred Shares and 0.25% of the aggregate outstanding principal amount of all Debentures as at the beginning of the relevant calendar quarter, plus all applicable taxes. In 2017, the amount of the Management Fee paid to the Manager totaled $172,350, plus all applicable taxes.

The Manager is also reimbursed by the Corporation for all reasonable out-of-pocket expenses incurred by the Manager in connection with carrying out its duties and obligations under the MSA, including, without limitation, fees paid to management entities which might be engaged to provide such services, as are reasonably allocable thereto. The Manager is required to calculate the expenses allowed under the MSA and allocation thereof for each month and by the 15th day of the month following the end of such month (or on such other basis as the parties determine, provided that reimbursement shall be not less frequent than annually) and invoices the Corporation in respect thereof by setting out the details of the services provided by the Manager and the allowable expenses and any goods and services tax required to be paid thereon. In 2016, the Manager charged $Nil in reimbursable expenses.

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

Compensation and Securities Held

The current directors of the Corporation are Tim Heavenor, Lyle Edwards and Brian Nilsson. The directors receive no compensation for their services as directors.

The officers of the Corporation are not compensated directly by the Corporation, but through their employment with the Manager. The amount paid by the Manager to their employees will be variable. The Manager provides management and advisory services to a number of entities throughout the year, including to the Corporation in exchange for the Management Fee. The Management Fee payable to the Manager for 2018 is 0.25% of the aggregate value of the outstanding Preferred Shares and the Debentures, plus all applicable taxes. Based on the current value of the outstanding Preferred Shares and Debentures, that fee is $172,350 per year, plus all applicable taxes, however the aggregate value of the Preferred Shares and Debentures will increase concurrently with subscriptions received under this Offering, and therefore the fee will increase slightly as well. The table below sets out the compensation paid and expected to be paid to such directors and officers by the Corporation.

Name and municipality of principal residence	Position held and date of obtaining that position	Compensation paid by the Partnership, the General Partner and the Manager in the most recently completed financial year / expected to be paid during the current financial year (2)	Number, type and percentage of securities of the Partnership held after completion of the Maximum Offering (1)(3)(4)(5)(6)
Tim H. Heavenor Cochrane, Alberta	Chairman, President and Director March 2009	$0 / $0	60,000 10% Debentures (2.99%) 5,717 12% Debentures (1.37%) 69,986 Preferred Shares (2.51%) 850 Common Shares (0.6%)
Lyle Edwards Calgary, Alberta	Director July 2011	$0 / $0	- Debentures (-%) - Common Shares (-%)
Brian Nilsson St. Albert, Alberta	Director August 2016	$0 / $0	- Debentures (-%) - Common Shares (-%)
Bruce Black Vancouver, BC	Vice President of the Manager, June 2014	$0 / $0	2,000 10% Debentures (0.10%) 2,020 Preferred Shares (0.10%) - Common Shares (-%)
Barry Poffenroth Calgary, Alberta	Director of the Manager, October 2008	$0 / $0	- Debentures (-%) 850 Common Shares (0.6%)
Paul Williams Vancouver, BC	Director of the Manager, November 2017	$0 / $0	- Debentures (-%) - Common Shares (-%)
Novy Cheema Calgary, Alberta	Director of the Manager, June 2016	$0 / $0	- Debentures (-%) - Common Shares (-%)

Notes:

(1) On a pro forma basis assuming: (i) the Maximum Offering closes on or about August 20, 2018; and (ii) there are no further issuances of Preferred Shares and Debentures during the year.

(2) Directors and officers are not directly compensated by the Corporation for services provided to the Corporation, but rather are compensated through their positions at the Manager, which is paid the Management Fee.

(3) No person directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Corporation.

(4) Mr. Heavenor's wife and two daughters each own 850 Common Shares of the Corporation.

(5) Mr. Black's wife owns 5,000 10% debentures and 5,051 Preferred Shares of the Corporation.

(6) Assumes no Debentures and Preferred Shares are purchased under the Offering by the directors or officers. The directors and officers have not determined their investment in the Offering (if any) at the date of this Offering Memorandum.

Management Experience of Directors and Executive Officers

Tim H. Heavenor – President and Director of the Corporation and Chairman, President and Director of the Manager

Mr. Heavenor is the founding President of Gracorp. He contributes over 28 years of experience in major project development, strategic planning, private equity, business development and corporate finance. Based in Calgary, Mr. Heavenor is also the Executive Vice President and Chief Financial Officer of the Graham Group. Together, Gracorp and Graham Capital Partners LP are developing a growing portfolio of private and public real estate and infrastructure assets. Mr. Heavenor is the founding President and Director of the Partnership and the Connor Clark & Lunn GVest Traditional Infrastructure LP and is a director of the Canadian Farm Insurance Corporation, a Canadian insurance company.

Mr. Heavenor joined the Graham Group as Vice President in 2007 and founded Gracorp shortly thereafter. Previously, he was one of three executives who led Manvest Inc., a private investment company, to top-quartile returns over a 10-year period. While at Manvest, he was an officer and director of numerous investor and investee companies. Mr. Heavenor holds a B.Comm (Finance) from the University of Alberta.

Lyle Edwards – Director of the Corporation

Mr. Edwards is a Chartered Accountant who has been involved in a number of business ventures. Mr. Edwards is currently the Chairman of the Calgary Municipal Land Corporation. He was formerly President of Highfield Corporation Ltd., a real estate development company that had assets of

$500,000,000. He is the founder, developer, and owner of the Cottonwood Golf and Country Club. He continues to be involved in several real estate ventures, and is actively involved in a number of community organizations.

Brian Nilsson – Director of the Corporation

Brian Nilsson is the Co-CEO of Nilsson Bros. Inc., a diversified agribusiness which operates across Western Canada and the United States. Mr. Nilsson is also the Co-CEO of XALTA Capital Partners Ltd. an Alberta based private equity fund which holds investments in various business including commercial properties and developments. These investments are primarily based in Western Canada and are outside of Mr. Nilsson's other agricultural investments. Mr. Nilsson has over thirty years of executive experience and has served on numerous industry related advisory Boards and Committees.

Bruce Black – Vice President of Investments of the Manager

Mr. Black has 22 years of experience in corporate finance, development, investment management and operations. Based in Vancouver, Mr. Black oversees the real estate activities of Gracorp and Graham. Bruce previously led large public development projects that now form part of the Graham Capital portfolio.

Prior to joining Gracorp, Mr. Black was Vice President of Corporate Finance and Development of a publicly listed gaming and entertainment company. Prior thereto, he was an investment banker with TD Securities and a consultant with KPMG. Bruce holds Chartered Accountant (CA), Chartered Business Valuator (CBV) and Chartered Financial Analyst (CFA) designations as well as a B.A. from the University of British Columbia.

Barry Poffenroth – Director of Real Estate of the Manager

Mr. Poffenroth is based in Calgary and has over 31 years of experience in the real estate industry. His responsibilities at Gracorp include the sourcing, structuring, financing and management of real estate investment opportunities on behalf of employees and third-party investors; investor reporting and liaison; and fund management. Prior to joining Gracorp in 2007, Mr. Poffenroth spent 10 years as Senior Vice President of Urbco Inc., a TSX-listed development and property company that focused on land development, condominium development and residential rental property acquisition and management in Alberta and northern Canada. In 2002, Urbco was transformed into Northern Property REIT.

Prior to his time at Urbco, Mr. Poffenroth worked at Shelter Corporation, where he helped to finance and/or build over $100 million worth of multi-family housing. He has also served on the board of directors or as advisor to several technology-related companies while working with Springbank TechVentures, a venture capital fund that he launched with three partners in 2001. Mr. Poffenroth holds a B.Comm from the University of Calgary and is a registered representative for the Manager in its role as an exempt market dealer.

Paul Williams – Director of Real Estate of the Manager

Mr. Williams is based in Vancouver and brings over 25 years of experience in the real estate development industry. Mr. Williams began his career in urban, in-fill development projects for major developers in Vancouver and progressed into large-scale, complex projects.

Mr. Williams spent the first 10 years of his career in various project roles including acquisition, project management and finance on numerous retail, office, multi-family and mixed-use projects across Canada and the USA.

Over the last 15 years, Mr. Williams has advanced through the various levels of operations management and has been responsible for the successful delivery of over $2B of developments in British Columbia and select areas of the United States.

Novy Cheema – Director of Real Estate of the Manager

Mr. Cheema is based in Calgary and has over eight years of experience in real estate law and development. Prior to joining Gracorp, he worked as an in-house counsel for a regional real estate developer where he was responsible for negotiating, drafting and closing purchase and sale agreements, commercial leases and debt and equity financings for properties located throughout Alberta and Houston, Texas. Prior to this, he was a commercial real estate associate for a national law firm in Calgary.

Mr. Cheema holds a Bachelor of Laws degree from the University of Alberta and a Bachelor of Commerce (Finance) degree from the University of Calgary. Mr. Cheema is an active member of the Law Society of Alberta, Canadian Bar Association, Calgary Bar Association and NAIOP (Commercial Real Estate Development Association).

Conflicts of Interest

There are potential conflicts of interest to which some of the directors, officers, insiders and promoters of the Corporation will be subject to in connection with the operations of the Corporation. All of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the Corporation. Accordingly, situations may arise where some or all of the directors, officers, insiders and promoters will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Business Corporations Act* (Alberta).

Tim Heavenor and the officers of the Corporation are unit holders of the entity that controls Graham. The directors and officers also have other business interests outside of the Corporation. The directors and officers may independently hold interests in businesses that the Corporation provides services to or that may offer to sell securities to the Corporation. The directors and officers may engage in business activities which the Corporation has no interest in and which may compete with the Corporation.

Penalties, Sanctions and Bankruptcy

There has been no penalty or sanction that has been in effect during the last ten years or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years against:

(a) a director, executive officer or control person of the Corporation or the Manager; or

(b) an issuer of which a person referred to in (a) above was a director, executive officer or control person at the time.

In addition, there has not been any 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 that has been in effect during the last 10 years with regard to any:

(a) director, executive officer or control person of the Corporation or the Manager; or

(b) an issuer of which a person referred to in (a) above was a director, executive officer or control person at that time.

Loans

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

ITEM 4 – CAPITAL STRUCTURE

Capital

The capital structure of the Corporation is summarized in the following table:

Description of Security	Number Authorized to be Issued	Price Per Security [(1)]	Number Outstanding as at March 31, 2018	Number Outstanding after Minimum Offering	Number Outstanding after Maximum Offering
Common Shares	Unlimited	$0.82	144,500	144,500	144,500
Preferred Shares	10,000,000	$1.90-$3.29	2,789,692	2,789,692	4,670,570

Notes:

(1) The Fair Market Value of the Preferred Shares is determined by the Board of Directors of the Corporation, taking into consideration the Net Asset Value of the Partnership Units as determined by the general partner and overseen by the independent advisory board of the Partnership. See "*Description of Securities Offered – Terms of Preferred Shares*" and "*Prior Sales*".

The long term debt securities of the Corporation are summarized in the following table:

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding at March 31, 2018
Debentures 10%	10%	10 year term	$14,027,328
Debentures 12%	12%	10 year term	$2,915,031

Prior Sales

The Corporation has issued the following securities since 2009:

Date of Issuance	Type of Security [1][2]	Number of Securities	Price Per Security	Total Funds Received
2009	Common Shares	144,500	$0.90	$130,050
2010	12% $7.00 Debentures	822,427	$7	$5,756,989
	Preferred Shares	822,427	$3	$2,467,281
2011	12% $7.00 Debentures	75,023	$7	$525,161
	10% $7.00 Debentures	160,660	$7	$1,124,620
	Preferred Shares	225,143	$3.00-3.27	$707,049
2012	10% $7.00 Debentures	247,380	$7	$1,731,660
	Preferred Shares	226,262	$3.28	$742,140
2013	10% $7.00 Debentures	665,760	$7	$4,590,320
	12% $7.00 Debentures	87,000	$7	$609,000
	Preferred Shares	913,870	$2.28-2.43	$2,144,940
2015	10% $7.00 Debentures	76,200	$7	$533,400
	Preferred Shares	89,669	$1.90-2.96	$228,600
2016	10% $7.00 Debentures	124,025	$7	$869,435
	Preferred Shares	123,573	$2.97-3.29	$372,615
2017	10% $7.00 Debentures	866,799	$7	$6,067,593
	Preferred Shares	838,838	$3.10	2,600,397
TOTAL				**$31,201,250**

Notes:

(1) During 2011, the Corporation redeemed 432,450 Preferred Shares and Debentures for the total cost of $4,729,415.

(2) The Debentures and Preferred Shares were issued in order to fund investments by the Corporation in Partnership Units. The Common Shares were issued in order to fund start-up costs and to purchase Partnership Units.

ITEM 5 – DESCRIPTION OF SECURITIES OFFERED

Terms of Securities

The following is a summary of the principal features of the Offering and should be read with, and is qualified in its entirety, by the constating documents of the Corporation and the terms of the Debentures and Preferred Shares. Further information and subscription forms are available from the Manager.

Blocks

Each Subscriber of Blocks under this Offering will execute a Subscription Agreement, pursuant to which the Subscriber will make a capital commitment to the Corporation in $1,000 increments (with a minimum Capital Commitment of $5,000). Each Block represents an obligation of the Subscriber to purchase on demand by the Corporation Preferred Shares and Debentures on the terms described in the Capital Call Notice and otherwise described elsewhere in this Offering Memorandum. No funds will be payable to the Corporation for the initial issuance of Blocks under this Offering.

Each Block offered under this Offering shall have the following terms:

Each Block represents a commitment to purchase Preferred Shares and Debentures at a future date on demand by the Corporation. Upon the issuance of a Capital Call Notice, the number of Blocks to which such Capital Call relates shall be deemed to have been converted in exchange for a number of Preferred Shares and Debentures as is equal to the Capital Call amount in the proportions and on the terms described elsewhere in this Offering Memorandum. All of the Blocks may, or may not, be called by the Corporation at one time and may be spread over multiple Capital Calls.

The Blocks will be issued in "book entry only" form and must be acquired from the Corporation. Persons acquiring Blocks will not be entitled to receive a certificate evidencing their interests in the Blocks.

The holders of Blocks are not Shareholders or Debentureholders until a Capital Call has been made by the Corporation and the holder has purchased the Preferred Shares and Debentures pursuant to that Capital Call, and after such time, the holder will only have rights as a Shareholder or Debentureholder, as the case may be, and interest in the Corporation in accordance with the amount of Preferred Shares and Debentures that the holder has purchased.

The Blocks are non-transferrable.

The Blocks has a maximum term of ten years. On the date that is ten years subsequent to the issuance of the Blocks, the rights that the Corporation has to require the holder to purchase Preferred Shares and Debentures pursuant to any outstanding Blocks will terminate with no further action of the Corporation or the Subscriber.

Preferred Shares and Debentures

A conversion of a Capital Commitment and purchase of Preferred Shares and Debentures pursuant to a Capital Call Notice will require the Subscribers to purchase (i) one hundred $7.00 principal amount unsecured Debentures bearing interest at 10% per annum; and (ii) a number of Preferred Shares that is equal to $300 divided by the fair market value of the Preferred Shares on the date of Closing (the "**Fair Market Value**"). The Fair Market Value is to be determined by the Board of Directors of the Corporation, taking into consideration the net asset value (the "**Net Asset Value**") of the Partnership Units as determined by the general partner of the Partnership and overseen by the independent advisory board of the Partnership. Following each closing under this Offering, the net subscription proceeds therefrom will be invested by the Corporation into Partnership Units. See "*Sources and Uses of Net Proceeds from the Offering*".

Terms of Debentures

Interest: Each Debenture shall bear interest at ten percent (10%) per annum, compounded annually. Interest may accrue in arrears on the Debentures until cash flow is available from the Partnership's distributions to the Corporation.

Term: The Debentures will mature on the earlier of: (i) ten years less a day from the date on which a Debenture or Debentures are first issued pursuant to this Offering; and (ii) the date of dissolution of the Partnership and final distribution on the Partnership Units.

Rank: The payment of interest on the Debentures will be senior to the rights to dividends on the Preferred Shares. The Debentures issued pursuant to this Offering are to be unsecured and will rank pari passu with other debentures issued by the Corporation prior to the Offering.

Retraction: On December 31 following the fifth anniversary of the issuance of a Debenture (the "**Debenture Lock-Up Date**"), a holder may retract such Debenture by providing notice to the Corporation between January 1 and January 15 of any year after the Debenture Lock-Up Date. Upon a request for retraction, the Corporation may request retraction of the Partnership Units that were acquired by the Corporation utilizing funds from the issue of the Debentures being retracted. The net proceeds of retraction less: (i) any costs or taxes payable by the Corporation; (ii) interest payable on the retracted debentures; and

(iii) any reasonable reserves as determined by the board of directors of the Corporation may be used to retract such Debentures. Retractions will be limited to available cash, and the Corporation will use reasonable commercial efforts to cover retraction requests, but will not be required to sell assets or borrow money in order to fund retractions.

Redemption: The Debentures will be redeemable, in whole or in part in integral multiples of $7.00, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at the Corporation's sole option on not more than 60 days' and not less than 30 days' prior notice. In the case of redemption of less than all of the Debentures, the Debentures to be redeemed will be by series, in chronological order of the offering date of the Debentures of each series, with the earliest first, and if less than all Debentures of a series are to be redeemed, the Debentures in that series to be redeemed will be selected by the Corporation on a pro rata basis or in such other manner as the Corporation deems equitable. Redemption shall be made in the same manner *mutatis mutandis* as payment of principal on maturity.

Terms of Preferred Shares

Dividends: The dividend to be paid on the Preferred Shares will be based on distributions on Partnership Units held by the Corporation as they are received from the Partnership, after the following costs are deducted: (i) any tax payable thereon by the Corporation, (ii) accrued and unpaid interest payable on the Debentures; (iii) repayment of notes; (iv) a reasonable allocation of operating costs for the Corporation as determined by its Board, acting reasonably; (v) all amounts owing in connection with the Management Fee; (vi) repurchase, redemption or retraction of outstanding Debentures or Preferred Shares; and (vii) provision for reasonable dedicated reserves determined by the Board with respect to amounts referenced in (i) to (vi), inclusive, less amounts distributed to holders of Preferred Shares by way of a return of capital.

Valuation: The Board of Directors will determine the Fair Market Value of the Preferred Shares from time to time taking into consideration the net asset value of the Partnership Units as determined by the independent advisory board of the Partnership.

Transfer: Any transfer of Preferred Shares is restricted, except with the express written consent of the Corporation.

Retraction: Following the fifth anniversary of the issuance of Preferred Shares (the "**Preferred Shares Lock-Up Date**"), a holder may retract such Preferred Shares by providing notice to the Corporation between January 1 and January 15 of any year after the Preferred Shares Lock-Up Date. Upon a request for retraction, the Corporation may pay an amount in respect of each retracted share equal to the Fair Market Value of such retracted shares less: (i) any costs or taxes payable by the Corporation; and (ii) any reasonable dedicated reserves determined by the Board of Directors with respect to the amounts received from retraction of such Retracted Shares, provided that if such amount is zero or a negative amount, then the amount shall be equal to $0.01. Retractions will be limited to available cash, and the Corporation will use reasonable commercial efforts to cover retraction requests, but will not be required to sell assets or borrow money in order to fund retractions.

Subscription Procedure

The Blocks are being issued in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

To subscribe for a Block, eligible investors are required to complete, execute and deliver to the Corporation at 10840 – 27th Street S.E., Calgary, Alberta T2Z 3R6 Attention: Curtis Pelletier, by mail or by email to cpelletier@gracorpcapital.com or info@gracorpcapital.com, the Subscription Agreement which accompanies this Offering Memorandum together with duly completed exhibits thereto. Subscribers of Blocks will be obligated to establish their qualification to invest in accordance with the requirements of the securities law of their jurisdiction of residence. Subscribers will be required to complete all forms necessary to ensure compliance with applicable securities law and anti-money laundering legislation. All subscriptions will be irrevocable.

The Corporation reserves the right to accept or reject orders in whole or in part. The Corporation may close or re-open the subscription books at any time without notice. **The Corporation will have no obligation to accept subscriptions from any person who would then hold 10% or more of the securities.**

Subscription Allocation Policy

Subject to the Maximum Offering amount, the Corporation intends to issue Blocks to prospective Subscribers in the following manner:

1. First, to the existing Corporation Shareholders, according to their current pro rata share of the Corporation:

2. Second, to the extent there is incremental demand and not all existing Shareholders subscribe for their pro rata share of this Offering, any incremental demand will be allocated to existing Corporation Shareholders on a pro rata basis; and

3. Third, to new investors, not currently Shareholders.

ITEM 6 – INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

You should consult your own professional advisers for advice on the income tax consequences that apply to you.

The following is a summary as of the date hereof of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") generally applicable as of the date hereof to a purchaser who acquires Debentures and Preferred Shares as capital property, deals at arm's length and is not affiliated with the Corporation, is resident in Canada within the meaning of the Tax Act, and, if a corporation, is a private corporation within the meaning of the Tax Act (a "**Holder**"). Debentures and Preferred Shares will generally be capital property to a Holder unless they are held, used or acquired, or deemed to be held, used or acquired, in the course of carrying on a business or have been held, used or acquired in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Debentures or Preferred Shares might not otherwise qualify as capital property may make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such securities and every “Canadian security” (as defined in the Tax Act) owned by such Holder in the taxation year of election and all subsequent taxation years deemed to be capital property.

This summary does not apply to a Holder subject to United States income, estate or gift taxes and state income tax considerations.

This summary does not apply to a Holder (i) that is a financial institution for purposes of the mark-to-market rules, (ii) an interest in which is a tax shelter investment, (iii) that is a specified financial institution, (iv) that is exempt from tax under Part I of the Tax Act, (v) that has elected to determine its Canadian tax results in a foreign currency pursuant to the functional currency rules, or (vi) that has entered into a derivative forward agreement with respect to its Debentures or Preferred Shares, all within the meaning of the Tax Act. Such Holders should consult their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of Debentures or Preferred Shares pursuant to the Offering.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) before the date hereof ("**Tax Proposals**"), and our understanding of the current published administrative and assessing practices and policies of the Canada Revenue Agency. This summary assumes that the Tax Proposals will be enacted in the form proposed, and does not take into account or anticipate any other changes in law, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Debentures or Preferred Shares. The tax consequences of acquiring, holding and disposing of Debentures or Preferred Shares will vary according to the status and circumstances of the Holder. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular purchaser. Accordingly, purchasers should consult their own tax advisors about the tax consequences to them of acquiring, holding and disposing of a Debentures or Preferred Shares in their own circumstances.

Holders of Debentures

Taxation of Interest on the Debentures

A Holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will generally be required to include in income for a taxation year the amount of interest accrued or deemed to accrue on the Debentures to the end of the taxation year or that becomes receivable or is received by it before the end of the year, to the extent such amounts have not otherwise been included in such Holder's income for the year or a preceding taxation year.

Any other Holder, including an individual, will be required to include in income for a taxation year any interest on the Debentures received or receivable by such Holder in the year (depending upon the method regularly followed by the Holder in computing income), including on a redemption or repayment on maturity, except to the extent that such amount was otherwise included in its income for the year or a preceding taxation year. In addition, if at any time a Debenture becomes an investment contract (as defined in the Tax Act) in relation to a Holder, such Holder will be required to include in computing income for a taxation year any interest that accrues to the Holder up to any anniversary day (as defined in the Tax Act) in that year to the extent such interest was not otherwise included in the Holder's income for that year or a preceding year.

Dispositions of Debentures

A disposition or deemed disposition by a Holder of Debentures (including on a redemption, or repayment by the Corporation) will generally result in the Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the Holder's adjusted cost base thereof and any reasonable costs of disposition. A Holder's adjusted cost base of a Debenture will be averaged with the cost to the Holder of all other Debentures held as capital property at that time. See "*Taxation of Capital Gains and Capital Losses*" below.

Upon such a disposition or deemed disposition of a Debenture, interest accrued thereon to the date of disposition and not yet due will be included in computing the Holder's income, except to the extent such amount was otherwise included in the Holder's income, and will be excluded in computing the Holder's proceeds of disposition of the Debenture. A Holder of a Debenture who has over-accrued interest income will generally be entitled to a deduction in computing the Holder's income for the taxation year in which the Debenture is disposed of in an amount equal to such over-accrued income.

Holders of Preferred Shares

Taxation of Dividends Received on Preferred Shares

Dividends received or deemed received on Preferred Shares by a Holder who is an individual (other than certain trusts) will be included in the Holder's income and will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations, including an enhanced dividend tax credit to the extent the Corporation designates a dividend as an eligible dividend in accordance with the Tax Act.

Dividends received or deemed received on Preferred Shares by a Holder that is a corporation will be included in its income and will generally be deductible in computing its taxable income to the extent and in the circumstances provided in the Tax Act. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received or deemed to be received by a Holder that is a corporation as proceeds of disposition or a capital gain. Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

Redemption, Acquisition or Cancellation of Preferred Shares

A redemption, acquisition or cancellation of a Holder's Preferred Shares by the Corporation will result in a deemed dividend to the Holder to the extent that the amount paid by the Corporation on such redemption, acquisition or cancellation exceeds the paid-up capital (as determined pursuant to the Tax Act) in respect of those shares. A Holder will realize a capital gain (or capital loss) on a redemption, acquisition or cancellation of a Preferred Shares by the Corporation to the extent that the proceeds of disposition are greater (or less) than the aggregate of the Holder's adjusted cost base of the Preferred Share immediately before the disposition and any reasonable costs of the disposition. Proceeds of disposition for this purpose to not include any amounts deemed to be a dividend.

Disposition of Preferred Shares other than by way of Redemption

A Holder will generally realize a capital gain (or loss) on a disposition or deemed disposition of Preferred Shares (other than to the Corporation) to the extent that the proceeds of disposition are greater (or less) than the aggregate of the Holder's adjusted cost base of the Preferred Shares to the Holder immediately before the disposition and any reasonable costs of disposition. A Holder's adjusted cost base of a Preferred Share will be averaged with the cost to the Holder of all other Preferred Shares held as capital property at that time.

Taxation of Capital Gains and Capital Losses

In general, one-half of any capital gain (a **taxable capital gain**) realized by a Holder in a taxation year will be included in the Holder's income in the year and one-half of the amount of any capital loss (an **allowable capital loss**) realized by a Holder in a taxation year will be deducted from taxable capital gains realized by the Holder in the year. Allowable capital losses in excess of taxable capital gains may be deducted in any of the three preceding taxation years or in any subsequent year, to the extent and under the circumstances described in the Tax Act.

The amount of any capital loss realized by a Holder that is a corporation on the disposition of a Preferred Share may be reduced by the amount of dividends received or deemed to be received by it on such Preferred Share (or on a share for which the Preferred Share has been substituted) to the extent and under the circumstances described by the Tax Act. Similar rules may apply where a Holder that is a corporation is a member of a partnership or a beneficiary of a trust that owns Preferred Shares, directly or indirectly, through a partnership or trust. Holders to whom these rules may be relevant should consult their own tax advisors.

Alternative Minimum Tax

Holders who are individuals, including certain trusts, may be subject to alternative minimum tax as a consequence of realizing capital gains, or receiving or being deemed to receive dividends on the Preferred Shares.

Additional Refundable Tax

A Holder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including amounts in respect of taxable capital gains.

RRSP and TFSA Eligibility

The Debentures and Preferred Shares will, if the Corporation on Closing is a public corporation (as defined in the Tax Act) and not a mortgage investment corporation (as defined in the Tax Act), be on Closing a qualified investment under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), registered disability savings plan ("**RDSP**"), deferred profit sharing plan, tax-free savings account ("**TFSA**") or registered education savings plan ("**RESP**"), all within the meaning of the Tax Act.

Notwithstanding the foregoing, if the Debentures or Preferred Shares are “prohibited investments” (as defined in the Tax Act) for a trust governed by a RRSP, RRIF, RDSP, RESP or TFSA, the holder, annuitant or subscriber thereof, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Debentures and Preferred Shares will not be a prohibited investment (for the purposes of the Tax Act) for a trust governed by an RRSP, RRIF, RDSP, RESP or TFSA provided that the holder, annuitant or subscriber thereof, as the case may be, (a) deals at arm's length with the Corporation for purposes of the Tax Act, and (b) does not have a significant interest (within the meaning of the Tax Act) in the Corporation.

Prospective investors who intend to hold Debentures or Preferred Shares in their TFSA, RDSP, RESP, RRSP or RRIF are urged to consult their own tax advisors regarding their particular circumstances.

ITEM 7 – COMPENSATION PAID TO SELLERS AND FINDERS

The Manager or such other sub-agent designated by it from time to time (the "**Sub Agent**") will provide certain services for the benefit of the Subscriber including, without limitation: (i) identifying and introducing to the Subscriber the opportunity to invest in the Corporation; (ii) meeting with the Subscriber as required during each calendar year to provide the Subscriber with insight into the development and progress of the Corporation's investment activities; (iii) providing the Subscriber with all reports and financial statements of the Corporation which may be relevant to the Subscriber's investment in the Capital Commitment; and (iv) performing such additional services as may from time to time be mutually agreed between the Manager and/or the Sub Agent.

For services rendered in connection with the distribution and other related matters, the Manager or such other registered dealer designated by it from time to time (the "**Payee**") will receive a one-time Service Fee. On the Initial Closing Date, or subsequent closings as the case may be, the Subscriber shall pay the Service Fee to the Payee as follows:

(1) Nil if the Subscriber is an employee of Graham, Graham Income Trust or an "affiliate" of either of them within the meaning of the *Business Corporations Act* (Alberta);

(2) 2.50%, if the dollar amount of the Subscriber's aggregate commitments to purchase securities of the Corporation under this Offering (funded and unfunded) is equal to or greater than $500,000; and

(3) 3.25%, if the dollar amount of the Subscriber's aggregate commitments to purchase securities of the Corporation under this Offering (funded and unfunded) is less than $500,000.

The Subscriber acknowledges and accepts that the Service Fee shall be deducted from the funds delivered at the Initial Closing Date and the number of securities issued to the Subscriber shall be based upon the net proceeds of the Offering.

ITEM 8 – RISK FACTORS

An investment in the Corporation carries a degree of risk, including, but not limited to, the risks referred to below. The risks referred to below are risks which are considered to be material but are not the only risks relating to the Corporation and the securities offered by the Corporation. There may be additional material risks that the Corporation does not currently consider to be material or of which the Corporation is not currently aware. Potential investors should review this document carefully and in its entirety and may wish to consult with their professional advisors before subscribing for a Capital Commitment. If any of the risks referred to in this document were to occur, the financial position and prospects of the Corporation could be materially adversely affected. If that were to occur, the value of the Debentures or Preferred Shares could decline significantly and investors could lose all or part of their investment.

The range of risks to which investors will be exposed in making an investment in the Corporation and indirectly into the Partnership includes, but is not limited to, the following:

Lack of Liquidity

The assets of the Corporation and the Partnership are generally illiquid and there can be no assurance that the Corporation will be able to realize on its investments in a timely manner or at all. While redemptions are permitted, there is no guarantee that the Corporation will be available to redeem Debentures or Preferred Shares when requested or at all.

Construction

Some of the investments that the Corporation makes will be in pre-construction stage projects and, while the Corporation and the Partnership will attempt to mitigate much of the associated construction risk by entering into fixed price contracts with Graham and other credible construction firms, there is no assurance that it will be successful in doing so.

Operating

The Corporation and the Partnership will generally not be responsible for operating and/or maintaining the projects in which it invests as third party developers are usually involved and, while it will attempt to mitigate any concomitant operating and capital cost risk by entering into long-term, fixed fee contracts with qualified and creditworthy service providers, there can be no assurance that it will be successful in doing so.

Debt Financing

The Corporation and the Partnership may fund some of the capital cost of projects and its investments with debt financing. The use of significant debt financing exposes the Corporation to the risk of a default on its debt obligations, counterparty credit risk and, in some cases, refinancing risk. While the Partnership will attempt to mitigate the above risks by raising prudent levels of debt financing, there is no assurance that it will be successful in doing so.

Revenues

Certain of the projects the Corporation may invest in might have leases or arrangements that expose the Corporation to revenue risk. In these circumstances, the Corporation will endeavour to carefully evaluate the associated risks during the project due diligence stage and ensure that its return expectations compensate for the risk assumed.

Regulatory

While the Corporation intends to focus its activities in jurisdictions within North America that have stable regulatory regimes, there can be no assurance that changes in the regulatory and political landscape in a particular jurisdiction will not adversely impact the economics of a project in which the Partnership invests.

Availability of Projects

While there appears to be a sufficient number of investment opportunities for the Corporation at this time, there is no guarantee that the Corporation will be able to identify and source suitable projects or enter competitive bid processes on suitable terms.

No Market for Securities

There is no market through which the Debentures or the Preferred Shares may be sold and we do not expect that any market will develop in the future. The Corporation is not a reporting issuer in any province or territory of Canada and may never become a reporting issuer. Accordingly, an investment in the Debentures and/or the Preferred Shares should only be considered by investors who do not require liquidity. The Corporation has no current plans to list any of the Debentures or Preferred Shares on any stock exchange.

Insufficient Funds to Accomplish the Corporation's Business Objectives

The proceeds of the Offering may not be sufficient to accomplish all the Corporation's proposed objectives and there is no assurance that alternative financing will be available.

Performance of the Corporation and Operating History

The Corporation commenced operations in 2009 and owns indirect interests, through the Partnership, in nine portfolio investments. Past performance is not indicative of future results of the Corporation and there can be no assurance that targeted returns will be achieved. There can be no assurance that the Corporation or the Partnership will be able to implement its investment strategy and investment approach or achieve its investment objectives.

Reliance on Management and Directors

Investors will be indirectly relying on the Manager's expertise, historical performance, technical resources, and judgment in structuring portfolio investments. The Corporation will also be dependent on certain key individuals who are instrumental in the management of the Corporation and the Manager. There can be no assurance that these individuals will continue their association with the Manager or the Corporation or that the replacement personnel with comparable skills could be found.

Lack of Control by the Corporation

The Corporation or the Partnership may only have limited influence over the operations of the enterprises into which it invests, lends or otherwise finances or has a development interest as the holder of a minority interest or non-operating position.

Related Parties

Management is engaged in other business activities. There are potential conflicts of interest that could arise in connection with the directors and officers acting on behalf of the Corporation which will be resolved in accordance with the provisions of the *Business Corporations Act* (Alberta).

Subject to various governing documents, the Manager and their respective affiliates, directors and officers may engage in activities that may be competitive with those in which the Corporation might be engaging, and will not be required to make available to the Corporation any investment opportunity, and may pursue any investment opportunity for their own accounts without liability to the Corporation or the Partnership.

Graham may be engaged to act as builder in respect of projects in which the Corporation is involved. Certain directors and officers are employees and own minority interests in the parent of Graham. The Corporation may invest in projects that Graham is not involved in as a builder or provider of construction services.

Illiquid and Long-Term Investments and Risks Inherent in Real Property Investments

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from other available premises and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of tenants. The Corporation's performance could be materially and adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties in which the Corporation may have an interest were to become vacant and not able to be leased on economically favourable lease terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Certain tenants will have rights to terminate their leases or pay reduced rent in certain circumstances. There can be no assurance that such rights will not be exercised in the future. The terms of any subsequent lease may be less favourable to the Corporation than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the Corporation's investment may be incurred. Costs may also be incurred in making improvements or repairs to property required by a new tenant.

Leases

To the extent that any of the properties in which the Corporation will have an interest are located on leased land, the land leases may be subject to periodic rate resets which result in significant rental rate adjustments.

Determination of Share Value

The Board of Directors will determine the value of the Preferred Shares upon the issuance of Preferred Shares in connection with the conversion of Debentures or the retraction of the Preferred Shares. The Board of Directors of the Corporation has broad discretion in determining the Fair Market Value and has no obligation to disclose or explain the method of calculation used.

ITEM 9 – REPORTING OBLIGATIONS

Within sixty days after the end of each quarter, the Corporation will send to each holder of securities of the Corporation an update on the performance of each of the Corporation's investments, a valuation of the Net Asset Value of Partnership Units, and an update on the Partnership.

Within ninety days after the end of each fiscal year, the Corporation will send to each investor audited comparative financial statements of the Corporation for the most recently completed fiscal year (including the report of the auditor), a report on allocations and distributions to securities holders for the fiscal year, and information concerning income tax reporting.

ITEM 10 – RESALE RESTRICTIONS

General Statement

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

Restricted Period

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

Manitoba Resale Restrictions

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless: (i) the Corporation 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 – PURCHASER'S RIGHTS

If you subscribe for Blocks you will have certain rights, some of which are described below. These rights may not be available to you if you subscribe for the Blocks pursuant to a prospectus exemption other than the offering memorandum exemption in Section 2.9 of National Instrument 45-106 *Prospectus and Registration Exemptions*. For information about your rights you should consult a lawyer.

Two Day Cancellation Right

You can cancel your agreement to subscribe for the Capital Commitment. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to subscribe for the Capital Commitment.

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

Securities legislation in certain of the provinces of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defences and limitations contained under the applicable securities legislation.

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

Rights of Purchasers in Alberta

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

(a) the Corporation to cancel your agreement to subscribe for Blocks, or

(b) for damages against the Corporation, every person who was a director of the Corporation at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

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

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

Rights of Purchasers in British Columbia

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

(a) the Corporation to cancel your agreement to subscribe for Blocks, or

(b) for damages against the Corporation, every person who was a director of the Corporation at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

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

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

Rights of Purchasers in Saskatchewan

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

(a) the Corporation to cancel your agreement to subscribe for Blocks, or

(b) for damages against the Corporation, every promoter of the Corporation, every person who was a director of the Corporation at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

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

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

Rights of Purchasers in Manitoba

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

(a) the Corporation to rescind your agreement to subscribe for Blocks, or

(b) for damages against the Corporation, every promoter of the Corporation, every person who was a director of the Corporation at the date of this Offering Memorandum and every other Person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you subscribed for Blocks.

Additionally, if you elect to exercise a right of rescission against the Corporation, you will have no right of action against the Persons described in (b) above.

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

Rights of Purchasers in Ontario

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

(a) the purchaser has a right of action for damages against the Corporation and a selling securityholder on whose behalf the distribution is made, or

(b) where the purchaser purchased the securities from a person or the Corporation referred to in clause (a), the purchaser may elect to exercise a right of rescission against the person or the Corporation, in which case the purchaser shall have no right of action for damages against such person or the Corporation.

The Corporation will not be held liable under this paragraph if the subscriber subscribed for Blocks with the knowledge of the misrepresentation. In an action for damages, the Corporation 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 relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the securities were sold to the subscriber.

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

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

The foregoing are summaries only and are subject to the express provisions of applicable securities laws. The rights of action described above are in addition to and without derogation from any other right or remedy that a purchaser may have at law.

ITEM 12 – FINANCIAL STATEMENTS

Consolidated financial statements of

GVest Private Equity Ltd.

December 31, 2017

GVest Private Equity Ltd.

December 31, 2017

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Deloitte.

Deloitte LLP
700, 850 2 Street SW
Calgary, AB T2P 0R8
Canada

Tel: 403-267-1700
Fax: 403-213-5791
www.deloitte.ca

Independent Auditor's Report

To the Shareholders of
GVest Private Equity Ltd.

We have audited the accompanying consolidated financial statements of GVest Private Equity Ltd., which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of income (loss), consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits 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 consolidated financial position of GVest Private Equity Ltd. as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
March 8, 2018

GVest Private Equity Ltd.

Consolidated statement of financial position
as at December 31, 2017

(In Canadian dollars)

	2017	2016
	$	$
Assets		
Current assets		
Cash	**5,759,029**	5,023,009
Accounts receivable (Note 3)	**22,241**	109,163
Prepaid expenses	**193,115**	327,135
Interest reserve (Note 18)	**397,627**	-
Deposit held in trust (Note 4)	**1,960,000**	-
Fixed income securities (Note 5)	**10,000,000**	-
Promissory note receivable	**100,000**	375,000
Asset held for sale (Notes 11 and 26)	**63,876,501**	-
Other assets (Note 7)	**1,432,956**	982,698
	83,741,469	6,817,005
Non-current assets		
Investment in Eagle Landing Development Retail Limited Partnership (Note 8)	**8,017,094**	7,259,389
Investment in Edmonton SW Lands Limited Partnership (Note 9)	**6,095,792**	5,620,665
Investment in Tsawwassen Power Centre Limited Partnership (Note 10)	**44,863,326**	41,952,418
Investment properties (Note 11)	**-**	64,550,503
Properties under development (Note 12)	**13,405,331**	9,054,060
Residential development (Note 13)	**9,517,140**	-
Deferred taxes (Note 14)	**1,446,731**	1,009,714
	83,345,414	129,446,749
	167,086,883	136,263,754
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 15)	**3,479,964**	1,029,497
Due to related party (Note 23)	**3,389,893**	2,418,937
Notes payable (Note 17)	**-**	2,545,910
Loan payable (Notes 18 and 26)	**59,104,983**	-
Current portion of long term debt (Note 21)	**-**	594,055
	65,974,840	6,588,399
Non-current liabilities		
Debentures payable (Note 16)	**17,011,345**	10,969,313
Preferred shares (Note 19)	**7,207,319**	4,617,793
Promissory notes payable (Note 20)	**1,792,539**	1,509,542
Long term debt (Note 21)	**8,987,282**	47,434,189
Deferred taxes (Note 14)	**-**	238,930
	34,998,485	64,769,767
	100,973,325	71,358,166
Shareholders' equity		
Share capital (Note 22)	**130,050**	130,050
Retained earnings	**3,263,587**	2,596,268
Other reserves	**180,363**	276,063
Non-controlling interest	**62,539,558**	61,903,207
	66,113,558	64,905,588
	167,086,883	136,263,754

Approved by the Board

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The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

GVest Private Equity Ltd.

Consolidated statement of income (loss)
year ended December 31, 2017

(In Canadian dollars)

	2017	2016
	$	$
Revenue		
Investment income	**991,830**	1,157,917
Rental income	**3,919,258**	3,011,016
Interest income	**146,254**	33,294
Other income	**53,381**	-
	5,110,723	4,202,227
Expenses		
Interest	**4,089,389**	2,594,858
Management and service fees (Note 23)	**1,484,390**	1,548,888
Property management	**1,052,031**	807,256
Insurance	**650,088**	328,272
Administration fees	**228,240**	171,819
Professional fees	**222,568**	150,212
Directors' fees (Note 23)	**48,000**	48,000
	7,774,706	5,649,305
Loss before other gains (losses)	**(2,663,983)**	(1,447,078)
Foreign exchange gain	**16,880**	177,298
Fair value changes (Note 24)	**(1,513,080)**	16,327,803
Income before income taxes	**(4,160,183)**	15,058,023
Income tax recovery (expense) (Note 14)	**675,947**	(298,232)
Net income (loss)	**(3,484,236)**	14,759,791
Net income (loss) attributable to		
Shareholders	**667,319**	1,526,469
Non-controlling interests	**(4,151,555)**	13,233,322
	(3,484,236)	14,759,791

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

GVest Private Equity Ltd.

Consolidated statement of comprehensive income (loss)
year ended December 31, 2017
(In Canadian dollars)

	2017	2016
	$	$
Net income (loss)	**(3,484,236)**	14,759,791
Other comprehensive loss		
Item that may be reclassified to net loss		
Foreign currency translation loss	**(973,694)**	(2,674,966)
Comprehensive income (loss)	**(4,457,930)**	12,084,825
Attributable to shareholders		
Net income	**667,319**	1,526,469
Other comprehensive loss	**(95,700)**	(1,100,318)
	571,619	426,151
Attributable to non-controlling interests		
Net income (loss)	**(4,151,555)**	13,233,322
Other comprehensive loss	**(877,994)**	(1,574,648)
	(5,029,549)	11,658,674

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

GVest Private Equity Ltd.

Consolidated statement of changes in equity
year ended December 31, 2017
(In Canadian dollars)

	Share capital	Retained earnings	Other reserves	Non-controlling interests	Total
	$	$	$	$	$
Balance at January 1, 2016	130,050	1,084,584	1,376,381	53,325,101	55,916,116
Net income	-	1,526,469	-	13,233,322	14,759,791
Capital provided by non-controlling interest	-	-	-	678,073	678,073
Distributions to non-controlling interest	-	-	-	(3,758,641)	(3,758,641)
Common share dividend	-	(14,785)	-	-	(14,785)
Translation reserve	-	-	(1,100,318)	(1,574,648)	(2,674,966)
Balance at December 31, 2016	130,050	2,596,268	276,063	61,903,207	64,905,588
Net loss	-	667,319	-	(4,151,555)	(3,484,236)
Capital provided by non-controlling interest	-	-	-	5,831,533	5,831,533
Distributions to non-controlling interest	-	-	-	(8,961)	(8,961)
Redemptions to non-controlling interest	-	-	-	(156,672)	(156,672)
Translation reserve	-	-	(95,700)	(877,994)	(973,694)
Balance at December 31, 2017	**130,050**	**3,263,587**	**180,363**	**62,539,558**	**66,113,558**

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

GVest Private Equity Ltd.
Consolidated statement of cash flows
year ended December 31, 2017
(In Canadian dollars)

	2017	2016
	$	$
Operating activities		
Net income (loss)	**(3,484,236)**	14,759,791
Items not affecting cash		
Foreign currency translation	**-**	(2,674,966)
Fair value changes	**1,513,080**	(16,327,803)
Income tax (recovery) expense	**(675,947)**	298,232
Changes in non-cash working capital		
Accounts receivable	**86,922**	(18,582)
Prepaid expenses	**134,020**	(99,706)
Interest reserve	**(397,627)**	-
Other assets	**(450,258)**	169,548
Accounts payable and accrued liabilities	**2,450,467**	(989,800)
Due to related party	**970,956**	(558,256)
	147,377	(5,441,542)
Financing activities		
Proceeds from issuance of loan payable	**14,693,644**	-
Proceeds from issuance of long term debt	**9,025,000**	24,916,114
Proceeds from issuance of debentures	**6,067,593**	869,435
Proceeds from issuance of preferred shares	**2,600,397**	372,615
Proceeds from issuance of promissory notes payable	**282,997**	1,090,642
Repayment of loan payable	**(555,032)**	-
Repayment of long term debt	**(37,718)** `	(29,105,712)
Redemption of debentures	**(25,561)**	-
Redemption of preferred shares	**(10,871)**	-
Redemption of notes payable	**(2,545,910)**	(523,000)
Capital provided by non-controlling interests	**5,831,533**	678,073
Distributions to non-controlling interests	**(8,961)**	(3,758,641)
Redemption of non-controlling interests	**(156,672)**	-
Common share dividend	**-**	(14,785)
Deposit held in trust	**(1,960,000)**	-
	33,200,439	(5,475,259)
Investing activities		
Proceeds from disposal of investment properties, net of selling costs	**-**	44,972,261
Additions to properties under development	**(13,405,331)**	(32,733,950)
Additions to investment properties	**(997,527)**	(1,279,616)
Additions to residential development	**(463,080)**	-
Investment in Tsawwassen Development Power Centre Limited Partnership	**(8,020,858)**	(4,471,615)
Distribution from Tsawwassen Development Power Centre Limited Partnership	**-**	900,000
Proceeds from sale of St. Albert Redevelopment Land	**-**	318,496
Collection of promissory notes receivable	**275,000**	-
Investment in fixed income securities	**(10,000,000)**	-
	(32,611,796)	7,705,576
Increase (decrease) in cash during the year	**736,020**	(3,211,225)
Cash, beginning of year	**5,023,009**	8,234,234
Cash, end of year	**5,759,029**	5,023,009

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

1. Corporation information

GVest Private Equity Ltd. (the "Company") is a private company established under the laws of the province of Alberta on March 13, 2009. The Company is located at 10840-27th Street S.E., Calgary, Alberta, Canada, T2Z 3R6.

The business of the Company is to invest in private investment funds with investments in real estate development projects, power generation infrastructure (including wind, hydro and transmission assets), design build-lease projects and private businesses (or interests therein) located in Canada and the United States (US).

The principal activities of the Company and its subsidiaries (the "Group") are described in Notes 6 and 27.

2. Significant accounting policies

a) *Statement of compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") effective as at December 31, 2017.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on March 8, 2018.

b) *Basis of presentation*

These consolidated financial statements have been prepared on a going concern basis and the historical cost basis, except for certain financial instruments, investments and investment properties that have been measured at fair value.

c) *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. Significant accounting policies (continued)

c) Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of income and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income or loss are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group is a venture capital organization, investing primarily in projects that are expected to be sold in the short to medium term. Those investments in entities that the Company does not control are designated on initial recognition as at FVTPL in accordance with International Accounting Standard (“IAS”) 39, Financial Instruments: Recognition and Measurement. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in profit or loss.

d) Foreign currency translation

The Canadian dollar is the functional and presentation currency of the Company. Each of the Company’s subsidiaries determines its own functional currency and items included in the financial statements of each subsidiary are measured using that functional currency.

Assets and liabilities of foreign operations having a functional currency other than the Canadian dollar are translated at the rate of exchange prevailing at the reporting date, and revenue and expenses at average rates during the period. The resulting exchange differences are recognized initially in other comprehensive income or loss and accumulated in the foreign currency translation reserve, a separate component of equity. On the disposal of a foreign operation, or the loss of control, joint control or significant influence, the component of accumulated other comprehensive income or loss relating to that foreign operation is reclassified to profit or loss.

Foreign currency denominated non-monetary assets and liabilities, measured at historic cost, are translated at the rate of exchange at the transaction date. Foreign currency denominated monetary assets and liabilities of the Group are translated using the rate of exchange prevailing at the reporting date and non-monetary assets and liabilities measured at fair value are translated at the rate of exchange prevailing at the date when the fair value was determined. Revenue and expenses are measured at average rates during the period. Gains or losses on translation of these items are included in profit or loss.

e) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

2. Significant accounting policies (continued)

e) Investment properties (continued)

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no further economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

f) Asset held for sale

Investment properties are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized through profit or loss.

g) Residential development

Residential development lots, townhomes and condominium projects are recorded as inventory. Residential development is recorded at lower of cost, including pre-development expenditures and capitalized borrowing costs, and net realizable value, which the Group determines as the estimated selling price of the inventory in the ordinary course of business in its completed state, less estimated expenses, including holding costs, costs to complete and costs to sell.

h) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

i) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial liabilities are classified as at FVTPL or other financial liabilities.

An instrument is classified as FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as FVTPL if the Group makes purchase and sale decisions based on their fair value in accordance with the Group’s risk management strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in profit of loss. Realized gains or losses on the sale of investments are accounted for on the settlement date.

2. Significant accounting policies (continued)

i) Financial instruments (continued)

Cash, accounts receivable, promissory note receivable, deposit held in trust, fixed income securities, interest reserve, and other assets have been classified as loans and receivables. Accounts payable and accrued liabilities, due to related party, notes payable, loan payable, debentures payable, preferred shares and long-term debt have been classified as other financial liabilities. Loans and receivables and other financial liabilities are recognized initially at fair value, then measured at amortized cost using the effective interest method, less any impairment losses.

j) Impairment

For financial assets other than those classified as FVTPL, an assessment is made each period by management as to whether any objective evidence of impairment exists. Factors considered in determining such objective evidence include the length of time and the extent of unrealized loss, the financial condition and near-term prospects of the issuer and the Group's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

For financial assets carried at amortized cost, if, in subsequent periods, the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the loss is reversed in profit or loss. The reversal is limited to the amortized amount of the financial asset had there been no impairment recognized in a prior period.

The Group reviews non-financial assets annually for impairment. If the net carrying amount of an asset, which is considered impaired, exceeds the estimated recoverable amount, the excess is charged to profit or loss as an impairment loss.

Management also assesses annually whether there is any indication that an impairment loss recognized in a prior period may no longer exist or may have decreased. If such indication exists, the estimated recoverable amount is compared to the carrying amount and, if the recoverable amount exceeds the carrying amount, the prior impairment loss is reversed, to bring the carrying amount to a maximum of the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized in a prior period.

k) Revenue recognition

Management has considered the detailed criteria for the recognition of revenue set out in IAS 18, Revenue. Management is satisfied that the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group and the recognition of the revenue is appropriate.

Rental revenue from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Investment income is recognized when the Group's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Partnership and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2. Significant accounting policies (continued)

l) Income taxes

Tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from income or loss as reported in the consolidated statement of income (loss) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or loss or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or loss or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

m) Critical judgments and estimates

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements relate to the following:

2. Significant accounting policies (continued)

m) Critical judgments and estimates (continued)

i. Critical judgments in applying accounting policies

Management is required to make critical judgments when applying its accounting policies. The following judgments have the most significant effect on the consolidated financial statements:

Control or level of influence

When determining the appropriate basis of accounting for the Company's investees, the Company makes judgments about the degree of influence that the Company exerts directly or through an arrangement over the investees' relevant activities. This may include the ability to elect investee directors or appoint management. Control is obtained when the Company has the power to direct the relevant investing, financing and operating decisions of an entity and does so in its capacity as principal of the operations, rather than as an agent for other investors. Operating as a principal includes having sufficient capital at risk in any investee and exposure to the variability of the returns generated by the decisions of the Company as principal. Judgment is used in determining the sufficiency of the capital at risk or variability of returns. In making these judgments, the Company considers the ability of other investors to remove the Company as a manager or general partner in a controlled partnership.

Investment properties, residential development and properties under development

When applying the Company's accounting policy for investment properties, judgment is applied in determining whether certain costs are additions to the carrying amount of the property and, for residential development and properties under development, identifying the point at which practical completion of the property occurs and identifying the directly attributable borrowing costs to be included in the carrying value of the development property.

ii. Critical estimates

The significant estimates used in determining the recorded amount for assets and liabilities in the consolidated financial statements include the following:

Investments and Investment properties

Estimates are applied by management in determining certain assumptions such as capitalization rates, future cash flows, net operating income, general economic factors, specific industry factors, project risk and current market conditions in determining the fair value of the investment and investment property.

Financial instruments

Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments. Information about the valuation techniques and inputs used in determining the fair value of financial instruments are disclosed in Note 24.

(In Canadian dollars)

2. Significant accounting policies (continued)

n) Accounting standards and amendments issued but not yet adopted

In July 2014, the International Accounting Standards Board ("IASB") completed the final phase of its project to replace IAS 39, the current standard on the recognition and measurement of financial instruments. IFRS 9 is now the new standard which sets out the recognition and measurement requirements for financial instruments and some contracts to buy or sell non-financial items. IFRS 9 proposes a single model of classifying and measuring financial assets and liabilities and provides for only two classification categories: amortized cost and fair value. Hedge accounting requirements have also been updated in the new standard and are now more aligned with the risk management activities of an entity. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The current accounting treatment of financial instruments complies with the IFRS 9 requirements. The adoption of IFRS 9 will not have a significant impact on the financial statements other than some additional disclosures.

IFRS 15, Revenue from Contracts with Customers, was issued by the IASB in May 2014 to replace IAS 15, Construction Contracts, IAS 18, Revenue, International Financial Reporting Interpretations Committee ("IFRIC") 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers, replacing the multiple rules in IAS 15, IAS 18, IFRIC 13, IFRIC 15 and Standard Interpretations Committee ("SIC") 31, and has an effective date of January 1, 2018. The current accounting treatment of revenue from contracts with customers complies with the IFRS 15 requirements. The adoption of IFRS 15 will not have a significant impact on the financial statements other than some additional disclosures.

IFRS 16, Leases, was issued by the IASB on January 2016. This standard is required to be applied for accounting periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied. The Company has not yet assessed the impact of the standard on the financial statements.

3. Accounts receivable

	2017	2016
	$	$
Trade receivables	**4,509**	12,952
Other receivables	**17,732**	96,211
	22,241	109,163

As at December 31, 2017, allowance for doubtful accounts and amounts past due but not impaired are both $Nil (2016 - $Nil).

4. Deposit held in trust

The Group paid refundable deposits held in trust, totalling $1,760,000, in accordance with an acquisition agreement dated July 7, 2017 pursuant to a letter of intent dated March 3, 2017 and a financing term sheet dated October 13, 2017, in connection to a mixed use project in the City of Calgary.

The Group paid a refundable deposit in the amount of $200,000 in accordance with a purchase and sale agreement dated October 30, 2017.

(In Canadian dollars)

5. Fixed income securities

The fixed income securities relate to short term non-redeemable guaranteed investment certificate with interest rate of 1.25% per annum maturing on February 13, 2018. On February 13, 2018, the Group reinvested $9.5 million in one-year cashable guaranteed investment certificate with an interest rate of 1.45% per annum.

6. Subsidiaries

Details of the Group's wholly owned material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operations	Proportion of ownership interest and voting power held by the company 2017	2016
			%	%
GVest PE Ltd.	General partner of GVest Private Equity Limited Partnership	Alberta	**100**	100
GVest Eagle Landing GP Ltd.	General partner of Eagle Landing Development Retail Limited Partnership	Alberta	**100**	100
GVest Tsawwassen GP Ltd.	General partner of GVest Tsawwassen Power Centre LP	Alberta	**100**	100
GVest 12th & Yesler GP Ltd.	General partner of GVest 12th & Yesler LP	Alberta	**100**	100
GVest 12th & Alder GP Ltd.	General partner of GVest 12th & Alder LP	Alberta	**100**	100
GVest 11th & Alder GP Ltd.	General partner of GVest 11th & Alder LP	Alberta	**100**	100
Gvest Marine & Kerr GP Ltd.	General Partner of GVest Marine & Kerr LP	British Columbia	**100**	100
GVest Poplar Centre GP Ltd.	General Partner of GVest Poplar LP	Alberta	**100**	-
GVest Rhapsody GP Ltd.	General Partner of GVest Rhapsody LP	Alberta	**100**	-

The table below shows details of the non-wholly owned subsidiary of the Company that have a material non-controlling interest:

Name of subsidiary	Place of incorporation and operations	Proportion of ownership interest and voting power held by the Group 2017	2016	(Loss) income allocated to non-controlling interests 2017	2016	Accumulated non-controlling interests 2017	2016
		%	%	**$**	$	**$**	$
GVest Private Equity Limited Partnership	Alberta	**59**	52	**(4,151,555)**	13,233,322	**62,539,558**	61,903,207

(In Canadian dollars)

6. Subsidiaries (continued)

Summarized financial information with respect to the Company's subsidiary with non-controlling interest is set out below. The summarized financial information represents amounts before intragroup eliminations:

	2017	2016
	$	$
GVest Private Equity Limited Partnership		
Current assets	**18,883,431**	6,192,921
Non-current assets	**33,414,376**	32,376,555
Current liabilities	**(48,424)**	(51,925)
Non-current liabilities	**(1,932,380)**	(1,762,034)
Equity	**50,317,003**	36,755,517

	2017	2016
	$	$
Revenue	**1,596,781**	1,636,805
Distributions to non-controlling interests	**8,961**	3,758,641
Cash inflows from operating activities	**536,698**	11,888
Cash inflows (outflows) from investing activities	**(10,909,543)**	3,129,179
Cash inflows from financing activities	**10,061,984**	1,500

7. Other assets

Other assets include cash held by a US financial institution lender (see Note 20) for initial operating deficit escrow and reserves to cover payments for taxes, insurance and future significant repairs or improvements on the investment property held by the Company.

8. Investment in Eagle Landing Development Retail Limited Partnership

The Group's investment represents a 25% interest in Eagle Landing Development Retail Limited Partnership ("Eagle Landing"). Eagle Landing is responsible for the development of a 360,000 square foot shopping centre and retail complex located in Chilliwack, B.C.

As at December 31, 2017 and December 31, 2016, the fair value of the Group's investment in Eagle Landing has been determined using the direct income capitalization approach. The direct income capitalization approach values an investment by dividing the forecast stabilized net operating income (when 97% of leases are executed) by the capitalization rate of 5.31% to 5.39% (2016 - 5.48% to 6.25%).

The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions. Net operating income is discounted from the date that stabilized net operating income is expected to be achieved, to the consolidated statement of financial position date using a discount rate of 6.5% (2016 - 10%).

The discount rate used represents the rate of return an investor would expect to earn given the risks associated with achieving the forecast stabilized net operating income, general economic factors, specific industry factors and having a regard for current market conditions. The investment in Eagle Landing is sensitive to changes in the assumptions in the forecast stabilized net operating income and to changes in the discount rate.

The cost of the investment was $4,044,828.

(In Canadian dollars)

9. Investment in Edmonton SW Lands Limited Partnership

The Group purchased 156.8 limited partnership units (15.7%) of Edmonton SW Lands Limited Partnership (“Edmonton SW”). The project consists of two parcels of land in the southwest section of Edmonton (approximately 300 acres designated as residential and approximately 160 acres as commercial lands).

The commercial lands are principally being developed as The Currents of Windermere and Windermere Crossing. The Currents of Windermere have approximately 981,298 square feet of rented space. The Windermere Crossing has over 155,313 square feet of rented space. The total development area is expected to be over 1.1 million square feet of rentable space.

As at December 31, 2017, the fair value of the Group’s investment in the commercial portion of Edmonton SW has been determined using the direct income capitalization approach. The direct income capitalization approach values an investment by dividing the net operating income by the capitalization rate of 5.5% (2016 - 5.50% to 5.75%) The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions.

The fair value of the Group’s investment in the residential portion of Edmonton SW has been determined using a discounted cash flow analysis using a discount rate of 25% (2016 - 25%). The discount rate represents the rate of return an investor would expect to earn.

The cost of the investment was $3,307,497.

10. Investment in Tsawwassen Power Centre Limited Partnership

The Group’s investment represents 50% interest in Tsawwassen Development Power Centre Limited Partnership (“Tsawwassen”). The Group is responsible for providing financing for the development of a 549,343 square foot shopping centre situated in Tsawwassen, B.C.

The fair value of the Group’s investment in Tsawwassen has been determined using the direct income capitalization approach. The direct income capitalization approach values an investment by dividing the forecast stabilized net operating income by the capitalization rate of 5% (2016 - 5%).

The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions. Net operating income is discounted from the date that stabilized net operating income is expected to be achieved, to the statement of financial position date using a discount rate of 12% (2016 - 15%), which resulted in a price of $1,104 per unit (2016 - $1,211 per unit).

The cost of the investment was $39,450,283.

11. Investment properties

	2017	2016
	$	$
Balance, beginning of year	**64,550,503**	41,835,809
Additions	**997,527**	1,279,616
Disposals	**-**	(43,543,835)
Properties transferred from properties under development	**-**	60,638,158
Fair value changes	**2,364,038**	5,769,181
Foreign currency translation	**(4,035,567)**	(1,428,426)
Transferred to asset held for sale	**(63,876,501)**	-
Balance, end of year	**-**	64,550,503

(In Canadian dollars)

11. Investment properties (continued)

The Group's investment properties comprised:

- A 75-unit apartment building with 5,000 square feet of retail totalling approximately 68,000 gross square feet in Seattle, WA. On June 30, 2016, the apartment building obtained the certificate of occupancy.
- A 85-unit apartment building with 74,000 gross square feet in Seattle, WA. On October 10, 2016, the apartment building obtained the certificate of occupancy.

The cost of the investment properties is US$46,549,866.

As at December 31, 2017, the fair value of the Group's investment properties has been determined using the direct income capitalization approach. The direct income capitalization approach values an investment by dividing the forecast stabilized net operating income by the capitalization rate of 4.75% (2016 - 5%).

The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions. Net operating income is discounted from the date that stabilized net operating income is expected to be achieved, to the statement of financial position date using a discount rate of 7.5% (2016 - 10%).

On December 31, 2017, the Group's investment properties were reclassified to assets held for sale (see Note 26).

12. Properties under development

	2017	2016
	$	$
Balance, beginning of year	**9,054,060**	36,958,268
Additions	**13,405,331**	33,836,823
Transferred to investment properties	**-**	(60,638,158)
Transferred to residential development	**(9,054,060)**	-
Foreign currency translation	**-**	(1,102,873)
Balance, end of year	**13,405,331**	9,054,060

Transfer to residential development:

- On September 30, 2017, Marine & Kerr project was reclassified to residential development (see Note 13).

Properties under development is composed of the following developments that were started in 2017:

- Poplar project is a development of a three-storey medical office, commercial and retail space building of approximately 67,500 square feet of leasable area located in Calgary, AB. The project is in the early development stage; therefore, fair value approximates cost as at December 31, 2017.
- Rhapsody project is a development of a mixed-use rental apartment and retail building, comprising 288 rental units and approximately 65,000 of main floor commercial space located in Calgary, AB. The project is in the early development stage; therefore, fair value approximates cost as at December 31, 2017.

(In Canadian dollars)

13. Residential development

Residential development is composed of Marine & Kerr project which is the development of a multi-family residential development of approximately 80,000 square feet of townhomes and a rental apartment building on 1.14 acres of land located in Vancouver, B.C.

Residential development is recorded as inventory and thus reported at lower of cost and net realizable value. The cost of residential development is $9,517,140.

	2017	2016
	$	$
Balance, beginning of year	**-**	-
Transferred from properties under development	**9,054,060**	-
Additions	**463,080**	-
Balance, end of year	**9,517,140**	-

14. Income taxes

	2017	2016
	$	$
Income tax (expense) recovery	**675,947**	(298,232)
The income tax recovery can be reconciled to the accounting profit as follows		
Income before income taxes of the Company	**(4,160,183)**	15,058,023
Income tax recovery calculated at 27% (2016 - 27%)	**(1,123,249)**	4,065,666
Adjustment in relation to investment in subsidiary for tax purposes	**627,913**	(3,768,921)
Non-taxable portion of subsidiary income	**(5,502)**	(9,599)
Other temporary differences	**(175,109)**	11,086
Deferred tax recovery	**(675,947)**	298,232

Deferred tax balances

The income tax effect of temporary differences that give rise to the deferred tax assets and liabilities are as follows:

	2017	2016
	$	$
Temporary difference in the recognition of limited partnership income for accounting purposes and for tax purposes	**(643,103)**	(238,930)
Non-capital losses carried forward	**2,087,887**	1,007,620
Other temporary differences	**1,947**	2,094

The Group incurred $7,732,915 of non-capital losses expiring between 2019 and 2027.

(In Canadian dollars)

15. Accounts payable and accrued liabilities

	2017	2016
	$	$
Trade payables	**1,616,938**	275,468
Accrued interest on debentures payable (Note 16)	**1,449,033**	288,724
Accrued interest on notes payable (Note 17)	**91,550**	258,799
Accrued interest on loan payable (Note 18)	**128,984**	-
Accrued interest on long term debt (Note 20)	**150,572**	137,286
Unearned revenue	**42,887**	69,220
	3,479,964	1,029,497

16. Debentures payable

	2017	2016
	$	$
12%, $7 debentures, bearing interest at 12% per annum payable each February 28, maturing on the date that is the earlier of: 10 years less a day from the date on which the debenture was first issued or the date of dissolution of the Company	**2,915,033**	2,935,042
10%, $7 debentures, bearing interest at 10% per annum payable each February 28, maturing on the date that is the earlier of: 10 years less a day from the date on which the debenture was first issued or the date of dissolution of the Company	**14,096,312**	8,034,271
Accrued interest on 12%, $7 debentures	**660,054**	88,532
Accrued interest on 10%, $7 debentures	**1,132,485**	200,192
	18,803,884	11,258,037
Less: promissory notes payable (Note 20)	**1,792,539**	288,724
	17,011,345	10,969,313

See Note 25 for the disclosures on fair value measurement.

17. Notes payable

	Maturity	Interest rate	2017	2016
			$	$
Grid Promissory Note 1	May 2018	8%	**-**	1,795,910
Grid Promissory Note 2	January 2017	9-11%	**-**	750,000
			-	2,545,910

As at December 31, 2017, included in accounts payable and accrued liabilities is interest payable on notes payable amounting to $91,550 (2016 - $258,799).

In 2017, Grid Promissory Note 1 principal of $1,795,910 and interest totalling $177,131 were paid, and Grid Promissory Note 2 principal of $750,000 and interest totalling $71,148 were paid.

(In Canadian dollars)

18. Loan payable

In June 2017, the Group obtained a $15,400,000 loan facility from Firm Capital pursuant to the credit agreement, which is effective April 12, 2017. The loan matures in September 2018, which is 15 months from the date of the first drawdown. Interest is payable on the first day of each month during the term of the loan at an interest rate of 11.50%. The principal together with all accrued and unpaid interest thereon will be paid on the maturity date, as defined in the credit agreement.

The loan facility includes an interest reserve facility drawn to service the interest payment owing by the Partnership under the credit agreement. As at December 31, 2017, $950,000 was drawn under the interest facility reserve and $552,373 has been utilized for current period's interest expense resulting to interest reserve balance amounting to $397,627 at December 31, 2017.

As at December 31, 2017, interest on loan payable amounted to $681,483 of which $128,984 is payable. Subsequent to December 31, 2017, the interest facility reserve was applied against the interest payable on loan payable.

19. Preferred shares

Authorized

The Company is authorized to issue 10,000,000 First preferred shares, Series 1 ("Series 1 Preferred Shares"). The Series 1 Preferred Shares are non-voting and entitle the holder to receive dividends equal to the distribution received by the Company, net of any tax payable, accrued and unpaid interest on the debentures, repayment of notes and a reasonable allocation of operating costs in priority to holders of common shares The common shareholders receive dividends subsequent to the Series 1 preferred shareholders

Issued

		2017		2016
	Issued and outstanding	**Amount**	Issued and outstanding	Amount
	#	**$**	#	$
Series 1 preferred shares	**2,802,314**	**7,207,319**	1,968,495	4,617,793

20. Promissory notes payable

The Group issued the following promissory notes:

	Maturity	Interest rate	**2017**	2016
			$	$
Unsecured Promissory Note	January 2020 to June 2026	Prime plus 1%	**1,792,539**	1,509,542

The unsecured promissory notes issued by the Company are to pay interest on debentures which are payable with respect to the period to June 30 of each year during which they are outstanding on or before February 28 following that year.

(In Canadian dollars)

21. Long term debt

Long term debt relates to mortgage loans to finance properties under development and residential development. Terms of the long term debt are as follows:

	Maturity	Annual rate	Currency	**2017**	2016
				$	$
Mortgage 1 - US	August 2057	3.43%	US$	**23,696,245**	24,322,287
Mortgage 2 - US	May 2057	3.36%	US$	**21,878,366**	23,705,957
Mortgage 3 - CA	May 2020	5.50%	CA$	**4,762,282**	-
Mortgage 4 - CA	February 2020	Prime plus 1%	CA$	**4,225,000**	-
				54,561,893	48,028,244
Less: current portion				**-**	594,055
Reclassify to loan payable				**45,574,611**	-
				8,987,282	47,434,189

Mortgage 1 and Mortgage 2 are secured by a first mortgage or deed of trust on the property and all improvements located and fixtures attached.

Mortgage 3 is secured by a first charge mortgage over the land and properties, a first general assignment of rent, a first general security agreement, estoppel certificates and corporate guarantee.

Mortgage 4 is secured by a first charge mortgage over the investment properties, a general security agreement over the assets pertaining to the investment properties, a general assignment of rents from the investment properties, and corporate guarantees.

As at December 31, 2017, included in accounts payable and accrued liabilities is accrued interest payable on long term debt amounting to $150,572 (2016 - $137,286).

On December 31, 2017, Mortgage 1 and Mortgage 2 were reclassified to loan payable (see Note 26).

22. Share capital

Authorized, unlimited number

Common shares have been authorized, which entitle the holders to receive dividends subsequent to the Series 1 Preferred Shares. Common shares entitle the holder to receive notice of and attend and vote at all meetings of shareholders of the Company, except meetings of holders of another class of shares

Issued

	2017	2016
	$	$
144,500 common shares	**130,050**	130,050

In 2017, common share dividends of $Nil (2016 - $14,785) were paid.

(In Canadian dollars)

23. Related party transactions

During the year, the Group had related party transactions with Gracorp Capital Advisors Ltd. as follows:

	2017	2016
	$	$
Management and service fees	**1,436,390**	1,465,501

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

The Group has entered into a management services agreement with Gracorp Capital Advisors Ltd. (the "Manager" of the Group). The Manager of the Group is considered a related party as it is the manager of an entity that has significant influence over the Group. Under the terms of the management services agreement, the Manager is entitled to receive a fee calculated and payable quarterly in advance of a fixed percentage (ranging from 1% to 1.5% per annum) of a certain basis such as the face value of the outstanding debenture and the book value of the preferred shares outstanding, net asset value or capital of its subsidiaries. As at December 31, 2017, $3,389,893 was payable to the Manager of the Group (2016 - $2,418,937).

The remuneration of directors during the year ended December 31, 2017, was $48,000 (2016 - $48,000).

24. Fair value gains (losses)

	Fair value 2016	Additions	Foreign currency translation	Disposals and distributions	Fair value gain (loss)	Fair value 2017
	$	$	$	$	$	$
Eagle Landing Development Retail Limited Partnership	7,259,389	-	-	-	**757,705**	**8,017,094**
Edmonton SW Lands Limited Partnership	5,620,665	-	-	-	**475,127**	**6,095,792**
GVest Tsawwassen Power Centre Limited Partnership	41,952,418	**8,020,858**	-	-	**(5,109,950)**	**44,863,326**
Asset held for sale	64,550,503	**997,527**	**(4,035,567)**	-	**2,364,038**	**63,876,501**
	119,382,975	**9,018,385**	**(4,035,567)**	-	**(1,513,080)**	**122,852,713**

(In Canadian dollars)

24. Fair value gains (losses) (continued)

	Fair value 2015	Additions	Foreign currency translation	Disposals and distributions	Fair value gain	Fair value 2016
	$	$	$	$	$	$
Eagle Landing Development Retail Limited Partnership	6,905,239	-	-	-	354,150	7,259,389
Edmonton SW Lands Limited Partnership	5,727,258	-	-	-	(106,593)	5,620,665
GVest Tsawwassen Power Centre Limited Partnership	28,106,560	4,471,615	-	(900,000)	10,274,243	41,952,418
St. Albert Redevelopment Land	666,674	-	-	(703,496)	36,822	-
Investment properties	41,835,809	61,917,774	(1,428,426)	(43,543,835)	5,769,181	64,550,503
	83,241,540	66,389,389	(1,428,426)	(45,147,331)	16,327,803	119,382,975

25. Financial instruments and risk management

The Group may be exposed to a variety of financial risks. The Group's exposure to financial risks is concentrated in its investment holdings. The Group's risk management practice includes oversight by the Group's Board of Directors. The Manager of the Group manages the potential effects of financial risks on the Group's performance by regularly monitoring the Group's investments and market events.

(a) Risk management

Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or factors affecting all similar financial instruments traded in a market.

As at December 31, 2017, 87% (2016 - 94%) of the Group's assets were held in a privately held limited partnership that is not traded in an active market.

Credit risk

Credit risk is the risk that a loss could arise from an investor or counterparty to a financial instrument not being able to meet its financial obligation.

In the previous year, the majority of accounts receivable are in respect to capital call activities and are due from investors. Credit risk arises from the possibility that investors may experience financial difficulty and be unable to fulfill the required capital contribution. Management believes the risk is mitigated by periodically assessing the investor's capabilities to make contributions on an individual basis. As at December 31, 2017, the Group had Nil% (2016 - Nil%) of the Group's total aggregate capital in the form of cash call obligations from subscribers.

Credit risk arises primarily from cash held at banks, interest reserve, fixed income securities, other assets and the investment promissory note receivable. The maximum exposure to credit risk is the carrying value of financial instruments as disclosed in the consolidated statement of financial position. Cash balances are held on deposit with a Canadian financial institution. The promissory note receivable is unsecured with no terms of repayment.

25. Financial instruments and risk management (continued)

(a) Risk management (continued)

Interest rate risk

The Group is subject to interest rate cash flow risk arising from fluctuations in interest rate on its cash held with a Canadian chartered bank. The interest rate on the majority of the Group's debt is fixed and is therefore subject to interest rate price risk. The Group is not exposed to significant interest rate cash flow risk.

Currency risk

Currency risk is the risk that the value of financial instruments denominated in foreign currencies will fluctuate due to changes in exchange rates. With the exception of the US based investments, the assets and liabilities of the Group are held in the functional currency of the Group, which is the Canadian dollar. The US-based investments are held in US dollars.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they become due. Liquidity risk may result from an inability to sell an investment quickly at close to its fair value. Given the private nature of the Group's investment, there can be no assurances that an active trading market for the investment will exist at all times. The Group limits its liquidity risk by actively monitoring its cash requirements to ensure it has sufficient available funds to meet current and foreseeable financial requirements at a reasonable cost. The full amount of the loan payable has been classified as a current liability in the consolidated statement of financial position. Of the total loan payable balance, $13,530,372 matures in September 2018. Prior to maturity, it is management's intention to negotiate an extension, refinance the existing obligation or obtain a new source of financing in advance of the maturity date. Although there are no guarantees as to this outcome, management will be in discussions with the lender prior to the maturity date of September 2018.

(In Canadian dollars)

25. Financial instruments and risk management (continued)

(a) Risk management (continued)

Liquidity risk (continued)

The following table details the Group's undiscounted financial liabilities as at December 31, 2017, based on contractual payment dates and current market interest rates:

2017	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
	$	$	$	$	$
Trade payables	**1,616,938**	**-**	**-**	**-**	**1,616,938**
Accrued interest on debentures payable	**-**	**-**	**1,449,033**	**-**	**1,449,033**
Accrued interest on notes payable	**-**	**-**	**91,550**	**-**	**91,550**
Accrued interest on loan payable	**-**	**-**	**128,984**	**-**	**128,984**
Accrued interest on long term debt	**-**	**-**	**150,572**	**-**	**150,572**
Due to related party	**-**	**-**	**3,389,893**	**-**	**3,389,893**
Notes payable	**-**	**-**	**1,792,539**	**-**	**1,792,539**
Loan payable	**-**	**-**	**59,104,983**	**-**	**59,104,983**
Debentures payable	**-**	**-**	**-**	**17,011,345**	**17,011,345**
Preferred shares	**-**	**-**	**-**	**7,207,319**	**7,207,319**
Long term debt	**-**	**-**	**-**	**8,987,282**	**8,987,282**
	1,616,938	**-**	**66,107,554**	**33,205,946**	**100,930,438**

2016	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
	$	$	$	$	$
Trade payables	275,468	-	-	-	275,468
Accrued interest on debentures payable	-	-	288,724	-	288,724
Accrued interest on notes payable	-	-	258,799	-	258,799
Accrued interest on long term debt	137,286	-	-	-	137,286
Due to related party	-	-	2,418,937	-	2,418,937
Notes payable	-	-	4,055,452	-	4,055,452
Debentures payable	-	-	-	10,969,313	10,969,313
Preferred shares	-	-	-	4,617,793	4,617,793
Long term debt	-	-	594,055	47,434,189	48,028,244
	412,754	-	7,615,967	63,021,295	71,050,016

(In Canadian dollars)

25. Financial instruments and risk management (continued)

(a) Risk management (continued)

Capital management

The Company's capital comprises debentures and shareholders' equity. The Company's objective in managing capital is to maximize returns to debenture holders and shareholders while maintaining sufficient liquidity and resources to fund day-to-day operations and meet long-term growth objectives. There are no externally imposed restrictions on capital.

(b) Fair value measurement

The carrying values and fair values of financial assets and liabilities are summarized as follows:

		2017		2016
	Total carrying value	**Total fair value**	Total carrying value	Total fair fair value
	$	**$**	$	$
Cash	**5,759,029**	**5,759,029**	5,023,009	5,023,009
Accounts receivable	**22,241**	**22,241**	109,163	109,163
Interest reserve	**397,627**	**397,627**	-	-
Deposit held in trust	**1,960,000**	**1,960,000**	-	-
Fixed income securities	**10,000,000**	**10,000,000**	-	-
Note receivable	**100,000**	**100,000**	375,000	375,000
Asset held for sale	**63,876,501**	**63,876,501**	-	-
Other assets	**1,432,956**	**1,432,956**	982,698	982,698
Investments in				
Eagle Landing Development Retail Limited Partnership	**8,017,094**	**8,017,094**	7,259,389	7,259,389
Edmonton SW Lands Limited Partnership	**6,095,792**	**6,095,792**	5,620,665	5,620,665
Gvest Tsawwassen Power Centre Limited Partnership	**44,863,326**	**44,863,326**	41,952,418	41,952,418
Investment properties	**-**	**-**	64,550,503	64,550,503
Properties under development	**13,405,331**	**13,405,331**	9,054,060	9,054,060
Residential development	**9,517,140**	**9,517,140**	-	-
Accounts payable and accrued liabilities	**3,479,964**	**3,479,964**	1,029,497	1,029,497
Due to related party	**3,389,893**	**3,389,893**	2,418,937	2,418,937
Notes payable	**1,792,539**	**1,792,539**	4,055,452	4,055,452
Loan payable	**59,104,983**	**59,104,983**	-	
Debentures payable	**17,011,345**	**17,011,345**	10,969,313	10,969,313
Preferred shares	**7,207,319**	**9,310,505**	4,617,793	6,515,718
Long term debt	**8,987,282**	**8,987,282**	48,028,244	48,028,244

(In Canadian dollars)

25. Financial instruments and risk management (continued)

(b) Fair value measurement (continued)

In determining the fair value of financial instruments, the Group maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs reflect market-driven or market-based information obtained from independent sources, while unobservable inputs reflect the Group's estimate about market data. Based on the observability of significant inputs used, the Group classifies its fair value measurements in accordance with a three-level hierarchy.
This hierarchy is based on the quality and reliability of the information used to determine fair value, as follows:

Level 1: Valuations are based on quoted prices in active markets for identical assets or liabilities. Since the valuations are based on quoted prices that are readily available in an active market, they are not subject to significant measurement uncertainty.

Level 2: Valuations are based on observable inputs other than quoted prices.

Level 3: Valuations are based on at least one unobservable input that is supported by little or no market activity and is significant to the fair value measurement.

In assigning financial instruments to the appropriate levels, the Group performs detailed analysis. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. The level within which the fair value measurement is categorized is based on the lowest-level input that is significant to the fair value measurement in its entirety.

The Group's policy is to recognize transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. As at December 31, 2017, all of the Group's investments were Level 3 inputs.

Fair values have been determined by management and are subjective in nature and involve estimates and matters of judgment.

The fair value measurements for investments in Eagle Landing, Edmonton SW, and Tsawwassen are primarily driven by the underlying fair values of the investment properties in which each of those entities are invested respectively. A change to reasonably possible alternative estimates and assumptions used in the valuation of these investment properties, such as a change in capitalization rates, cash inflow and outflow forecasts, or judgments made in the fair value of early stage developments may have a significant impact on the fair values calculated for these financial assets. The Group's determination of fair value has been disclosed in Notes 8, 9 and 10.

The fair value measurements for investment properties and properties under development are most sensitive to changes in the discount rate and timing or variability of cash flows. The determination of fair value has been disclosed in Note 11 and 12.

The carrying value of long term debt and other long term liabilities approximates its fair value.

26. Assets held for sale

	2017	2016
	$	$
Asset held for sale	**63,876,501**	-
Loan payable associated with asset held for sale	**45,574,611**	-

During 2017, the Group commenced a program to dispose of its investment properties. The result of this program is to reclassify investment properties to asset held for sale as their sale is highly probable. No impairment loss was recognized on reclassification of the investment properties to assets held for sale as at December 31, 2017 as the Group expects that the fair value less costs to sell is higher than the carrying amount.

(In Canadian dollars)

26. Assets held for sale (continued)

The major classes of assets and liabilities of the investment at the end of the reporting period are as follows:

	$
Cash	**767,754**
Prepaid expenses	**169,193**
Other assets	**1,432,956**
Asset held for sale	**63,876,501**
Assets classified as held for sale	**66,246,404**
Accounts payable and accrued liabilities	**(601,043)**
Loan payable	**(45,574,611)**
Liabilities associated with assets held for sale	**(46,175,654)**
Net assets classified as held for sale	**20,070,750**

27. Direct investment in GVest Private Equity Limited Partnership

The Company's sole direct investment is in partnership units of GVest Private Equity Limited Partnership. As at December 31, 2017, the Company held 2,524,247 units (2016 - 1,760,659 units) with a fair value of $11.81 per unit (2016 - $10.95).

Condensed consolidated interim financial statements of

GVest Private Equity Ltd.

March 31, 2018 and 2017

(Unaudited)

GVest Private Equity Ltd.

March 31, 2018 and 2017

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GVest Private Equity Ltd.

Condensed consolidated statement of financial position
(Unaudited)
as at
(In Canadian dollars)

	March 31, 2018	December 31, 2017
	$	$
Assets		
Current assets		
Cash	**9,195,195**	5,759,029
Accounts receivable (Note 3)	**33,828**	22,241
Prepaid expenses	**241,776**	193,115
Interest reserve (Note 15)	**460,121**	397,627
Deposit held in trust (Note 4)	**2,760,000**	1,960,000
Fixed income securities (Note 5)	**4,750,000**	10,000,000
Promissory note receivable	**-**	100,000
Assets held for sale (Note 7)	**73,779,736**	63,876,501
Other assets (Note 8)	**771,668**	1,432,956
	91,992,324	83,741,469
Non-current assets		
Investment in Eagle Landing Development Retail Limited Partnership (Note 7)	**-**	8,017,094
Investment in Edmonton SW Lands Limited Partnership (Note 9)	**6,178,267**	6,095,792
Investment in Tsawwassen Power Centre Limited Partnership (Note 10)	**46,152,579**	44,863,326
Properties under development (Note 11)	**17,040,904**	13,405,331
Residential development (Note 12)	**9,702,503**	9,517,140
Deferred taxes	**1,446,731**	1,446,731
	80,520,984	83,345,414
	172,513,308	167,086,883
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 13)	**3,644,979**	3,479,964
Due to related party (Note 20)	**3,718,204**	3,389,893
Loan payable (Note 7 and 15)	**60,793,697**	59,104,983
Current portion of long term debt (Note 18)	**68,424**	-
	68,225,304	65,974,840
Non-current liabilities		
Debentures payable (Note 14)	**16,942,364**	17,011,345
Preferred shares (Note 16)	**7,177,162**	7,207,319
Promissory notes payable (Note 17)	**3,221,310**	1,792,539
Long term debt (Note 18)	**8,902,325**	8,987,282
	36,243,161	34,998,485
	104,468,465	100,973,325
Shareholders' equity		
Share capital (Note 19)	**130,050**	130,050
Retained earnings	**2,894,603**	3,263,587
Other reserves	**242,880**	180,363
Non-controlling interest	**64,777,310**	62,539,558
	68,044,843	66,113,558
	172,513,308	167,086,883

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

GVest Private Equity Ltd.

Condensed consolidated statement of income
(Unaudited)
Three-month period ended March 31, 2018 and 2017

(In Canadian dollars)

	2018	2017
	$	$
Revenue		
Investment income	**45,900**	172,478
Rental income	**1,045,664**	753,725
Interest income	**47,336**	15,141
Other loss	**(983)**	-
	1,137,917	941,344
Expenses		
Interest	**1,303,463**	751,846
Management and service fees (Note 20)	**345,308**	367,653
Property management	**267,973**	252,932
Insurance	**153,444**	174,571
Administration fees	**121,154**	57,595
Professional fees	**59,007**	34,171
Directors' fees (Note 20)	**12,000**	12,000
	2,262,349	1,650,768
Net loss before other gains (losses)	**(1,124,432)**	(709,424)
Foreign exchange loss	**(4,046)**	(601)
Fair value changes (Note 21)	**1,569,431**	2,192,018
Net income	**440,953**	1,481,993
Net income (loss) attributable to		
Shareholders	**(368,984)**	124,119
Non-controlling interests	**809,937**	1,357,874
	440,953	1,481,993

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

GVest Private Equity Ltd.

Condensed consolidated statement of comprehensive income
(Unaudited)

Three-month period ended March 31, 2018 and 2017

(In Canadian dollars)

	2018	2017
	$	$
Net income	440,953	1,481,993
Other comprehensive income (loss)		
Item that may be reclassified to net loss		
Foreign currency translation gain (loss)	409,872	(148,538)
Comprehensive income	**850,825**	1,333,455
Attributable to shareholders		
Net income (loss)	(368,984)	124,119
Other comprehensive income (loss)	62,517	(19,661)
	(306,467)	104,458
Attributable to non-controlling interests		
Net income	809,937	1,357,874
Other comprehensive income (loss)	347,355	(128,877)
	1,157,292	1,228,997

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

GVest Private Equity Ltd.

Condensed consolidated statement of changes in equity
(Unaudited)

Three-month period ended March 31, 2018 and 2017

(In Canadian dollars)

	Share capital	Retained earnings	Other reserves	Non-controlling interests	Total
	$	$	$	$	$
Balance at January 1, 2017	130,050	2,596,268	276,063	61,903,207	64,905,588
Net income (loss)	-	124,119	-	1,357,874	1,481,993
Capital provided by non-controlling interest	-	-	-	-	-
Distributions to non-controlling interest	-	-	-	-	-
Redemptions to non-controlling interest	-	-	-	(121,960)	(121,960)
Translation reserve	-	-	(19,661)	(128,877)	(148,538)
Balance at March 31, 2017	130,050	2,720,387	256,402	63,010,244	66,117,083
Net income (loss)	-	174,216	-	(4,699,492)	(4,525,276)
Capital provided by non-controlling interest	-	-	-	6,956,533	6,956,533
Distributions to non-controlling interest	-	-	-	(8,961)	(8,961)
Redemptions to non-controlling interest	-	-	-	(79,252)	(79,252)
Translation reserve	-	-	(13,522)	(401,762)	(415,284)
Balance at March 31, 2018	**130,050**	**2,894,603**	**242,880**	**64,777,310**	**68,044,843**

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

GVest Private Equity Ltd.

Condensed consolidated statement of cash flows
(Unaudited)
Three-month period ended March 31, 2018 and 2017
(In Canadian dollars)

	2018	2017
	$	$
Operating activities		
Net income	**440,953**	1,481,993
Items not affecting cash		
Foreign currency translation		(148,538)
Fair value changes	**(1,569,431)**	(2,192,018)
Changes in non-cash working capital:		
Accounts receivable	**(11,587)**	(102,570)
Prepaid expenses	**(48,661)**	49,537
Interest reserve	**(62,494)**	-
Deposit held in trust	**(800,000)**	(1,000,000)
Other assets	**661,288**	(581,298)
Accounts payable and accrued liabilities	**165,015**	1,238,079
Due to related party	**328,311**	349,466
	(896,606)	(905,349)
Financing activities		
Issuance of notes payable	**-**	282,996
Proceeds from loan payable	**566,502**	-
Proceeds from long term debt	**-**	873,958
Proceeds from issuance of promissory notes payable	**1,428,771**	-
Repayment of loan payable	**(92,505)**	-
Repayment of long term debt	**(16,533)** `	(145,232)
Redemption of debentures	**(68,981)**	(25,561)
Redemption of preferred shares	**(30,157)**	(10,871)
Redemption of notes payable	**-**	(750,000)
Capital provided by non-controlling interests	**1,125,000**	-
Redemption of non-controlling interests	**(44,540)**	(121,960)
	2,867,557	103,330
Investing activities		
Additions to properties under development	**(3,635,573)**	(147,685)
Additions to assets held for sale	**(63,849)**	(315,500)
Additions to residential development	**(185,363)**	-
Investment in Tsawwassen Development Power Centre Limited Partnership	**-**	(150,000)
Collection of promissory notes receivable	**100,000**	-
Investment in fixed income securities	**5,250,000**	-
	1,465,215	(613,185)
Changes in cash during period	**3,436,166**	(1,415,204)
Cash, beginning of period	**5,759,029**	5,023,009
Cash, end of period	**9,195,195**	3,607,805

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

1. Corporation information

GVest Private Equity Ltd. (the “Company”) is a private company established under the laws of the province of Alberta on March 13, 2009. The Company is located at 10840-27th Street S.E., Calgary, Alberta, Canada, T2Z 3R6.

The business of the Company is to invest in private investment funds with investments in real estate development projects, power generation infrastructure (including wind, hydro and transmission assets), design build-lease projects and private businesses (or interests therein) located in Canada and the United States (US).

The principal activities of the Company and its subsidiaries (the “Group”) are described in Notes 6 and 23.

2. Significant accounting policies

a) *Statement of compliance*

These condensed consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. Accordingly, the condensed interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on May 3, 2018.

b) *Basis of presentation*

These condensed consolidated financial statements have been prepared on a going concern basis and the historical cost basis, except for certain financial instruments, investments and investment properties that have been measured at fair value.

c) *Change in significant accounting policies*

<u>IFRS 9 – Financial instruments</u>

On January 1, 2018, the Company adopted IFRS 9 Financial instruments as issued by the International Accounting Standards Board (“IASB”). IFRS 9 includes a new classification and measurement approach for financial assets and a forward-looking expected credit loss model. The adoption of IFRS 9 did not have a material impact on the Company's financial statements. The Company has revised the description of its accounting policy for financial instruments to reflect the new classification approach as follows:

On initial recognition, financial instruments are measured at fair value. Measurement in subsequent periods depends on the classification of the financial instrument as described below:

i. Fair value through profit or loss: Financial instruments under this classification include investment in projects.

ii. Amortized cost: Financial instruments under this classification include cash, accounts receivable, promissory note receivable, deposit held in trust, fixed income securities, interest reserve, accounts payable and accrued liabilities, due to related party, loan payable, debentures payable, promissory notes payable, preferred shares and long-term debt.

(In Canadian dollars)

2. Significant accounting policies (continued)

c) Change in significant accounting policies (continued)

IFRS 15 – Revenue from contracts with customers

IFRS 15 introduces a principle to report information about the nature, timing and uncertainty of revenue from contracts with customers in a single, comprehensive revenue recognition model.

The Company has applied IFRS 15 for its reporting period commencing January 1, 2018; however, the adoption did not have any impact on the current period or any prior period and is not likely to affect future periods since IRFS 15 does not apply to lease contracts within the scope of IAS 17 Leases or investment income within the scope of IFRS 9 Financial Instruments.

3. Accounts receivable

	March 31, 2018	December 31, 2017
	$	$
Trade receivables	**24,599**	4,509
Other receivables	**9,229**	17,732
	33,828	22,241

As at March 31, 2018, allowance for doubtful accounts and amounts past due but not impaired are both $nil (December 31, 2017 - $nil).

4 Deposit held in trust

The Group paid refundable deposits held in trust, totaling $2,760,000 (December 31, 2017 - $1,960,000), in accordance with an acquisition agreement dated July 7, 2017 pursuant to a letter of intent dated March 3, 2017 and a financing term sheet dated October 13, 2017, in connection to a mixed use project in the City of Calgary.

5. Fixed income securities

The fixed income securities relate to a prime-linked cashable guaranteed investment certificate.

(In Canadian dollars)

6. Subsidiaries

Details of the Group's wholly owned material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operations	Proportion of ownership interest and voting power held by the company March 31, 2018	December 31, 2017
			%	%
GVest PE Ltd.	General partner of GVest Private Equity Limited Partnership	Alberta	**100**	100
GVest Eagle Landing GP Ltd.	General partner of Eagle Landing Development Retail Limited Partnership	Alberta	**100**	100
GVest Tsawwassen GP Ltd.	General partner of GVest Tsawwassen Power Centre LP	Alberta	**100**	100
GVest 12th & Alder GP Ltd.	General partner of GVest 12th & Alder LP	Alberta	**100**	100
GVest 11th & Alder GP Ltd.	General partner of GVest 11th & Alder LP	Alberta	**100**	100
Gvest Marine & Kerr GP Ltd.	General partner of GVest Marine & Kerr LP	British Columbia	**100**	100
GVest Poplar Centre GP Ltd.	General partner of GVest Poplar LP	Alberta	**100**	100
GVest Rhapsody GP Ltd.	General partner of GVest Rhapsody LP	Alberta	**100**	100
GVest Waterfront Place GP Ltd.	General partner of GVest Waterfront Palce LP	Alberta	**100**	-

The table below shows details of the non-wholly owned subsidiary of the Company that have a material non-controlling interest:

		Proportion of ownership interest and voting power held by the Group		Income allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	Place of incorporation and operations	**March 31, 2018**	December 31, 2017	**Three months ended March 31, 2018**	2017	**March 31, 2018**	December 31, 2017
		%	%	**$**	$	**$**	**$**
GVest Private Equity Limited Partnership	Alberta	**59**	59	**809,937**	1,357,874	**64,777,310**	**62,539,558**

(In Canadian dollars)

6. Subsidiaries (continued)

Summarized financial information with respect to the Company's subsidiary with non-controlling interest is set out below. The summarized financial information represents amounts before intragroup eliminations:

	March 31, 2018	December 31, 2017
	$	$
GVest Private Equity Limited Partnership		
Current assets	**21,005,766**	18,883,431
Non-current assets	**31,620,792**	33,414,376
Current liabilities	**(219,556)**	(48,424)
Non-current liabilities	**(2,000,687)**	(1,932,380)
Equity	**50,406,315**	50,317,003

	Three months ended March 31, 2018	**Three months ended March 31,** 2017
	$	$
Revenue	**162,737**	311,830
Cash inflows (outflows) from operating activities	**391,779**	(848,489)
Cash outflows from investing activities	**(812,657)**	(297,685)
Cash outflows from financing activities	**(174,722)**	(168,492)

7. Assets held for sale

	March 31, 2018	December 31, 2017
	$	$
Balance, beginning of period	**63,876,501**	-
Additions	**63,849**	-
Transferred from investment properties	**-**	63,876,501
Transferred from investment in Eagle Landing	**8,017,094**	-
Fair value changes	**197,703**	-
Foreign currency translation	**1,624,589**	-
Balance, end of period	**73,779,736**	63,876,501

The Group's assets held for sale comprised of:

- A 75-unit apartment building with 5,000 square feet of retail totalling approximately 68,000 gross square feet in Seattle, WA.
- An 85-unit apartment building with 74,000 gross square feet in Seattle, WA.
- A 25% interest in Eagle Landing Development Retail Limited Partnership ("Eagle Landing"). Eagle Landing is responsible for the development of a 360,000 square foot shopping centre and retail complex located in Chilliwack, B.C.

(In Canadian dollars)

7. Assets held for sale (continued)

As at March 31, 2018 and December 31, 2017, the fair value of the Group's properties in Seattle, WA and the fair value of the Group's investment in Eagle Landing have been determined using the direct income capitalization approach. The direct income capitalization approach values investments by dividing the forecast stabilized net operating incomes by the capitalization rates of 4.75% and 5.31% to 5.39%, respectively (December 31, 2017 – 4.75% and 5.31% to 5.39%, respectively). The capitalization rates used represent general economic factors, specific industry factors, project risk and current market conditions. Net operating incomes are discounted from the dates that stabilized net operating incomes are expected to be achieved, to the statement of financial position date using discount rates of 7.5% and 6.5%, respectively (December 31, 2017 – 7.5% and 6.5%, respectively).

During 2017, the Group commenced a program to dispose of its properties in Seattle, WA. The result of this program was to reclassify the properties to assets held for sale as their sale is highly probable. No impairment loss was recognized on reclassification of these properties to assets held for sale as at March 31, 2018 (December 31, 2017 - $nil) as the Group expects the fair value less cost to sell is higher than the carrying amount.

During the first quarter of 2018, Eagle Landing Development Retail Limited Partnership commenced a program to dispose of its investment properties. The result of this program is to reclassify investment in Eagle Landing Development Retail Limited Partnership to assets held for sale as the sale is highly probable. No impairment loss was recognized on reclassification of the investment as assets held for sale as at March 31, 2018 as the Group expects that the fair value less costs to sell is higher than the carrying amount.

The major classes of assets and liabilities of the investment at the end of the reporting period are as follows:

	March 31, 2018	December 31, 2017
		$
Cash	**1,538,703**	767,754
Prepaid expenses	**226,195**	169,193
Other current assets	**796,226**	1,432,956
Asset held for sale	**73,779,736**	63,876,501
Assets classified as held for sale	**76,340,860**	66,246,404
Accounts payable and accrued liabilities	**(752,952)**	(601,043)
Loan payable associated with asset held for sale	**(46,696,823)**	(45,574,611)
Liabilities associated with assets held for sale	**(47,449,775)**	(46,175,654)

8. Other assets

Other assets include cash held by a US financial institution lender for initial operating deficit escrow and reserves to cover payments for taxes, insurance and future significant repairs or improvements on the investment property held by the Company.

9. Investment in Edmonton SW Lands Limited Partnership

The Group purchased 156.8 limited partnership units (15.7%) of Edmonton SW Lands Limited Partnership (“Edmonton SW”). The project consists of two parcels of land in the southwest section of Edmonton (approximately 300 acres designated as residential and approximately 160 acres as commercial lands).

The commercial lands are principally being developed as The Currents of Windermere and Windermere Crossing. The Currents of Windermere have approximately 981,298 square feet of rented space. The Windermere Crossing has over 155,313 square feet of rented space. The total development area is expected to be over 1.1 million square feet of rentable space.

As at March 31, 2018 and December 31, 2017, the fair value of the Group’s investment in the commercial portion of Edmonton SW has been determined using the direct income capitalization approach. The direct income capitalization approach values an investment by dividing the net operating income by the capitalization rate of 5.50% (December 31, 2017 - 5.50%). The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions.

The fair value of the Group’s investment in the residential portion of Edmonton SW has been determined using a discounted cash flow analysis using a discount rate of 25% (December 31, 2017 - 25%). The discount rate represents the rate of return an investor would expect to earn.

The cost of the investment was $3,307,497.

10. Investment in Tsawwassen Power Centre Limited Partnership

The Group’s investment represents 50% interest in Tsawwassen Development Power Centre Limited Partnership (“Tsawwassen”). The Group is responsible for providing financing for the development of a 549,343 square foot shopping centre situated in Tsawwassen, B.C.

As at March 31, 2018 and December 31, 2017, the fair value of the Group’s investment in Tsawwassen has been determined using the direct income capitalization approach. The direct income capitalization approach values an investment by dividing the forecast stabilized net operating income by the capitalization rate of 5% (December 31, 2017 - 5%).

The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions. Net operating income is discounted from the date that stabilized net operating income is expected to be achieved, to the statement of financial position date using a discount rate of 12% (December 31, 2017 - 12%), which resulted in a price of $1,104 per unit (December 31, 2017 - $1,104 per unit).

The cost of the investment was $39,450,282.

(In Canadian dollars)

11. Properties under development

	March 31, 2018	December 31, 2017
	$	$
Balance, beginning of period	**13,405,331**	9,054,060
Additions	**3,635,573**	13,405,331
Transferred to residential development	**-**	(9,054,060)
Balance, end of period	**17,040,904**	13,405,331

Properties under development is composed of the following developments:

- Poplar project is a development of a three-storey medical office, commercial and retail space building of approximately 67,500 square feet of leasable area located in Calgary, AB. The project is in the early development stage; therefore, fair value approximates cost as at March 31, 2018.
- Rhapsody project is a development of a mixed-use rental apartment and retail building, comprising 288 rental units and approximately 65,000 of main floor commercial space located in Calgary, AB. The project is in the early development stage; therefore, fair value approximates cost as at March 31, 2018.
- Waterfront Place project is a development of two multi-family residential buildings totaling approximately 248,000 gross buildable square feet and 200,000 net leasable square feet located in Everett, WA. The project is in the pre-construction stage; therefore, the fair value of the investment approximates its cost as at March 31, 2018.

12. Residential development

Residential development is composed of Marine & Kerr project which is the development of a multi-family residential development of approximately 80,000 square feet of townhomes and a rental apartment building on 1.14 acres of land located in Vancouver, B.C.

Residential development is recorded as inventory and thus reported at lower of cost and net realizable value. The cost of residential development is $9,702,503 (December 31, 2017 - $9,517,140).

	March 31, 2018	December 31, 2017
	$	$
Balance, beginning of period	**9,517,140**	-
Transferred from properties under development	**-**	9,054,060
Additions	**185,363**	463,080
Balance, end of period	**9,702,503**	9,517,140

(In Canadian dollars)

13. Accounts payable and accrued liabilities

	March 31, 2018	December 31,2017
	$	$
Trade payables	**2,710,638**	1,616,938
Accrued interest on debentures payable (Note 14)	**432,133**	1,449,033
Accrued interest on promissory notes payable (Note 17)	**125,833**	91,550
Accrued interest on loan payable (Note 15)	**268,297**	128,984
Accrued interest on long term debt (Note 18)	**37,176**	150,572
Unearned revenue	**70,902**	42,887
	3,644,979	3,479,964

14. Debentures payable

	March 31, 2018	December 31, 2017
	$	$
12%, $7 debentures, bearing interest at 12% per annum payable each February 28, maturing on the date that is the earlier of: 10 years less a day from the date on which the debenture was first issued or the date of dissolution of the Company	**2,915,033**	2,915,033
10%, $7 debentures, bearing interest at 10% per annum payable each February 28, maturing on the date that is the earlier of: 10 years less a day from the date on which the debenture was first issued or the date of dissolution of the Company	**14,027,331**	14,096,312
Accrued interest on 12%, $7 debentures	**1,009,858**	660,054
Accrued interest on 10%, $7 debentures	**2,211,452**	1,132,485
	20,163,674	18,803,884
Less: promissory notes payable (Note 17)	**3,221,310**	1,792,539
	16,942,364	17,011,345

See Note 22 for the disclosures on fair value measurement.

(In Canadian dollars)

15. Loan payable

In June 2017, the Group obtained a $15,400,000 loan facility from Firm Capital pursuant to the credit agreement, which is effective April 12, 2017. The loan matures on September 2018, which is 15 months from the date of the first drawdown. Interest is payable on the first day of each month during the term of the loan at an interest rate of 11.50%. The principal together with all accrued and unpaid interest thereon will be paid on the maturity date, as defined in the credit agreement.

Loan costs of $531,922 were incurred to secure the loan and were deferred. The deferred loan costs are amortized over the term of the loan. Current period amortization of deferred loan costs amounted to $116,702 and has been recognized in income or loss.

	March 31, 2018	December 31, 2017
	$	$
Drawdown on loan facility	**14,329,482**	13,879,482
Deferred loan costs	**232,608**	349,110
	14,096,874	13,530,372

The loan facility includes an interest reserve facility drawn to service the interest payment owing by the Partnership under the credit agreement. As at March 31, 2018, $1,400,000 (December 31, 2017 - $950,000) was drawn under the interest facility reserve and $939,879 (December 31, 2017 – $552,373) has been utilized for interest expense resulting in an interest reserve balance amounting to $460,121 as at March 31, 2018 (December 31, 2017 – $397,627).

As at March 31, 2017, interest on loan payable amounted to $394,561 (March 31, 2017 – $nil) of which $136,130 (December 31, 2017 – $128,984) is payable. Subsequent to March 31, 2018, interest facility reserve was applied against the interest on loan payable.

16. Preferred shares

Authorized

The Company is authorized to issue 10,000,000 First preferred shares, Series 1 (“Series 1 Preferred Shares”). The Series 1 Preferred Shares are non-voting and entitle the holder to receive dividends equal to the distribution received by the Company, net of any tax payable, accrued and unpaid interest on the debentures, repayment of notes and a reasonable allocation of operating costs in priority to holders of common shares The common shareholders receive dividends subsequent to the Series 1 preferred shareholders

Issued

	March 31, 2018		December 31, 2017	
	Issued and outstanding	**Amount**	Issued and outstanding	Amount
	#	**$**	#	$
Series 1 preferred shares	**2,789,692**	**7,177,162**	2,802,314	7,207,319

(In Canadian dollars)

17. Promissory notes payable

The Group issued the following promissory notes:

	Maturity	Interest rate	March 31, 2018	December 31, 2017
			$	$
Unsecured Promissory Note	January 2020 to June 2026	Prime plus 1%	**3,221,310**	1,792,539

The unsecured promissory notes issued by the Company are to pay interest on debentures which are payable with respect to the period to June 30 of each year during which they are outstanding on or before February 28 following that year.

18. Long term debt

Long term debt relates to mortgage loans to finance properties under development and residential development. Terms of the long term debt are as follows:

	Maturity	Annual rate	March 31, 2018	December 31, 2017
			$	$
Mortgage 1	May 2020	5.50%	**4,745,749**	4,762,282
Mortgage 2	February 2020	Prime plus 1%	**4,225,000**	4,225,000
			8,970,749	8,987,282
Less: current portion			**68,424**	-
			8,902,325	8,987,282

Mortgage 1 is secured by a first charge mortgage over the land and properties, a first general assignment of rent, a first general security agreement, estoppel certificates and corporate guarantee.

Mortgage 2 is secured by a first charge mortgage over the investment properties, a general security agreement over the assets pertaining to the investment properties, a general assignment of rents from the investment properties, and corporate guarantees.

As at March 31, 2018, included in accounts payable and accrued liabilities is accrued interest payable on long term debt amounting to $37,176 (December 31, 2017 - $150,572).

19. Share capital

Authorized, unlimited number

Common shares have been authorized, which entitle the holders to receive dividends subsequent to the Series 1 Preferred Shares. Common shares entitle the holder to receive notice of and attend and vote at all meetings of shareholders of the Company, except meetings of holders of another class of shares

Issued and outstanding	March 31, 2018	December 31, 2017
	$	$
144,500 common shares	**130,050**	130,050

(In Canadian dollars)

20. Related party transactions

During the year, the Group had related party transactions with Gracorp Capital Advisors Ltd. as follows:

	Three months ended March 31, 2018	2017
	$	$
Management and service fees	**339,308**	337,653

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

The Group has entered into a management services agreement with Gracorp Capital Advisors Ltd. (the "Manager" of the Group). The Manager of the Group is considered a related party as it is the manager of an entity that has significant influence over the Group. Under the terms of the management services agreement, the Manager is entitled to receive a fee calculated and payable quarterly in advance of a fixed percentage (ranging from 1% to 1.5% per annum) of a certain basis such as the face value of the outstanding debenture and the book value of the preferred shares outstanding, net asset value or capital of its subsidiaries. As at March 31, 2018, $3,718,204 was payable to the Manager of the Group (December 31, 2017 - $3,389,893).

The remuneration of directors during the period ended March 31, 2018, was $12,000 (March 31, 2017 - $12,000).

21. Fair value changes

	Fair value December 31, 2017	**Additions**	**Foreign currency translation**	**Disposals and distributions**	**Fair value gain**	**Fair value March 31, 2018**
	$	**$**	**$**	**$**	**$**	**$**
Edmonton SW Lands Limited Partnership	6,095,792	**-**	**-**	**-**	**82,475**	**6,178,267**
GVest Tsawwassen Power Centre Limited Partnership	44,863,326	**-**	**-**	**-**	**1,289,253**	**46,152,579**
Asset held for sale	71,893,595	**63,849**	**1,624,589**	**-**	**197,703**	**73,779,736**
	122,852,713	**63,849**	**1,624,589**	**-**	**1,569,431**	**126,110,582**

	Fair value December 31, 2016	Additions	Foreign currency translation	Disposals and distributions	Fair value gain (loss)	Fair value March 31, 2017
	$	$	$	$	$	$
Eagle Landing Development Retail Limited Partnership	7,259,389	-	-	-	757,705	8,017,094
Edmonton SW Lands Limited Partnership	5,620,665	-	-	-	475,127	6,095,792
GVest Tsawwassen Power Centre Limited Partnership	41,952,418	8,020,858	-	-	(5,109,950)	44,863,326
Asset held for sale	64,550,503	997,527	(4,035,567)	-	2,364,038	63,876,501
	119,382,975	9,018,385	(4,035,567)	-	(1,513,080)	122,852,713

22. Direct investment in GVest Private Equity Limited Partnership

The Company's sole direct investment is in partnership units of GVest Private Equity Limited Partnership. As at March 31, 2018, the Company held 2,513,112 units (December 31, 2017 - 2,524,247 units) with a fair value of $11.88 per unit (December 31, 2017 - $11.81).

ITEM 13 – DATE AND CERTIFICATE

Dated at Calgary, Alberta on the 5th day of July 2018.

This Offering Memorandum does not contain a misrepresentation.

GVEST PRIVATE EQUITY LTD.

(signed) "*Tim H. Heavenor*"	(signed) "*Bruce Black*"
President	Vice President
(signed) "*Brian Nilsson*"	(signed) "*Lyle Edwards*"
Director	Director