PRIVATE PLACEMENT CONFIDENTIAL OFFERING MEMORANDUM JUNE 18, 2015
GVEST PRIVATE EQUITY LTD.
(THE "CORPORATION")

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OFFERING OF UP TO:
$15 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 capital commitments in a minimum of $5,000 worth of convertible debentures and convertible preferred shares (a "**Capital Commitment**"), which will grant the Corporation the right to require each Subscriber to purchase "**Blocks**", consisting of (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 Capital Commitment. See "Description of Securities Offered – Terms of Securities ".
Price per Security:	Capital Commitments will be issued at no cost to the Subscriber. The price of each Block to be purchased by a Subscriber of Capital Commitments will be $1,000 per Block (the "**Subscription Price**").
Minimum Offering:	**There is no minimum. You may be the only purchaser.**
Maximum Offering:	$15,000,000 (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 must be made in $1,000 increments.
Payment Terms:	Each subscriber of a Capital Commitment ("**Subscriber**") will execute a subscription agreement (the "**Subscription Agreement**"), and pursuant to which the Subscriber will make a capital commitment to the Corporation (in $1,000 increments and a minimum of $5,000). For each $1,000 of Capital Commitment, the Subscriber agrees to purchase, on demand by the Corporation, one Block (a "**Capital Call**"). The Corporation will give notice to Subscribers of a Capital Call and the Subscribers will be required to purchase Blocks pursuant to the terms of the Capital Commitment and the Capital Call.
Proposed Closing Dates:	The initial issuance of a Capital Commitment under this Offering is intended to occur on, or about June 18, 2015 (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 Blocks pursuant to a Capital Call will occur from time to time and pursuant to the terms of each Capital Call Notice ("**Closings**"). Payment for Blocks will be payable by certified cheque or bank draft or such other manner as is acceptable to the Corporation, acting reasonably. Blocks will be issued at each Closing upon receipt of funds from a Subscriber.
Income tax consequences:	There are important tax consequences to these securities. See "Income Tax Consequences".
Selling Agent:	Gracorp Capital Advisors Ltd. (the "**Manager**") is an exempt market dealer 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 Capital Commitment and Blocks consisting of 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 Capital Commitment. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See "Purchasers' 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 Capital Commitments 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 Capital Commitments, nor the Blocks has 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 and the manager of the Partnership, the Manager, and either reserves 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, performance or statements are 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; (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 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.

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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**" means the convertible securities comprising the Capital Commitment being subscribed for under Offering, each consisting of each consisting of (i) one hundred Debentures; and (ii) a number of Prepared Shares that is equal to $300 divided by the Fair Market Value at the time of issuance. See "Description of Securities Offered – Terms of Securities";

"**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 when Capital Commitments are required and at least 10 days before the Closing, 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 Capital Commitment bears to the aggregate remaining Capital Commitment of all Subscribers (regardless of when such Capital Commitments 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**" means an exempt market deal pursuant to relevant Canadian securities laws. The Manager is registered as an EMD in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba;

"**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 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 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, 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 $15,000,000 of Capital Commitments of the Corporation;

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

"**Partnership Agreement**" means the 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 of 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 up to $7,500,000;

"**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 Blocks pursuant to the conversion of Capital Commitments under a Capital Call;

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

"**Preferred Shares Lock-up Date**" means 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 Partnership 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 Blocks 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 Blocks; 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 issued pursuant to the Offering;

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

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

"**Tsawwassen Commons LP**" means the Tsawwassen Development Power Centre Limited Partnership.

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	$15,000,000
B	Selling Commissions and Fees[2]	$0	$487,500
C	Estimated offering costs (e.g. legal, accounting, audit, etc.)	$0	$50,000
D	Available Funds: D = A – (B+C)	$0	$14,462,500
E	Additional Sources of Funding Required	$0	$0
F	Working Capital Deficiency	$0	$0
G	Net proceeds: G = (D+E) – F	$0	$14,462,500

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 $15.0 million in Capital Commitments from the Subscribers. The approximate sources and projected uses of proceeds are noted below. The Board of Directors may use its discretion and allocate proceeds in a different manner.

SOURCES	
Partnership Offering	$0 to $15,000,000
Corporation Offering	$0 to $15,000,000
Total – maximum combined amount raised	**$15,000,000**

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 Blocks pursuant to the conversion of Capital Commitments and through the issuance of Partnership Units, the Partnership expects the Net Proceeds to be used after the completion of the offering to be set forth as below. There is no minimum offering size.

Description of Intended use of Net Proceeds Listed in Order of Priority	**Assuming Minimum Offering**	**Assuming Maximum Offering**
Tsawwassen Commons Project(1)	$0	$2,000,000
Seattle Projects (2)	$0	$1,300,000
Other Projects & General Corporate Purposes(3)	$0	$11,162,500
Total:	$0	**$14,462,500**

Notes:

(1) The Partnership may invest up to $2,000,000 in the Tsawwassen Commons Equity Bridge Loan, as further described in "The Partnership Investments".

(2) The Partnership intends to invest up to $1,300,000 in The Seattle Projects, presently as $400,000 in the 12th and Yesler Apartment Project and $900,000 in the 11th and Alder Apartment Project, as further described in "The Partnership Investments".

(3) See "The Partnership's Prospective Investments" for a description of some of the potential investment opportunities for the Partnership.

The Service Fees for this Offering are dependent on the nature and amount of the Subscriptions. Assuming the Corporation raised the full $15.0 million required through this Offering, the maximum possible Service Fee would be $487,500. See the section "Compensation Paid to Sellers and Finders".

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

ITEM 2 – BUSINESS OF THE CORPORATION AND THE MANAGER

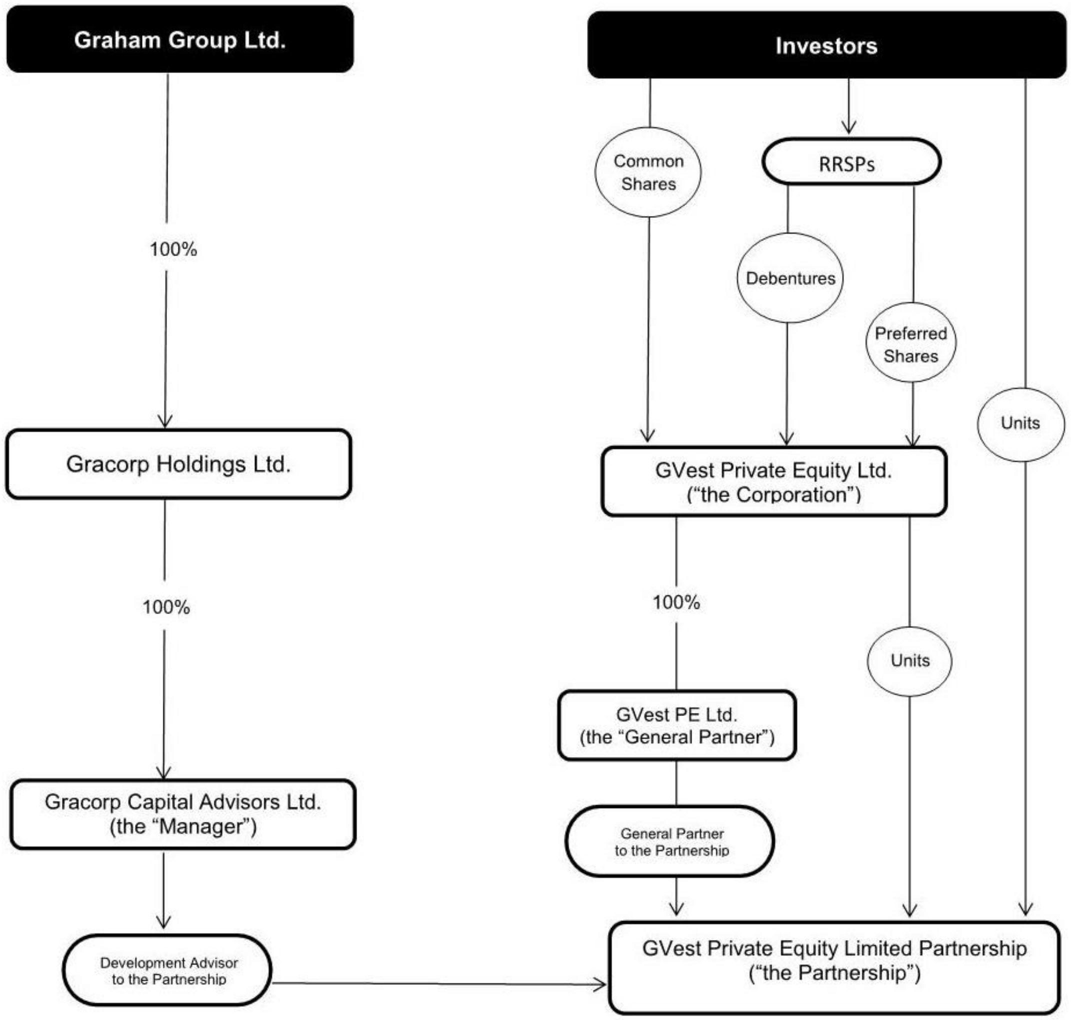
Structure

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 diversified 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 twelve separate investments in Partnership Units. See "The Corporation's Investments".

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



The Corporation has entered into a management services agreement 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 led by Tim Heavenor and a group of investment and management professionals with collectively over 100 years experience in real estate, construction, private equity and banking. The Manager currently manages a company known as Gracorp Capital Ltd., three investment funds and fifteen other limited partnerships.

The Manager is registered as an exempt market dealer ("**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 as well as infrastructure, including public private partnerships. The Manager also provides development management, asset and investment administration services.

The Manager is led by Tim Heavenor, President and CEO of the Manager, and a group of investment and management professionals with collectively over 120 years experience in real estate, construction, private equity and banking. The Manager currently provides services to Gracorp Capital Ltd., the Corporation, three investment funds (including the Partnership) and fifteen separate limited partnerships. 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 of its four 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.

The following table sets out the historic performance of GVest Fund 1:

Investments(1)	**Investment Cost**	**Income to Dec. 31, 2013**	**Proceeds from Sales of Investment**	**Earn out**	**Gross IRR**
BBPP Alberta Schools Ltd. ("ASAP I")	$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%

Notes:

(1) See "The Partnership's Investments" for a description of the Tsawwassen Commons Project, the Seattle Projects and other projects of the Partnership.

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 GCAL 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 $60 billion under management.

The CC&L GVest Fund is an open-ended fund launched in 2009 and has received approximately $40 million in capital commitments to date. CC&L FG has further expressed interest to invest an additional $75 million in CC&L GVest Fund in the near term, based upon commitments obtained from clients of

CC&L FG. The objective of the CC&L GVest Fund is to invest in entities that contract with governmental authorities for the provision of privately financed public infrastructure facilities in North America (including roads, bridges, schools, hospitals, etc.).

The CC&L GVest Fund has liquidated its initial investment, the ASAP II Project, realizing a return in excess of 20 percent 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.

The CC&L GVest Fund continues to pursue new public infrastructure investment opportunities. There can be no assurances that the Corporation will have similar results.

The Manager's third sponsored fund is the Partnership, an open-ended limited partnership formed December 3, 2009 with approximately $30.4 million in capital commitments, of which 100% has been cash called as of the date hereof. 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. The Corporation may invest in a diversified 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 ultimate sale. Since its inception, the Partnership has distributed approximately $8.6 million to its investors. The Partnership has made 11 investments since inception and has liquidated 3 of those. See "The Partnership's Investments".

The Corporation expects to continue to leverage its relationship with the Graham group of companies 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 2014. Graham has over 1,200 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.

Our Business

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) shorter term investments where the Manager can create value by: (i) accepting and managing development and construction risks; (ii) restructuring debt and the capital structure 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 term;

(b) longer term investments that, through the injection of new capital, are structured in a fashion to provide ongoing cash flow that can be distributed to investors; and

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

The Manager maintains an active investing philosophy where it can utilize its strategic relationships and management's relationships, experience and capabilities to create value. The Manager will utilize an active investing philosophy where it can utilize its strategic relationships and management's 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 at the date hereof the Corporation owns approximately 53% of the Partnership and 100% of the Partnership subscription commitments have been cash called. Employees of Graham constitute the majority of the investors in the Corporation and the majority of investors, other than the Corporation, in the Partnership.

Total Partnership Subscriptions to date:

Date	**Amount of Subscription Commitments in the Partnership from all Investors (including the Corporation)**
January 2010	$3,165,000
June 2010	$9,160,000
April 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
Total Subscription Commitments in the Partnership	**$30,449,000**

From 2010 through 2014, 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	$660,795
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	$2,471,000
May 2013	8.54	$3,222,600
August 2013	8.57	$420,000
December 2013	8.61	$3,634,500
February 2015	$8.72	$220,000
	Total	**$16,018,234**

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

During 2011, the Corporation sold 419,274 Partnership Units for $11.28 per unit to certain Debenture and Preferred Shareholders 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 $4,729,415.

The Corporation owns 1,644,491 Partnership Units, representing about 53% of the outstanding Partnership Units. Because a Subscriber's investment is in Blocks 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

Through its holdings in the Partnership, the Corporation owns an indirect interest in the following investments:

Eagle Landing (Chilliwack, B.C.)

The Partnership acquired an indirect 25% interest in the development of an approximately 300,000 sq. ft. shopping centre and retail complex located in Chilliwack, British Columbia known as Eagle Landing (the "**Eagle Landing Project**"). This three phase project is fully constructed and is approximately 93% leased. Walmart, the project's lead anchor tenant, has opened a 152,000 sq. ft. store, Home Depot has opened an 84,000 sq. ft. store and Cineplex Entertainment Corp. has opened a 10 screen theatre complex (which is Graham constructed).

A number of national name brand tenants, including Starbucks, Subway, A&W, TELUS Mobility, Bank of Montreal, Original Joe's, Swiss Chalet, Shell, Jiffy Lube, Tim Hortons, PetSmart, Kal Tire and Dollar Giant have opened retail locations on site and are now paying rent. Tenants such as Life Labs and Citi Financial recently completed tenant improvements this quarter. Brown's Social House has signed an unconditional offer to lease and expects to be open in Q3 2015, which will result in the project being approximately 95% leased. Approximately, 14,000 sq. ft. remains to be leased at the centre.

The two other partners in the Eagle Landing Project are the Squiala First Nation, who are the original land owners and retain 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 and the filing has not affected the Project.

The Eagle Landing Project is generating positive after debt service cash flow and is currently reinvesting the cash flow into tenant improvements in order to complete the final lease up. The Manager expects the project to receive a partial return of capital in 2015 with the placement of permanent take out financing on the final phase. The Manager has also initiated the process of divesting its interest in the Eagle Landing Project.

Tsawwassen Commons, Tsawwassen, B.C.

Overview

The Tsawwassen Commons Power Centre Project ("**Tsawwassen Commons**") is a major new retail shopping centre being developed on lands leased from the Tsawwassen First Nations (the "**TFN**") at Tsawwassen, British Columbia. Tsawwassen Commons is anticipated to be a 551,000 sq. ft. development including "big box", "mid-sized box", commercial retail units, banks and restaurants - developed and leased to some of the leading retailers in Canada. The Tsawwassen Commons lands (the "**Lands**") are part of a 1,000+ acre master planned community that includes commercial, industrial, residential, office, natural and park areas. The Lands front Highway 17, the main roadway which links Metro Vancouver to the Tsawwassen Ferry Terminal.

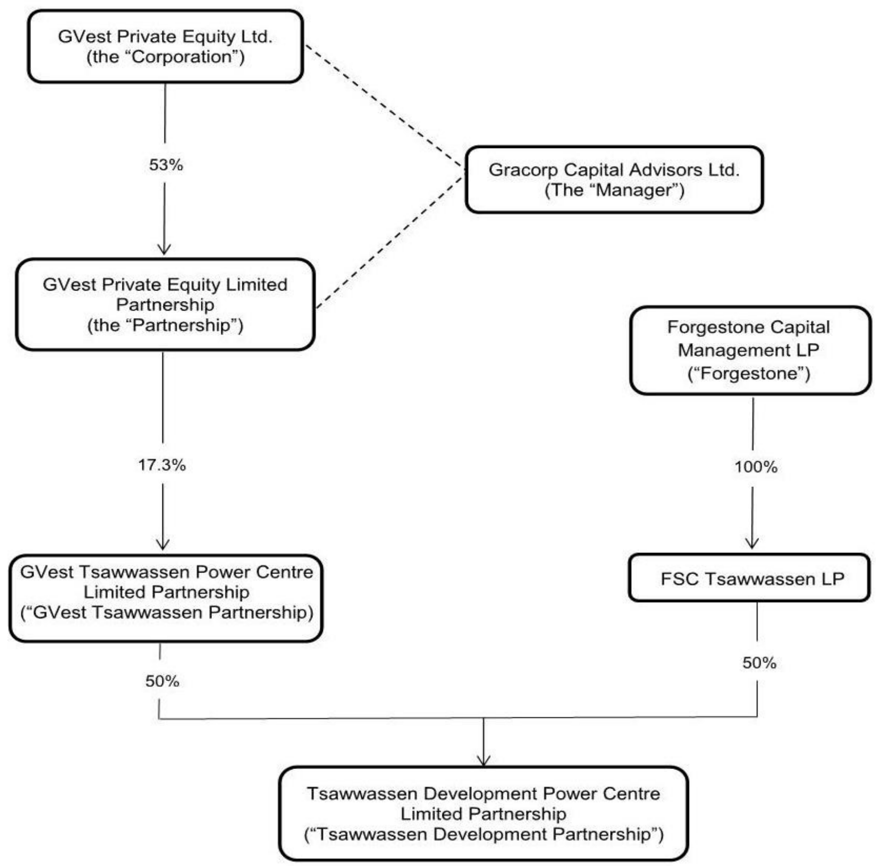
Tsawwassen Common's interest in the Lands was acquired pursuant to a 99 year long-term prepaid lease. The price is approximately $350,000 per acre for approximately 45 acres (on a net basis) for a total of $15.8 million in payments to be made annually in four equal amounts over four years. The first and second installment payments were made in January 2014 and January 2015, respectively.

A parcel of land adjacent to Tsawwassen Commons is also being developed into a retail centre. Ivanhoe Cambridge ("**IC**") is developing a 1,200,000 sq. ft. enclosed shopping mall (the "**Mills Project**"). The Mills Project will be similar to Cross Iron Mills, located in Balzac, Alberta, and the Vaughan Mills Centre in Vaughan, Ontario. The two centres are expected to attract complementary, but different tenants. The Mills Project is an enclosed mall more oriented to clothing and fashion while Tsawwassen Commons is a "Power Centre" more suited for "big box" tenants.

The opening for Tsawwassen Commons was recently moved out 5 months from May, 2016 to October, 2016 due to delays in the TFN permits and approvals process and leasng. Due to the fact the TFN is engaging in such a large development program on their lands, the development permit approval process for the project has been a few months slower than expected. This is resulting in delays in commencing detailed design and construction drawings and subsequent building permits and commencement of construction.

Financing

On September 5, 2014, the Manager and the GVest Tsawwassen Power Centre Limited Partnership ("**GVest Tsawwassen Partnership**") brought in a 50% equity partner to 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 ("**Tsawwassen Development Partnership")** as part of a commitment to fund half of the required equity commitments of the 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 project. The project ownership structure is indicated in the organization chart below.



On November 7, 2014, Tsawwassen Commons executed a construction financing commitment letter with Otera Capital Inc. for $116.8 million of construction debt ("**Senior Loan Financing**"). The Senior Loan Financing has been secured against title of the Lands and is available to the project in three tranches that are dependent upon leasing and equity investment levels, among other conditions.

With respect to leasing levels:

- Tranche 1 is approximately $5.7M and is subject to providing signed anchor tenant agreements;
- Tranche 2 is approximately $69.0 million and would fund completion of site preparation, anchor tenant construction (where required) and mid-box building construction. This tranche is subject to anchor and mid-box tenant net operating income levels; and
- Tranche 3 is approximately $42.0 million to fund the remaining vertical construction and is available to be drawn by formula based on net operating income of the entire project.

The total project budget is $167M, of which the equity was budgeted for 30% ($50.2 million) and the construction debt for 70% ($116.8 million). As of May 30, 2015 the equity condition to draw the Senior Loan Financing has been met but the leasing conditions have not and as such, no debt has yet been drawn.

To avoid incremental demobilization and remobilization costs related to on-site servicing and to meet related commitments under an off-site servicing agreement with Mills Project, the goal of the Manager is to continue with site preparation but delay vertical construction until the permitting and leasing issues noted above have been rectified. To maintain site preparation, monthly expenditures of approximately $2 - $4 million ($1 - 2 million per 50% equity partner) are required. As at May 30, 2015, the Tsawwassen Development Partnership has invested $56 million in equity to continue the site servicing. The Manager has also implemented the three-part financing plan described below, due to the delay and to allow the project to bridge the period until a senior credit facility can be drawn.

Financing Plan

Part 1: Raise up to $4.0 million in an Equity Bridge Loan to continue funding GVest Tsawwassen Partnership's 50% share of Tsawwassen Development Partnership's site preparation and allow sufficient time to negotiate Parts 2 and 3, below. The details of the Equity Bridge Loan have been distributed in a term sheet to each Limited Partner, including the Partnership which owned 17.31% of GVest Tsawwassen Partnership at May 30, 2015. Over $1.2 million of Equity Bridge Loan financing had been committed as at May 30, 2015, excluding any financing to be provided by the Partnership. It is the intention that the Equity Bridge Loan be repaid with proceeds of the subsequent financings.

Part 2: Raise up to $27.0 million in a Senior Debt Bridge Loan to cover site servicing costs for the next 6 months for the Tsawwassen Development Partnership. The Tsawwassen Development Partnership intends to seek this Senior Debt Bridge Loan from either Forgestone (who have expressed an interest) or third party lenders. This process is estimated to take between 30 and 60 days to complete.

Part 3: Restructure the Senior Loan Financing with Otera or a new lender to provide a Senior Debt Bridge Loan and construction financing.

All three parts of the financing plan have been initiated and are underway.

Construction

In August 2014, a cost sharing agreement was entered into between Ivanhoe Cambridge and the Tsawwassen Commons LP, whereby Ivanhoe Cambridge coordinates, oversees, direct, manages, supervises and undertakes the development and construction of the offsite infrastructure and services on behalf of itself and Tsawwassen Commons LP. Offsite construction on the roads and underground services continues and the TFN has started construction of the required sewage treatment facility.

A site preparation contract was also signed in September, 2014 and work is underway, involving the pre-loading of sand on the site. All sand has now been delivered as of May, 2015. An initial subdivision process is complete and is being processed at the BC Land Titles Office. Final subdivision and development permit approval is expected in mid to late 2015.

Vertical construction on Tsawwassen Commons is projected to begin in October, 2015. Graham Construction has been selected as the General Contractor on Phase 1 (RONA plus the mid-box run). Adjacent to Tsawwassen Commons, the Mills Project began vertical "shell" construction in August 2014 and is now close to 100% complete. See the photo below for an aerial view of both sites.

Leasing and Marketing

The total gross leasable area ("**GLA**") of Tsawwassen Commons is 551,383 sq. ft. It is expected that leasing will progress sequentially through the phases of negotiation to final signed leases as the project nears readiness for vertical construction. The project's goal is to be 100% leased by the revised opening date in October 2016.

The following summarizes the status of recent leasing efforts:

SF totals	Colour	Category	% of Total	Tenants
109,200		Executed Leases	19.8%	Walmart • Kamome
195,167		Proposals signed (and moving through lease documentation)	35.4%	Rona • Canadian Tire • Mark's Work Wearhouse • Petsmart • Dollarama • Sally Beauty • Triple O's • Subway • Tim Horton's • Quizno's • Starbucks • A&W • Menchie's • TFN Cultural Centre • Shell • Home Sense • Metro Liquor • Nando's • Billie's Barber Shop • Wing's Tap House • State & Main • Sahota Dental
19,057		Under Negotiation	3.5%	Staples • Wendy's • Wagner's
23,791		Proposal Out	4.3%	Bouclair • Urban Barn • Lindt Chocolate • Cobb's Bread • Kin's Market • Clancy's • Billy's Barber Shop • Fatburger
92,376		Under Discussion	16.8%	Jysk • Bed Bath Beyond • Reitman's • Pennington's • Donair Affair • Suzanne's • Pier One Imports • Moore's • Payless • Ronson Rack • Murchie's Tea and Coffee • Pure Nail Bar • Niagara Pizza • Milestones • Brown's Italian/Pizza concept • Waves Coffee • Salty's Fish and Chips • Rosemary RockSalt • Casbah Day Spa
111,792		Unassigned	20.3%	
551,383			**100%**	

Additionally:

- the project's new logo has been designed by a TFN artist:

TSAWWASSEN COMMONS

- promotional materials and a high quality leasing brochure has been developed and distributed to key tenant prospects and retail brokers;

➢ Property Development Group ("**PDG**") which is acting as the lead development entity for the Tsawwassen Commons team, is continuously making leasing presentations to potential tenants and attended the fall International Conference of Shopping Centres ("**ICSC**") in Toronto, Ontario, in September, 2014 and the Whistler, BC ICSC conference in January, 2015 and will attend ICSC events in 2015 and 2016;

➢ Two receptions and presentations were held for retail leasing brokers and agents in November, 2014 and April, 2015 in Vancouver; and

➢ a new website has been launched at www.tsawwassencommons.ca

Seattle Projects

The Partnership is currently invested in three Seattle, Washington based apartment/retail mixed use projects in close proximity to the Seattle downtown core as indicated n the following illustration:

The projects represent a trio of urban, transit-oriented, mixed-use apartment buildings located in the First Hill area of Seattle comprising approximately 300 apartments. The trio of projects known as Anthem (**A** in the image above), Reverb (**R**) and Decibel (**D**) are within a seven block walk of the Virginia Mason Cancer Treatment Centre, the Harborview Medical Centre, (Washington's only Level 1 trauma centre) and the Swedish Hospital combining for over 21,000 health care jobs. These projects are also 2-4 blocks from Seattle University (30,000+ students).

The Partnership has engaged Spectrum Development Solutions Inc. ("**Spectrum**") as its local Seattle developer. Spectrum has extensive experience in residential mixed-use projects in the area. The Seattle Housing Authority ("**SHA**") intends to redevelop the adjacent 30-acre parcel over time into a landmark mixed use project. The plan, which is to be developed over the next 10 to 15 years, provides for:

- 4.3 million square feet (5,000 units) of housing;
- 900,000 square feet of office space;

- 65,000 square feet of neighborhood services, including the existing Yesler Community Centre;
- 88,000 square feet of neighborhood retail space;
- 15.9 acres of parks and semi-private open space; and
- 5,100 parking spaces to serve the residential, office and neighborhood 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.

The projects target the Millennial Generation (Gen Y) and the work force employed in hospitals, the Seattle University and the burgeoning high tech industry thriving in downtown Seattle. The projects are primarily market rate apartments but 20% of the apartments are income restricted for middle income wage earners. All projects are targeting USGBC LEED® Gold Certification and achieved walkability scores in excess of 95.

The three apartment projects located within the four block radius provide the opportunity for a number of construction and operating efficiencies during and after lease up. The three projects are:

12th and Yesler Apartment Project (Anthem)

The Partnership is a 92% equity partner in a 120 unit mixed-use project situated on 12th Avenue and Yesler Way in Seattle, Washington (the "**12th and Yesler Project**"). On behalf of the Partnership, the Manager purchased a centrally located redevelopment site near the downtown of Seattle, Washington. The 12th and Yesler Project is ideally located on the southern slope of First Hill, adjacent to and within walking distance of downtown Seattle, Harborview Medical Centre, Swedish Hospital, Virginia Mason Hospital, the International District and Seattle University. The demographics of the area are rapidly improving and the 12th and Yesler Project is expected to benefit from the 12,000 employees working in the three nearby hospitals, the university and a three million sq. ft. head office for Amazon.com, Inc. located in downtown Seattle. The 116,000 sq. ft. project consists of 120 apartments and roughly 3,000 square feet of commercial space on the ground floor. The apartment mix is comprised of studio, one, and two bedroom apartments. Construction started in the spring of 2014 and the project is targeting first occupancy in June, 2015. Financing has been provided by Bellwether Enterprise Real Estate Capital LLC under the U.S. Department of Housing and Urban Development ("**HUD**") federally insured loan program. Post construction, the loan will automatically convert to a fixed 4.85% interest rate with a 40 year amortization and term.

The following image shows a rendering of the 12th and Yesler Project.

12th and Alder Apartment Project (Decibel)

The Partnership is a 43% equity partner in the proposed mixed-use project situated on 12th Avenue and Alder Street in Seattle, Washington (the "**12th and Alder Project**"). This project will consist of 75 apartment units and is located three blocks north of the 12th and Yesler Project. The Partnership acquired the land in September 2014 and has commenced the entitlement process with the City of Seattle. The Partnership and Spectrum have submitted the preliminary application to HUD for financing. The 12th and Alder Project expects to have its building permit and financing in place by April 2015. The 68,000 sq. ft. project is expected to consist of mix of studio, one bedroom and two bedroom units and roughly 5,000 square feet of commercial space on the ground floor. Occupancy is targeted for Q3 2016. Financing has been provided by PNC Real Estate under the U.S. Department of Housing and Urban Development ("**HUD**") federally insured loan program at a rate of 3.36%. Post construction, the loan will automatically convert to a fixed 3.36% interest rate with a 40 year amortization and term.

The following image shows a rendering of the 12th and Alder Project.

11th and Alder Apartment Project (Reverb)

The Partnership is a 2% equity partner in the proposed mixed-use project situated on 11th Avenue and Alder Street in Seattle, Washington (the "**11th and Alder Project**"). This project will consist of 85 apartment units and is located three blocks north of the 12th and Yesler Project and one block west of the 12th and Alder Project. The Manager acquired land on behalf of investors in December 2014 and is proceeding with the entitlement process with the City of Seattle. The Partnership and Spectrum have submitted the preliminary application to HUD for financing. The 11th & Alder Project expects to have its building permit and financing in place by late June 2015. The 74,000 sq. ft. project is expected to consist of mix of studio, one bedroom and two bedroom units and no commercial space. Occupancy is targeted for Q4 2016. Financing is to be provided by PNC Real Estate under the U.S. Department of Housing and Urban Development ("**HUD**") federally insured HUD loan program at an interest rate of 3.43% that will be converted to a 40-year term and amortization post-construction.

The following image shows a rendering of the 11th and Alder Project.

Subsequent to the Offering, further equity will be contributed to the 11th and Alder Project and 12th and Alder Project. At the same time the Partnership expects to reallocate its equity position in these two projects in order to have a more balanced holding. As a result of this rebalancing, the Partnership will decrease its ownership in the 12th and Alder project by 10% to 39% and increase its ownership in the 11th and Alder project by 10% to 12%.

Edmonton Southwest Lands Limited Partnership

In February 2012, the Partnership acquired a 15.7% interest in the Edmonton Southwest Lands Limited Partnership (the "**ESWL-LP**"). The ESWL-LP, formed in 2004, owns an interest in the following assets located in southwest Edmonton, Alberta:

- a 26.7% interest in the Currents of Windermere (106 +/- acres), one of Edmonton's largest shopping centres. This shopping centre will consist of approximately 1.2 million square feet when complete. As of September 2014 over 780,000 square feet of space is occupied with 40 tenants paying rent. Based on current offers to lease, it is expected that over 850,000 square feet will be leased and 69 tenants paying rent by the end of 2015;
- a 26.7% interest in a 20-acre parcel of commercial land adjacent to the Currents of Windermere known as Windermere Crossing. As of September, 2014 over 132,000 square feet of space is occupied with 14 tenants paying rent. Based on current offers to lease, it is expected that over 160,000 square feet will be leased and 19 tenants paying rent by the end of 2015;
- a 10% interest in the residential subdivisions of Windermere North and Ambleside in Windermere. These projects are expected to yield over 1,100 lots and five to six multi-family sites;
- a 10% interest in Windermere South which is expected to consist of approximately 340 lots, two multi-family sites and a 15-acre commercial site; and
- a 10% interest in a 61-acre parcel in Southwest Edmonton which is expected to consist of approximately 350 lots and a small commercial site.

The Partnership believes these assets represent an attractive investment for the following reasons:

- the ESWPL-LP's assets have lower risk as the project has been under development since 2005 and significant progress has been made in leasing and building out the site; and
- ownership of these assets is currently providing periodic distributions from cash flow and in certain cases, the cash flow is being used as equity for further construction on the site.

St. Albert Re-Development Lands

In May 2012, the Partnership purchased a city lot that is part of a contiguous three lot land assembly located in downtown St. Albert, Alberta. The Manager has reassessed the market opportunities and has determined the best course of action for this property is to list the land for sale. The listing was effective April 2015.

Penticton Project (Channel Crossing)

Over the past three years, the Partnership has invested about $220,000 in pre-development costs and land option payments in relation to a proposed shopping centre development to be located on the Penticton Indian Band's land situated in Penticton, British Columbia. The Manager is currently evaluating the viability of continuing to invest in this proposed project.

The Partnership's Prospective Investments

The Manager reviews a considerable number of project opportunities that are presented to the Manager through industry contacts and its relationship to Graham. At present, the Manager has a greater number of viable opportunities that 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 consider.

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

- **Metro Vancouver Industrial** – The Manager is currently in negotiations with a partner to buy into a 50% position to develop a 95 acre Metro Vancouver industrial project that involves a project scope including land assembly, entitlement, servicing and sales of built product and land. Large industrial land assemblies in Metro Vancouver are quite rare and the project site is intended to benefit from new highway infrastructure that will unlock the value of the land. The Manager anticipates that the site may be developed into 1.2 – 1.5 million sq. ft of built industrial warehousing product of various configurations and approximately 25,000 sq. ft. of commercial space. Due diligence and negotiation of the Manager's entry into this project are ongoing.
- **Calgary Institutional/Residential Mixed Use** – The Manager has partnered with Bentall Kennedy, a large Canadian based development partner, to qualify as a bidder in a structured procurement for the Calgary Board of Education. The project involves an approximate 130,000 sq. ft. educational facility and 110,000 sq. ft. of residential/commercial space. The RFP phase of procurement is anticipated in the Summer of 2015.
- **Calgary Residential # 1**– The Manager is currently in in early stage negotiations with respect to joining a 200,000+ sq. ft residential apartment building project in the Beltline area of Calgary. The Manager is currently performing due diligence with a long-standing Calgary based development company that owns the land and has progressed the entitlements and development plans to begin construction in the near term.

- **Calgary Residential # 2**– The Manager has qualified in a confidential structured procurement process for a large residential development project in Calgary. The RFP phase of procurement is anticipated for the Summer/Fall of 2015.
- **Seattle Residential** – The Manager is pursuing a fourth residential project in Seattle from two sources. The Manager is in discussions with its current Seattle-based development partner to determine if a fourth Yesler Terrace project is viable. The Manager is also in discussions with a second Seattle-based developer regarding a new residential project located adjacent to the University of Washington.

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, B.C.)

In January 2010, an investor group, which included the Partnership, facilitated the development of a two-storey Shoppers Drug Mart with an underground parkade situated at Granville Street and 13^{th} Avenue in Vancouver, British Columbia. In April 2012, the Shoppers Drug Mart store was sold resulting in a 22.2% internal rate of return on the Partnership's investment.

Marriott Hotels (Calgary, Alberta)

The Partnership entered into a loan agreement for $6.5 million to provide a participating mezzanine loan in order to facilitate the development of a 158 room Residence Inn and a 171 room Courtyard by Marriott Hotel. The agreement provided a gross annualized return of approximately 19%. The mezzanine loan has been repaid.

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 in 2014 along with a dividend of $164,328 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 through the development phase and to monetize each investment once it is fully operational. Specifically, the Partnership intends to:

- Monetize the investment in Eagle Landing as it approaches the 95% lease-up mark. The Partnership is working to refinance a portion of the existing debt on the project and is in preliminary discussions with a potential purchaser with the intention of completing a sale transaction in the next 12 – 18 months;

- Progress the development of the Tsawwassen Commons project, including the infrastructure, construction and leasing activities in preparation for a an October, 2016 opening;
- Progress the development, including the construction and lease-up of the 12th & Yesler project in preparation for a targeted end of May, 2015 occupancy;
- Progress the development, including the finalization of entitlements, construction and lease-up of the 12th & Alder project in preparation for a targeted Q3, 2016 occupancy;
- Progress the development, including the finalization of entitlements, construction and lease-up of the 11th & Alder project in preparation for a targeted Q3, 2016 occupancy; and
- Continue to conduct due diligence on a large number of 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 the Graham Group Ltd., participate in the development, finance, design, construction and operations of such project with a view to monetizing the investment in a 3 – 5 year timeframe.

Short Term Objectives

What the Corporation must do and how it will do it:	Target Completion Date	Our Cost to Complete:
Complete the Offering of Capital Commitments	3-6 months	Up to $537,500
Invest in the Partnership	6-24 months	Up to $14,462,500

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 dated effective December 17, 2009 (as amended from time to time, the "**MSA**") 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. In 2014, the amount of the Management Fee paid to the Manager totaled $727,274.

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 2014, 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 and Mike Wytrykush. 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 2015 is estimated to be $150,000 if Closing of the Offering were not to occur. 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 Corporation 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 Corporation held after completion of the Maximum Offering(1)(3)(4)(5)
Tim H. Heavenor Cochrane, Alberta	Chairman, President and Director since March 31, 2009	$0 / $0(2)	- 10,000 10% Debentures (0.92%) 8,000 12% debentures (1.4%) 21,140.81 Preferred Shares (1.2%) 850 Common Shares (0.6%)
Lyle Edwards Calgary, Alberta	Director since July 2011	$0 / $0(2)	- Debentures (-%) - Common Shares (-%)
Patrick Bieleny Edmonton, Alberta	Director since July 2011	$0 / $0(2)	- Debentures (-%) - Common Shares (-%)
Barry Poffenroth Calgary, Alberta	Vice President March 31, 2009	$0 / $0(2)	- Debentures (-%) 850 Common Shares (0.6%)
Bruce Black Vancouver, BC	Vice President June 2014	$0 / $0(2)	- Debentures (-%) - Common Shares (0.6%)
Peter Merchant Calgary, Alberta	Director of the Manager, Real Estate August 2013	$0 / $0(2)	4000 10% Debentures (0.37%) 6,315.79 Preferred Shares - Common Shares (-%)
Adam Burk Toronto, Ontario	Vice President of the Manager, Investments January 2013	$0 / $0(2)	- Debentures (-%) - Common Shares (-%)

Name and municipality of principal residence	Position held and date of obtaining that position	Compensation paid by the Corporation 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 Corporation held after completion of the Maximum Offering(1)(3)(4)(5)
Ashish Khulbe Calgary, Alberta	Manager of Finance of the Manager March 2014	\$0 / \$0(2)	- Debentures (-%) - Common Shares (-%)

Notes:

(1) On a pro forma basis assuming: (i) the Maximum Offering closes before June 18, 2015; and (ii) there are no further issuances of Blocks during the year. Percentages are calculated per by security.

(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 Issuer.

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

(5) 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

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

Mr. Heavenor has over 28 years of investment experience. Mr. Heavenor is the President of the Corporation, President of the Manager and a Senior Vice President and Chief Financial Officer of Graham. Mr. Heavenor is also President of CC&L GVest Fund and Gracorp Capital Ltd., and is a director or officer of other entities related to the services performed by the Manager. Mr. Heavenor is a director of the Canadian Farm Insurance Corporation, a Canadian insurance company. Mr. Heavenor served as Vice President of Manvest Inc. for approximately ten years prior to joining Graham in 2008. While with Manvest Inc., Mr. Heavenor served on the board of directors of several private companies, including as chairman and on the audit and human resource committees of various boards. During Mr. Heavenor's ten year tenure, Manvest Inc. earned top quartile returns, as reported by the Canadian Venture Capital Association of Canada. Prior to joining Manvest Inc., Mr. Heavenor worked for fifteen years as a lender and investment banker for a boutique financial services firm. Mr. Heavenor has a Bachelor of Commerce degree 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 is 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 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.

Patrick Bieleny – Director of the Corporation

Mr. Bieleny is Chief Financial Officer of the Nilsson Bros. Group of Companies ("**Nilsson**") a privately owned, vertically integrated agribusiness involved in all facets of the cattle and beef value chain. Mr. Bieleny is also a director of several related entities of Nilsson including Canadian Farm Insurance Corp., a Canadian insurance company, Canadian Livestock Insurance Company Ltd., a Cayman Islands insurance company and Provost Livestock Exchange Ltd., an Alberta livestock marketing company. Prior to joining Nilsson in 2002, Mr. Bieleny was a Senior Vice President and Senior Principal at KPMG LLP, a global professional services firm. Mr. Bieleny is a Chartered Accountant, a Chartered Insolvency and Restructuring Professional, a Licensed Trustee in Bankruptcy and he has a Bachelor of Commerce degree from the University of Alberta.

Bruce Black – Vice President of Investments of the Manager

Mr. Black has 20 years of experience in corporate finance, development, investment management and operations. Based in Vancouver, Bruce leads the real estate group at the Manager. Prior to joining the Manager in this role, Bruce was involved in PPP projects and was the Project Director on a number of successful projects including the North Island Hospitals PPP Project.

Prior to joining the Manager, Bruce was Vice President of Corporate Finance and Development of a $1 billion publicly listed gaming and entertainment company. Prior thereto, he was an investment banker with TD Securities and a corporate finance professional with KPMG LLP. Bruce earned a B.A. (Political Science) from the University of British Columbia and holds the Chartered Accountant (CA), Chartered Business Valuator (CBV) and Chartered Financial Analyst (CFA) designations.

Barry Poffenroth – Director of Real Estate of the Manager

Mr. Poffenroth has over 30 of years of experience in various facets of the real estate industry. Mr. Poffenroth was Senior Vice President at Urbco Inc., a TSX-listed development and property company, where he was responsible for land development activities, investor relations, acquisitions and divestitures and corporate finance. Following a strategic acquisition of a number of companies based in the North West Territories and Nunavut that company transformed into Northern Property REIT. Mr. Poffenroth has extensive experience in the development and financing of residential housing which he gained while working with Shelter Corporation and a large national home builder. Mr. Poffenroth also served on the board of directors or as advisor to several technology related companies while working with SpringBank TechVentures, a venture capital company. He is a Registered Representative for the Manager in its role as an exempt market dealer

Peter Merchant – Director of Real Estate of the Manager

Mr. Merchant has over 34 years of experience in law, commercial real estate leasing, investment, development and asset management in Canada and the USA with companies such as Knowlton Realty, Trizec Properties, and Avison Young. He was a Senior Vice President of SITQ and most recently, General Manager, Real Estate, for Canadian Pacific Railway. Peter has a Business degree from Queen's University and a law degree from Dalhousie University. He also holds the Certified Commercial Investment Member (CCIM) designation and is a Registered Representative for the Manager in its role as an EMD.

Adam Burk – Vice President of the Manager

Adam joined the Manager in 2013 and leads the finance team after being with Canada Life since 2009, where he structured, negotiated and placed approximately $800 million annually of debt, specifically including $600 million of P3 debt. Canada Life is one of Canada's largest buyers of P3 debt in both the private placement and bond markets and is intimately familiar with structuring and pricing issues. Prior to joining Canada Life, Adam was in the Debt Capital Markets group at RBC Capital Markets. Adam has a Masters Degree in Finance and another in European Studies.

Ashish Khulbe – Manager of Finance of the Manager

Ashish joined Gracorp in 2014 and has 10 years of experience in accounting and finance. He is responsible for overseeing Gracorp's financial reporting and compliance programs as well as assisting in arranging financing solutions for P3 projects. Ashish spent the prior three years as an Associate in the Private Investments group at Alberta Teachers Retirement Fund Board ("**ATRF**"), where he focused on making fund and principal investments in private equity and infrastructure and was responsible for portfolio monitoring and performance measurement. Prior to ATRF, Ashish spent five years in the audit and assurance group of Price Waterhouse Cooper's Edmonton and Cayman Islands offices. Ashish has a Master of Professional Accounting degree from the University of Saskatchewan, earned his CA designation in 2009 and CFA charter in 2013. He is the Chief Compliance Officer for the Manager in its role as an exempt market dealer.

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, 2015	Number Outstanding after Minimum Offering	Number Outstanding after Maximum Offering
Common Shares	Unlimited	$0.90	144,500	144,500	144,500
Preferred Shares	10,000,000	$1.90 - $3.27	1,789,989	1,789,989	3,539,485

Notes:

(1) The Fair Market Value price per Block 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 independent advisory board of the Partnership. See "Description of Securities Offered – Unit Pricing" 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, 2015
Debentures 10%	10%	10 year term	6,785,436
Debentures 12%	12%	10 year term	2,935,042

Prior Sales

The Corporation has issued the following securities since 2009:

Date of Issuance	Type of Security	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
2014	**10% $7.00 Debentures**	22,000	$7	154,000
	Preferred Shares	34,737	$1.90	66,000
TOTAL				**$20,749,210**

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.

Capital Commitment

Each Subscriber of a Capital Commitment 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 $1,000 of a Capital Commitment represents one Block which the Subscriber agrees to purchase on demand by the Corporation. The Corporation will give notice to Subscribers of a Capital Call and the Subscribers will be required to purchase Blocks pursuant to the terms of the Capital Commitment and the Capital Call Notice. No funds will be payable to the Corporation for the initial subscription of a Capital Commitment under this Offering.

Each Capital Commitment offered under this Offering shall have the following terms:

Each Capital Commitment represents a commitment to purchase Blocks at a future date on request of the Corporation. Upon the issuance of a Capital Call Notice, the amount of a Capital Commitment to which such Capital Call relates shall be deemed to have been converted in exchange for a number of Blocks as is equal to the Capital Call amount. The total Capital Commitment may, or may not, be called by the Corporation at one time and may be spread over multiple Capital Calls.

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

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

The Capital Commitments are non-transferrable.

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

Blocks

A conversion of a Capital Commitment and purchase of Blocks pursuant to a Capital Call Notice will provide Subscribers with Blocks, each of which consists of: (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 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 "Use of Proceeds".

Debentures

<u>Interest</u>: 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.

<u>Term</u>: 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.

<u>Rank</u>: 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.

<u>Retraction</u>: 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 10 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: (i) less 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 Company 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.

Reporting: Within sixty days after the end of each quarter, the Corporation will send to each holder of Debentures an update on the performance of each of the Corporation's investments, and a valuation of the net asset value of, and 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.

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.

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.

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

Reporting: Within sixty days after the end of each quarter, the Corporation will send to each holder of Preferred Shares an update on the performance of each of the Corporation's investments, and a valuation of the net asset value of, and update on, the Partnership.

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 10 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; (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.

Reporting: 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.

Subscription Procedure

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

To subscribe for a Capital Commitment, eligible investors are required to complete, execute and deliver to the Corporation at 10840 – 27th Street S.E., Calgary, Alberta T2Z 3R6 Attention: Ashish Khulbe or Barry Poffenroth, by mail or by email to akhulbe@gracorpcapital.com or bpoffenroth@gracorpcapital.com, the Subscription Agreement which accompanies this Offering Memorandum together with duly completed exhibits thereto. Subscribers of Capital Commitments 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 Capital Commitments 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-forma 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 to obtain advice on the income tax consequences that apply to you.

The following is a summary of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) (the "**Tax Act**") generally applicable as of the date 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 Share will generally be capital property to a Holder unless they are held in the course of carrying on a business or have been acquired in a transaction or transactions considered to be an adventure or concern in the nature of trade.

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 Common 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 conversion, 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 should become 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, retraction 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. 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 for 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. A Holder that is a private corporation or a subject corporation, each as defined in the Tax Act, may be liable to pay a 33 1/3% refundable tax on dividends received on the Preferred Shares to the extent such dividends are deductible in computing taxable income.

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 the redemption 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 Preferred Shares by the Corporation to the extent that the proceeds of disposition are greater (or less) than the aggregate of the adjusted cost base of the Preferred Shares to the Holder 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 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.

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 of 6⅔% 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 is 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, deferred profit sharing plan, tax-free savings account ("**TFSA**") or registered education savings plan, all within the meaning of 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 or TFSA provided the annuitant of the RRSP or RRIF or the holder of the TFSA, RRSP or RRIF deals at arm's length with the Corporation for purposes of the Tax Act and does not have a significant interest (within the meaning of the Tax Act) in the Corporation. A person will generally have a significant interest in the Corporation where the person, together with non-arm's length persons, owns directly or indirectly 10% or more of any class of shares of the Corporation.

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, Gracorp Capital Advisors or such other registered dealer designated by it from time to time (the "**Payee**") will receive a one-time service (the "**Service Fee**"). At the Initial Closing Date, or subsequent closings as the case may be, the Subscriber shall pay the Service Fee to the Payee as follows:

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);

- Nil if the Subscriber is GVest Private Equity Ltd.,
- 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
- 3.25%, 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 Risk

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 with fixed price, date certain construction 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 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.

Demand Risk

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 in its project due diligence and ensure that its return expectations compensate it for the risk assumed.

Regulatory Risk

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 of 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 seven 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 management'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 it may hold in the venture.

Related Party Risk

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 would be 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 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, and 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 a Capital Commitment you will have certain rights, some of which are described below. These rights may not be available to you if you subscribe for the Capital Commitment 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 (2nd) 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. Subscribers of a Capital Commitment resident in provinces of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of action and rescission described below for purchasers resident in Ontario and such right will form part of the subscription agreement to be entered into between each such purchaser and the Corporation in connection with this Offering.

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 buy these securities, 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 purchased the securities. 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 purchased the securities. 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 purchased the securities.

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 buy these securities, 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 purchased the securities. 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 purchased the securities. 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 purchased the securities.

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 buy these securities, 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 purchased the securities. 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 purchased the securities. 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 purchased the securities.

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 buy these securities, 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 purchased the securities. 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 purchased the securities. 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 purchased the securities.

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 purchased the securities 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 purchased the securities. 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 purchased the securities.

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.

March 31, 2015

Unaudited

GVest Private Equity Ltd.

Consolidated statement of financial position
As at March 31, 2015
Unaudited

(In Canadian dollars)

	March 31 2015	December 31, 2014
	$	$
Assets		
Current assets		
Cash	**6,932,285**	7,722,513
Accounts receivable (Note 3)	**283,250**	177,204
Prepaid expenses	**13,405**	18,648
Mortgage receivable (Note 8)	**-**	100,000
	7,228,940	8,018,365
Non-current assets		
Investment in GVest Eagle Landing Development Retail Limited Partnership (Note 5)	**8,761,590**	7,945,816
Investment in Edmonton SW Lands Limited Partnership (Note 6)	**5,561,311**	5,430,309
Investment in GVest Tsawwassen Power Centre Limited Partnership (Note 7)	**24,954,895**	15,615,641
Investment in St. Albert Redevelopment Land (Note 8)	**662,365**	662,365
Investment in Channel Crossing (Note 9)	**228,417**	228,417
Properties under development (Note 10)	**40,655,331**	27,413,489
Deferred taxes (Note 11)	**795,555**	799,555
	81,619,464	58,095,592
	88,848,404	66,113,957
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	**1,244,020**	2,271,888
Due to related party (Note 17)	**840,987**	354,741
Notes payable (Note 13)	**1,717,810**	702,462
Current portion of long term debt (Note 15)	**123,590**	82,060
	3,926,407	3,411,151
Non-current liabilities		
Debentures payable (Note 13)	**9,720,478**	9,566,476
Preferred shares (Note 14)	**4,082,578**	4,016,578
Long term debt (Note 15)	**21,510,709**	11,607,935
Deferred taxes (Note 11)	**221,232**	221,232
	35,534,997	25,412,221
	39,461,404	28,823,372
Shareholders' equity		
Share capital (Note 16)	**130,050**	130,050
Retained earnings	**515,421**	255,147
Other reserves	**781,038**	80,216
Non-controlling interest	**47,960,491**	36,825,172
	49,387,000	37,290,585
	88,848,404	66,113,957

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
Period ended March 31, 2015
Unaudited
(In Canadian dollars)

	January to March 31 2015	January to March 31 2014
	$	$
Revenue		
Interest income	**1,905**	3,982
Investment income	**475,190**	-
Rental income	**12,314**	12,314
	489,409	16,296
Expenses		
Administration fees	**127,091**	7,130
Directors' fees	**12,000**	12,000
Insurance	**5,720**	12,429
Interest expense	**268,144**	267,321
Management and service fees (Note 17)	**199,317**	161,057
Professional fees	**23,546**	11,414
	635,818	471,351
Net loss before foreign exchange gain and fair value change	**(146,409)**	(455,055)
Foreign exchange gain	**12,191**	32,690
Fair value changes (Note 18)	**946,776**	-
Income (loss) before income taxes	**812,558**	(422,365)
Income tax expense	**-**	(131,000)
Net income (loss)	**812,558**	(553,365)
Net income (loss) attributable to		
Shareholders	**259,120**	(461,934)
Non-controlling interests	**553,438**	(91,431)
	812,558	(553,365)

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
Period ended March 31, 2015
Unaudited
(In Canadian dollars)

	January to March 31 2015	January to March 31 2014
	$	$
Net income (loss)	**812,558**	(553,365)
Other comprehensive income		
Item that may be reclassified to net income		
Foreign currency translation gain	**2,347,273**	300,669
Comprehensive income (loss)	**3,159,831**	(252,696)
Attributable to shareholders:		
Net income (loss)	**259,120**	(461,934)
Comprehensive income	**700,822**	107,173
	959,942	(354,761)
Attributable to non-controlling interests:		
Net income (loss)	**553,438**	(91,431)
Comprehensive income	**1,646,451**	193,496
	2,199,889	102,065

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
Period ended March 31, 2015
Unaudited

(In Canadian dollars)

	Share capital	Retained earnings (deficit)	Other reserves	Non-controlling interests	Total
	$	$	$	$	$
Balance at January 1, 2015	130,050	255,147	80,216	36,825,172	37,290,585
Net income	-	259,120	-	553,438	812,558
Changes during the period	-	1,154	-	8,935,430	8,936,584
Translation reserve	-	-	700,822	1,646,451	2,347,273
Balance at March 31, 2015	**130,050**	**515,421**	**781,038**	**47,960,491**	**49,387,000**
Balance at January 1, 2014	130,050	(280,683)	(32,383)	24,118,904	23,935,888
Net loss	-	(461,934)	-	(91,431)	(553,365)
Changes during the period	-	-	-	1,251,878	1,251,878
Translation reserve	-	-	107,173	193,496	300,669
Balance at March 31, 2014	**130,050**	**(742,617)**	**74,790**	**25,472,847**	**24,935,070**

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
Period ended March 31, 2015
Unaudited
(In Canadian dollars)

	January to March 31 2015	January to March 31 2014
	$	$
Operating activities		
Net income (loss)	**812,558**	(553,365)
Items not affecting cash and cash equivalents		
Derecognition of subsidiary	**5,154**	-
Other comprehensive income	**2,347,273**	300,669
Fair value changes	**(946,776)**	-
Income tax recovery	**-**	131,000
	2,218,209	(121,696)
Changes in non-cash working capital		
Accounts receivable	**(106,046)**	5,117,195
Due from related party	**-**	(11,763)
Accounts payable and accrued liabilities	**(1,027,868)**	(836,248)
Prepaid expenses	**5,243**	(17,401)
Due to related party	**486,246**	238,980
	1,575,784	4,369,067
Financing activities		
Issuance of 10%, $7 debentures	**154,002**	-
Proceeds from issuance of preferred shares	**66,000**	-
Distributions to non-controlling interests	**-**	(98,362)
Issuance of notes payable	**1,015,348**	702,462
Capital provided by non-controlling interests	**8,935,430**	1,505,975
Redemption of non-controlling interests	**-**	(155,735)
Proceeds from long term debt	**9,944,304**	572,776
	20,115,084	2,527,116
Investing activities		
Additions to properties under development	**(13,241,842)**	(4,595,830)
Distribution from Gracorp Capital Ltd.	**-**	506,833
Investment in Tsawwassen Development Power Centre Limited Partnership	**(9,339,254)**	(8,473,208)
Collection of mortgage receivable	**100,000**	-
Collection of notes receivable	**-**	587,178
	(22,481,096)	(11,975,027)
Net decrease in cash and cash equivalents during the period	**(790,228)**	(5,078,844)
Cash and cash equivalents, beginning of period	**7,722,513**	13,175,600
Cash and cash equivalents, end of period	**6,932,285**	8,096,756

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 Note 4 and Note 20.

2. Significant accounting policies

a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance International Accounting Standards ("IAS") 34, Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB"). These consolidated interim financial statements have been prepared in accordance with the accounting policies described in Note 2 of the Corporation's annual financial statements as at and for the year ended December 31, 2014 and 2013 except as disclosed below. Accordingly, these consolidated interim financial statements for the 3 month period ended March 31, 2015 and 2014 should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2014 and 2013.

b) Basis of presentation

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

c) Basis of consolidation

The consolidated interim financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. 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 affects 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 control 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

2. Significant accounting policies (continued)

c) Basis of consolidation (continued)

- 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.

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 loss and other comprehensive loss 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.

d) Future accounting pronouncements

The following are new and revised accounting pronouncements that have been issued but are not yet effective:

IFRS 9 Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized costs and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. This standard is effective of annual periods beginning on or after January 1, 2018.

IFRS 15, Revenue from contracts with customers

IFRS 15 provides a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This standard is effective for fiscal periods beginning on or after January 1, 2017.

(In Canadian dollars)

3. Accounts receivable

	March 31 2015	December 31 2014
	$	$
Investor receivables	**61,585**	-
Amount in trust	**-**	94,248
Loan advance receivable	**184,263**	51,371
Other receivables	**37,402**	31,585
	283,250	177,204

Investor receivables pertain to amounts outstanding from the capital call issued by the Group during the period. The carrying value of investor receivables approximates its fair value.

As at March 31, 2015, allowance for doubtful accounts and amounts passed due but not impaired are $nil (2014 - $Nil).

4. Subsidiaries

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

			Proportion of ownership interest and voting power held by the Company	
Name of subsidiary	Principal activity	Place of incorporation and operations	**March 31, 2015**	**December 31 2014**
			%	%
GVest PE Ltd.	General partner of GVest Private Equity LP	Alberta	**100**	100
GVest SDM GP Ltd.	General partner of GVest SDM LP 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 Private Equity LP	Investment company	Alberta	**53**	55

(In Canadian dollars)

4. Subsidiaries (continued)

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

		Proportion of ownership interest and voting power held by the Group		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
Name of subsidiary	Place of incorporation and operations	**March 31 2015**	March 31 2014	**March 31 2015**	March 31 2014	**March 31 2015**	December 31 2014
		%	%	**$**	$	**$**	$
GVest Private Equity LP	Alberta	**53**	53	**553,438**	(91,431)	**47,960,491**	36,825,172

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 2015	December 31 2014
	$	$
GVest Private Equity LP		
Current assets	**1,145,225**	1,173,869
Non-current assets	**31,946,568**	28,656,155
Current liabilities	**(761,119)**	(831,399)
Equity	**32,330,674**	28,998,625

	January 1 to March 31, 2015	**January 1 to March 31, 2014**
Revenue	**488,929**	16,296
Distributions to non-controlling intrests	**-**	98,362
Cash inflows from operating activities	**188,702**	792,226
Cash outflows from investing activities	**(1,369,675)**	(4,966,823)
Cash inflows (outflows) from financing activities	**1,207,563**	(155,735)

5. Investment in GVest Eagle Landing Development Retail Limited Partnership

The Group's investment represents a 25% interest in Eagle Landing Development Retail Limited Partnership. Eagle Landing Development Retail Limited Partnership is responsible for the development of a 300,000 square foot shopping centre and retail complex located in Chilliwack, B.C.

At March 31, 2015 and December 31, 2014, the fair value of the Group's investment in Eagle Landing Development Retail Limited Partnership 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 5.48% to 6.25% (December 31, 2014 – 5.50% to 6.03%).

5. Investment in GVest Eagle Landing Development Retail Limited Partnership (continued)

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 9% (December 31, 2014 - 9%).

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 Development Retail Limited Partnership 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 is $5,759,828.

6. Investment in Edmonton SW Lands Limited Partnership

The Group purchased 156.8 limited partnership units (15.7%) of Edmonton SW Lands Limited Partnership. The project consists of two parcels of land in the southwest section of Edmonton (approximately 102 acres designated as residential and approximately 317 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 40 tenants open for business constituting over 780,000 square feet of rented space. The Windermere Crossing has approximately 14 tenants open for business constituting over 132,000 square feet of rented space. The total development area is expected to be over 1.1 million square feet of rentable space.

At March 31, 2015, the fair value of the Group's investment in the commercial portion of Edmonton SW Lands Limited Partnership 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 6% (December 31, 2014 - 6%). The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions. The remaining undeveloped 35 acres (December 31, 2014 –- 35) are valued at $1.2 to $1.5 million per acre.

The fair value of the Group's investment in the residential portion of Edmonton SW Lands Limited Partnership has been determined using a discounted cash flow analysis using a discount rate of 12% (December 31, 2014 - 12%). The discount rate represents the rate of return an investor would expect to earn.

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

7. Investment in GVest Tsawwassen Development Power Centre Limited Partnership

The Group's investment represents 50% interest in Tsawwassen Development Power Centre Limited Partnership. Tsawwassen Development Power Centre Limited Partnership is responsible for providing contributions for the development of a 551,000 square foot shopping centre situated in Tsawwassen, B.C. The project is in the early development stage and there has been no change in factors that market participants would consider in setting a price.

The original cost of the investment approximates its fair value.

(In Canadian dollars)

8. Investment in St. Albert Redevelopment Land

In May 2012, the Group purchased a city lot located in downtown St. Albert, Alberta. The lot is part of a contiguous four-lot land assembly. It is intended that the land will be part of a prospective 100,000-150,000 square foot office complex to be situated within the City of St. Albert's Downtown Area Redevelopment Plan. The project is in the early development stage and there has been no change in factors that market participants would consider in setting a price.

The original cost of the investment approximates its fair value.

The Group receives average rental payments of $4,104 per month on a building that is situated on the land.

In 2012, the Group provided a loan amounting to $200,000. In 2014, $100,000 was repaid and the remaining balance was fully repaid in 2015.

9. Investment in Channel Crossing

The Channel Crossing project is anticipated to be a 300,000 square foot retail development located in Penticton, British Columbia. The project is in the early development stage and there has been no change in factors that market participants would consider in setting a price.

The cost of the investment approximates its fair value.

10. Properties under development

	March 31 2015	December 31 2014
	$	$
Balance, beginning of period	**27,413,489**	6,864,227
Derecognition on disposal of Subsidiary	**-**	(16,245,609)
Additions	**13,241,842**	36,794,871
Balance, end of period	**40,655,331**	27,413,489

Properties under development are composed of the following developments:

- Development of a 120-unit apartment building with 4,000 square feet of ground floor retail and two levels of parking totalling approximately 116,000 gross square feet in Seattle, WA. This development is approximately 88% complete as at March 31, 2015 and is targeting first occupancy in April 2015.
- Development of an 85-unit apartment building totalling approximately 74,000 gross square feet in Seattle, WA.
- Development of an 75-unit apartment building with 5,000 square feet of retail totalling approximately 73,000 gross square feet in Seattle, WA.

The above developments are in the early stage; therefore, fair value approximates cost as at March 31, 2015.

(In Canadian dollars)

10. Properties under development (continued)

In 2014, the Group completed the sale of its 50% interest in Tsawwassen for a total consideration of $8.89 million. The Group recognized a gain on disposition of $768,872 in 2014, calculated as follows:

	$
Cash proceeds	8,891,676
Net assets sold and derecognized	
Land	705,602
Development costs	7,417,202
	8,122,804
Gain on disposition	768,872

Following the sale of a 50% interest, the Group no longer controls Tsawwassen and the remaining 50% interest in Tsawwassen is included in the statement of financial position as Investment in GVest Tsawwassen Power Centre Limited Partnership (see Note 7).

11. Income taxes

Deferred tax balances

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

	March 31 2015	December 31 2014
	$	$
Temporary difference in the recognition of limited partnership income for accounting purposes and for tax purposes	**(221,232)**	(221,232)
Non-capital losses carried forward	**793,314**	793,314
Other temporary differences	**2,241**	2,241

The Group incurred the following non-capital losses:

	Loss	Expiry date
	$	
2009	1,093	2019
2010	231,353	2020
2011	225,900	2021
2012	464,175	2022
2013	995,255	2023
2014	1,255,478	2024

(In Canadian dollars)

12. Accounts payable and accrued liabilities

	March 31 2015	December 31 2014
	$	$
Trade payables	**889,264**	786,386
Accrued interest on debentures payable	**297,879**	1,045,083
Advances from non-controlling interest unitholders	**56,877**	440,419
	1,244,020	2,271,888

13. Debentures payable

	March 31 2015	December 31 2014
	$	$
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	**2,935,042**	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	**6,785,436**	6,631,434
Accrued interest on 12%, $7 debentures	**86,845**	367,140
Accrued interest on 10%, $7 debentures	**164,991**	677,943
	9,972,314	10,611,559
Less: current portion	**251,836**	1,045,083
	9,720,478	9,566,476

See Note 19 for the discussion on fair value measurement.

Notes payable of $1,717,810 (December 31, 2014 - $702,462) relate to unsecured promissory notes issued by the Corporation to pay interest on debentures which are payable with respect to the period to December 31 of each year during which they are outstanding on or before February 28th following that year. The notes bear interest at a rate of prime plus 1% per annum and have a term not exceeding the remaining term of the debenture's maturity date. As at March 31, 2015, interest accrued in relation to the note payable is $46,042 (December 31, 2014 - $29,735).

(In Canadian dollars)

14. 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, 2015		December 31, 2014	
	Issued and outstanding	**Amount**	Issued and outstanding	Amount
	#	**$**	#	$
Series 1 Preferred Shares	**1,789,989**	**4,082,578**	1,755,252	4,016,578

15. Long term debt

Long term debt relates to mortgage loan to finance properties under development with maximum insured loan amount of $21.1 million. The mortgage loan bears interest at 4.85% for a term of 480 months, repayable in monthly payments of $105,720 commencing on September 1, 2015. The mortgage loan is secured by a first mortgage or deed of trust on the property under development and all improvements located and fixtures attached.

16. Share capital

Authorized

An unlimited number of 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

	March 31 2015	December 31 2014
	$	$
144,500 common shares	**130,050**	130,050

(In Canadian dollars)

17. Related party transactions

During the period, the Group had related party transactions as follows:

	March 31 2015	March 31 2014
	$	$
Management and service fees	**199,317**	161,057

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. At March 31, 2015, $840,972 was payable to the Manager of the Group (December 31, 2014 - $354,741).

The remuneration of directors during the period ended March 31, 2015 was $12,000 (March 31, 2014 - $12,000).

18. Fair value gains

	Fair value December 31, 2014	Additions	Disposals and distributions	Fair value gain	**Fair value March 31, 2015**
	$	$	$	$	**$**
Eagle Landing Development Retail Limited Partnership	7,945,816	-	-	815,774	**8,761,590**
Edmonton SW Lands Limited Partnership	5,430,309	-	-	131,002	**5,561,311**
Tsawwassen Development Power Centre Limited Partnership	15,615,641	9,339,254	-	-	**24,954,895**
St. Albert Redevelopment Land	622,365	-	-	-	**622,365**
Channel Crossing	228,417	-	-	-	**228,417**
	29,842,548	9,339,254	-	946,776	**40,128,578**

19. 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 March 31, 2015, 91% (December 31, 2014 - 95%) of the Group's assets were held in a privately held limited partnership that are 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 March 31, 2015, the Group had 0.24% (December 31, 2014 - nil%) of the Group's total aggregate capital in the form of cash call obligations from subscribers. In 2015, $nil (2014 - $210,000) was in default, which resulted in a cancellation of subscription.

Credit risk arises from cash held at banks. The maximum exposure to credit risk is the carrying value of financial instruments as disclosed in the consolidated statements of financial position. Cash balances are held on deposit with a bank that has a AAA credit rating.

Interest rate risk

The Group is subject to interest rate risk arising from fluctuations in interest rate on its cash held with a Canadian chartered bank. The Group's debt is fixed-rate. The Group is not exposed to significant interest rate risk.

Currency risk

Currency risk is the risk that the value of investments denominated in foreign currencies will fluctuate due to changes in exchange rates. The assets and liabilities of the Group are held in the functional currency of the Group, which is the Canadian dollar. The Group is not exposed to significant foreign currency risk.

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.

(In Canadian dollars)

19. Financial instruments and risk management (continued)

(a) *Risk management (continued)*

Liquidity risk (continued)

The following table details the Group's undiscounted financial liabilities at March 31, 2015, based on contractual payment dates and current market interest rates:

	March 31, 2015				
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**More than 1 year**	**Total**
	$	**$**	**$**	**$**	**$**
Trade payables	**889,264**	**-**	**-**	**-**	**889,264**
Accrued interest on debentures payable	**-**	**-**	**297,879**	**-**	**297,879**
Advances from non-controlling interest unitholders	**56,877**				**56,877**
Due to related party	**840,987**	**-**	**-**	**-**	**840,987**
Notes payable	**-**	**-**	**1,717,810**	**-**	**1,717,810**
Debentures payable	**-**	**-**	**-**	**9,720,478**	**9,720,478**
Preferred shares	**-**	**-**	**-**	**4,082,578**	**4,082,578**
Loan payable	**-**	**-**	**123,590**	**21,510,709**	**21,634,299**
	1,787,128	**-**	**2,139,279**	**35,313,765**	**39,240,172**

	December 31, 2014				
	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
	$	$	$	$	$
Trade payables	786,386	-	-	-	786,386
Accrued interest on debentures payable	-	-	1,045,083	-	1,045,083
Advances from non-controlling interest unitholders	440,419				440,419
Due to related party	354,741	-	-	-	354,741
Notes payable	-	-	702,462	-	702,462
Debentures payable	-	-	-	9,566,476	9,566,476
Preferred shares	-	-	-	4,016,578	4,016,578
Loan payable	-	-	-	11,689,995	11,689,995
	1,581,546	-	1,747,545	25,273,049	28,602,140

(In Canadian dollars)

19. 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:

	March 31, 2015		December 31, 2014	
	Total carrying value	**Total fair value**	Total carrying value	Total fair value
	$	**$**	$	$
Cash and cash equivalents	**6,932,285**	**6,932,285**	7,722,713	7,722,713
Accounts receivable	**283,250**	**283,250**	177,204	177,204
Mortgage receivable	**-**	**-**	100,000	100,000
Investments in				
Eagle Landing Development Retail Limited Partnership	**8,761,590**	**8,761,590**	7,945,816	7,945,816
Edmonton SW Lands Limited Partnership	**5,561,311**	**5,561,311**	5,430,309	5,430,309
Gvest Tsawwassen Power Centre Limited Partnership	**24,954,895**	**24,954,895**	15,615,641	15,615,641
St. Albert Redevelopment Land	**662,365**	**662,365**	662,635	662,635
Channel Crossing	**228,417**	**228,417**	228,417	228,417
Accounts payable and accrued liabilities	**1,244,020**	**1,244,020**	2,271,888	2,271,888
Due to related party	**840,987**	**840,987**	354,741	354,741
Notes payable	**1,717,810**	**1,717,810**	702,462	702,462
Debentures payable	**9,720,478**	**10,060,574**	9,566,476	10,060,574
Preferred shares	**4,082,578**	**4,353,025**	4,016,578	4,353,025
Long term debt	**21,510,709**	**21,510,709**	11,689,995	11,689,995

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.

19. Financial instruments and risk management (continued)

(b) Fair value measurement (continued)

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 March 31, 2015 and December 31, 2014, all of the Group's investments were Level 3 inputs. There were no transfers in or out of Level 3 fair value measurements during the year.

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 Development Retail Limited Partnership, Tsawwassen Development Power Centre Limited Partnership and Edmonton SW Lands Limited Partnership 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 described in more detail in Notes 5, 6, 7, 8 and 9.

The fair value measurements for 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 described in more detail in Note 10.

The carrying value of long term debt approximates its fair value.

20. Direct investment in GVest Private Equity LP

The Company's sole direct investment is in partnership units of GVest Private Equity LP. As at March 31, 2015, the Company held 1,644,491 units (December 31, 2014: 1,619,262 units) with a fair market value of $10.41 per unit (December 31, 2014: $9. 78).

Consolidated financial statements of

GVest Private Equity Ltd.

December 31, 2014

GVest Private Equity Ltd.
December 31, 2014

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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. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2014 and the consolidated statement of income and loss, consolidated statement of comprehensive income and loss, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 audit 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, 2014 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Accountants
April 30, 2015

GVest Private Equity Ltd.

Consolidated statement of financial position
As at December 31, 2014 and 2013

(In Canadian dollars)

	2014	2013
	$	$
Assets		
Current assets		
Cash	**7,722,513**	13,175,600
Accounts receivable (Note 4)	**177,204**	5,711,063
Prepaid expenses	**18,648**	-
Mortgage receivable (Note 10)	**100,000**	200,000
Notes receivable	**-**	587,178
	8,018,365	19,673,841
Non-current assets		
Investment in GVest Eagle Landing Development Retail Limited Partnership (Note 6)	**7,945,816**	6,713,479
Investment in Edmonton SW Lands Limited Partnership (Note 7)	**5,430,309**	3,981,579
Investment in Gvest Tsawwassen Power Centre Limited Partnership (Note 8)	**15,615,641**	-
Investment in Gracorp Capital Ltd. (Note 9)		844,166
Investment in St. Albert Redevelopment Land (Note 10)	**662,365**	653,126
Investment in Channel Crossing (Note 11)	**228,417**	217,574
Properties under development (Note 12)	**27,413,489**	6,864,227
Deferred taxes (Note 13)	**799,555**	435,000
	58,095,592	19,709,151
	66,113,957	39,382,992
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 14)	**2,271,888**	1,305,460
Due to related party (Note 19)	**354,741**	196,812
Distributions payable	**-**	278
Notes payable (Note 15)	**702,462**	12,500
Current portion of long term debt (Note 17)	**82,060**	-
	3,411,151	1,515,050
Non-current liabilities		
Debentures payable (Note 15)	**9,566,476**	9,566,476
Preferred shares (Note 16)	**4,016,578**	4,016,578
Long term debt (Note 17)	**11,607,935**	-
Deferred taxes (Note 13)	**221,232**	349,000
	25,412,221	13,932,054
	28,823,372	15,447,104
Shareholders' equity		
Share capital (Note 18)	**130,050**	130,050
Retained earnings (Deficit)	**255,147**	(280,683)
Other reserves	**80,216**	(32,383)
Non-controlling interest	**36,825,172**	24,118,904
	37,290,585	23,935,888
	66,113,957	39,382,992

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 and loss
year ended December 31, 2014
(In Canadian dollars)

	2014	2013
	$	$
Revenue		
Interest income	**46,909**	59,269
Investment income	**1,460,605**	896,649
Rental income	**49,257**	47,533
	1,556,771	1,003,451
Expenses		
Administration fees	**190,978**	32,925
Directors' fees	**48,000**	48,000
Insurance	**30,858**	19,637
Interest expense	**1,056,512**	650,258
Management and service fees (Note 19)	**727,274**	313,752
Professional fees	**377,929**	210,361
	2,431,551	1,274,933
Net income before foreign exchange gain and fair value change	**(874,780)**	(271,482)
Foreign exchange gain	**33,555**	175,647
Fair value changes (Note 20)	**2,246,866**	(513,922)
Income (Loss) before income taxes	**1,405,641**	(609,757)
Income tax recovery (Note 13)	**492,323**	236,000
Net income (loss)	**1,897,964**	(373,757)
Net income (loss) attributable to		
Shareholders	**535,830**	(463,596)
Non-controlling interests	**1,362,134**	89,839
	1,897,964	(373,757)

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 and loss
Years ended December 31, 2014 and 2013

(In Canadian dollars)

	2014	2013
	$	$
Net income (loss)	**1,897,964**	(373,757)
Other comprehensive income (loss)		
Item that may be reclassified to net income (loss)		
Foreign currency translation gain (loss)	**360,343**	(54,744)
Comprehensive income (loss)	**2,258,307**	(428,501)
Attributable to shareholders:		
Net loss	**535,830**	(463,596)
Comprehensive income (loss)	**112,599**	(34,653)
	648,429	(498,249)
Attributable to non-controlling interests:		
Net income	**1,362,134**	89,839
Comprehensive income (loss)	**247,744**	(20,091)
	1,609,878	69,748

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
Years ended December 31, 2014 and 2013

(In Canadian dollars)

	Share capital	Retained earnings (deficit)	Other reserves	Non-controlling interests	Total
	$	$	$	$	$
Balance at January 1, 2013 (Restated)	130,050	182,913	2,270	8,161,297	8,476,530
Net income (loss)	-	(463,596)	-	89,839	(373,757)
Changes during the year	-	-	-	15,887,859	15,887,859
Translation reserve	-	-	(34,653)	(20,091)	(54,744)
Balance at December 31, 2013	130,050	(280,683)	(32,383)	24,118,904	23,935,888
Net income	-	535,830	-	1,362,134	1,897,964
Changes during the year	-			11,096,390	11,096,390
Translation reserve	-		112,599	247,744	360,343
Balance at December 31, 2014	**130,050**	**255,147**	**80,216**	**36,825,172**	**37,290,585**

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
Years ended December 31, 2014 and 2013

(In Canadian dollars)

	2014	2013
	$	$
Operating activities		
Net (loss) income	**1,897,964**	(373,757)
Items not affecting cash and cash equivalents		
Gain on sale of investments	**(768,872)**	-
Other comprehensive (loss) income	**360,343**	(54,744)
Fair value changes	**(2,246,866)**	513,922
Income tax recovery	**(492,323)**	(236,000)
	(1,249,754)	(150,579)
Changes in non-cash working capital		
Accounts receivable	**5,533,859**	(401,859)
Accounts payable and accrued liabilities	**966,150**	790,264
Prepaid expenses	**(18,648)**	19,638
Due to related party	**157,929**	-
	5,389,536	257,464
Financing activities		
Issuance of 10%, $7 debentures	**-**	4,590,320
Issuance of 12%, $7 debentures	**-**	609,000
Amounts included in accounts receivable pertaining to cash call	**-**	(5,294,357)
Proceeds from issuance of preferred shares	**-**	2,144,940
Distributions to non-controlling interests	**(54,100)**	(46,979)
Issuance of notes payable	**689,962**	-
Capital provided by non-controlling interests	**11,350,490**	15,887,859
Redemption of non-controlling interests	**(200,000)**	-
Proceeds from borrowings	**11,689,995**	-
	23,476,347	17,890,783
Investing activities		
Additions to properties under development	**(23,026,374)**	(5,811,571)
Distribution from Gracorp Capital Ltd.	**844,166**	159,873
Investment in Edmonton SW Lands Limited Partnership	**(423,354)**	-
Investment in Eagle Landing Development Retail Limited Partnership	**(2,414)**	(281,144)
Investment in Tsawwassen Development Power Centre Limited Partnership	**(21,261,333)**	(55,459)
Investment in St. Albert Redevelopment Land	**(9,239)**	(21,163)
Investment in Channel Crossing	**(19,276)**	(89,933)
Collection of mortgage receivable	**100,000**	-
Proceeds from disposal of Tsawwassen Development Power Centre Limited Partnership	**8,891,676**	-
Collection (Issuance) of notes receivable	**587,178**	(472,178)
	(34,318,970)	(6,571,575)
Net increase (decrease) in cash and cash equivalents during the year	**(5,453,087)**	11,576,672
Cash and cash equivalents, beginning of year	**13,175,600**	1,598,928
Cash and cash equivalents, end of year	**7,722,513**	13,175,600

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 Note 5.

2. Accounting standards and amendments issued but not yet adopted

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2014, with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

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. Early adoption is permitted; however, if an entity elects to apply this standard early, it must disclose that fact and apply all of the requirements in this standard at the same time.

Beginning January 1, 2016, amendments to IFRS 11 will take effect requiring entities acquiring an interest in a joint operation to apply, for its share of the business, all of the principles of a business combination set out in IFRS 3 on a prospective basis. The amendments clarify that for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, the acquirers of such interests are to apply the relevant accounting principles of IFRS 3, Business Combinations and other standards, as well as disclosing the relevant information specified in these standards for business combinations.

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. The Company continues to monitor this project and the financial reporting implications.

On January 1, 2016, the Company will be required to adopt amendments to IAS 1 which involve applying professional judgment in determining what information to disclose in the financial statements. Furthermore, the amendments state that professional judgment should be used in determining where and in what order information is presented in the financial disclosures.

The Company is currently assessing the impact of these standards on the financial statements.

3. Significant accounting policies

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on April 30, 2015.

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 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 Company and its subsidiaries. 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 affects 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 control 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.

3. 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 loss and other comprehensive loss 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 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 revenues 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 the consolidated statement of loss.

Foreign currency denominated monetary assets and liabilities of the Company and its subsidiaries 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. Revenues and expenses are measured at average rates during the period. Gains or losses on translation of these items are included in the consolidated statement of loss. Foreign currency denominated non-monetary assets and liabilities, measured at historic cost, are translated at the rate of exchange at the transaction date.

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.

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.

3. Significant accounting policies (continued)

f) 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).

g) 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.

Cash and cash equivalents, accounts receivable, mortgage receivable and notes receivable have been classified as loans and receivables. Accounts payable and accrued liabilities, due to related party, distributions payable, notes 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.

3. Significant accounting policies (continued)

h) Impairment

For financial assets other than those classified as held for trading, 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.

i) 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.

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.

j) 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 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.

3. Significant accounting policies (continued)

j) Income taxes (continued)

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.

k) 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:

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.

(In Canadian dollars)

3. Significant accounting policies (continued)

k) Critical judgments and estimates (continued)

i. Critical judgments in applying accounting policies (continued)

Investment properties 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 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:

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 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 21.

4. Accounts receivable

	2014	2013
	$	$
Investor receivables	**-**	5,294,357
Amount in trust	**94,248**	416,706
Other receivables	**82,956**	-
	177,204	5,711,063

Investor receivables pertain to amounts outstanding from the capital call issued by the Company and its subsidiaries during 2013. The carrying value of investor receivables approximates its fair value.

As at December 31, 2014, allowance for doubtful accounts and amounts passed due but not impaired are $Nil (2013 - $Nil).

(In Canadian dollars)

5. Subsidiaries

Details of the Group’s 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 2014	2013
			%	%
GVest PE Ltd.	General partner of GVest Private Equity LP	Alberta	**100**	100
GVest SDM GP Ltd.	General partner of GVest SDM LP Limited Partnership	Alberta	**100**	100
GVest Eagle Landing GP Ltd.	General partner of Eagle Landing Development Retail Limited Partnership	Alberta	**100**	100
GVest Investment Management Ltd.	Investment company	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 Private Equity LP	Investment company	Alberta	**55**	56

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiary	Place of incorporation and operations	Proportion of ownership interest and voting power held by the Group 2014	2013	Profit allocated to non-controlling interests 2014	2013	Accumulated non-controlling interests 2014	2013
		%	%	**$**	$	**$**	$
GVest Private Equity LP	Alberta	**55**	56	**1,362,134**	89,839	**36,825,172**	24,118,904

(In Canadian dollars)

5. 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:

	2014	2013
	$	$
GVest Private Equity LP		
Current assets	**1,173,869**	8,836,974
Non-current assets	**28,656,155**	19,139,025
Current liabilities	**(831,399)**	(3,117,190)
Equity	**28,998,625**	24,858,809
Revenue	**755,339**	1,003,351
Distributions to non-controlling intrests	**54,100**	4,335,323

6. 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 Development Retail Limited Partnership is responsible for the development of a 660,000 square foot shopping centre and retail complex located in Chilliwack, B.C.

At December 31, 2014 and 2013, the fair value of the Group's investment in Eagle Landing Development Retail Limited Partnership 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 5.50% to 6.03% (December 2013 - 6.15%).

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 9% (2013 - 9%).

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 GVest Eagle Landing Limited Partnership 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 $5,759,828.

7. Investment in Edmonton SW Lands Limited Partnership

The Group purchased 156.8 limited partnership units (15.7%) of Edmonton SW Lands Limited Partnership. The project consists of two parcels of land in the southwest section of Edmonton (approximately 102 acres designated as residential and approximately 317 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 40 tenants open for business constituting over 780,000 square feet of rented space. The Windermere Crossing has approximately 14 tenants open for business constituting over 132,000 square feet of rented space. The total development area is expected to be over 1.1 million square feet of rentable space.

7. Investment in Edmonton SW Lands Limited Partnership (continued)

At December 31, 2014, the fair value of the Group's investment in the commercial portion of Edmonton SW Lands Limited Partnership 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 6% (December 2013 - 6.25%). The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions. The remaining undeveloped 35 acres (December 2013 - 35) are valued at $1.2 to $1.5 million per acre.

The fair value of the Group's investment in the residential portion of Edmonton SW Lands Limited Partnership has been determined using a discounted cash flow analysis using a discount rate of 12% (2013 - 12%). The discount rate represents the rate of return an investor would expect to earn.

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

8. Investment in GVest Tsawwassen Power Centre Limited Partnership

The Group's investment represents 50% interest in Tsawwassen Development Power Centre Limited Partnership ("Tsawwassen"). Tsawwassen is responsible for providing contributions for the development of a 547,500 square foot shopping centre situated in Tsawwassen, B.C. The project is in the early development stage and there has been no change in factors that market participants would consider in setting a price.

The original cost of the investment approximates its fair value.

9. Investment in Gracorp Capital Ltd.

The Group purchased 64,700 First Preferred Shares - CCL/GVest Series and 64,700 12% $7.00 Series B Senior Secured Debentures (the "Debentures") of Gracorp Capital Ltd. Proceeds from the issuance of the First Preferred Shares and Debentures were invested by Gracorp Capital Ltd. in Connor, Clark & Lunn GVest Traditional Infrastructure Limited Partnership.

The value of the First Preferred Shares is a function of the value of the CCL/GVest net asset value per unit less the outstanding Debentures, accrued interest and other liabilities of Gracorp Capital Ltd.

The business of CCL/GVest is to invest, directly or indirectly, in the equity and/or debt of entities that contract with governmental authorities for the provision of privately financed public infrastructure facilities in North America.

The original cost of the investment was $282,678.

During 2014, Gracorp Capital Ltd. repaid the Debentures and the remaining accrued interest totalling $506,833. Further, Gracorp Capital Ltd. redeemed 64,700 First Preferred Shares - CCL/GVest Series with a redemption price of $194,100 and distributed dividends of $164,328.

10. Investment in St. Albert Redevelopment Land

In May 2012, the Group purchased a city lot located in downtown St. Albert, Alberta. The lot is part of a contiguous four-lot land assembly. It is intended that the land will be part of a prospective 100,000-150,000 square foot office complex to be situated within the City of St. Albert's Downtown Area Redevelopment Plan. The project is in the early development stage and there has been no change in factors that market participants would consider in setting a price.

The original cost of the investment approximates its fair value.

The Group receives average rental payments of $4,104 per month on a building that is situated on the land.

In 2012, the Group provided a mortgage loan amounting to $200,000. In 2014, $100,000 was repaid and the remaining balance was repaid subsequent to year end.

(In Canadian dollars)

11. Investment in Channel Crossing

The Channel Crossing project is anticipated to be a 300,000 square foot retail development located in Penticton, British Columbia. The project is in the early development stage and there has been no change in factors that market participants would consider in setting a price.

The cost of the investment approximates its fair value.

12. Properties under development

	2014	2013
	$	$
Balance, beginning of year	**6,864,227**	1,052,656
Derecognition on disposal of 50% of Tsawwassen	**(16,245,609)**	-
Additions	**36,794,871**	5,811,571
Balance, end of year	**27,413,489**	6,864,227

Properties under development are composed of the following developments:

- Development of a 120-unit apartment building with 4,000 square feet of ground floor retail and two levels of parking totalling approximately 116,000 gross square feet in Seattle, WA.
- Development of an 85-unit apartment building totalling approximately 74,000 gross square feet in Seattle, WA.
- Development of an 75-unit apartment building with 5,000 square feet of retail totalling approximately 73,000 gross square feet in Seattle, WA.

The above developments are in the early stage; therefore, fair value approximates cost as at December 31, 2014.

During the year, the Group completed the sale of its 50% interest in Tsawwassen for a total consideration of $8.89 million. The Group recognized a gain on disposition of $768,872, calculated as follows:

	$
Cash proceeds	8,891,676
Net assets sold and derecognized	
Land	705,602
Development costs	7,417,202
	8,122,804
Gain on disposition	768,872

Following the sale of a 50% interest, the Group no longer controls Tsawwassen and the remaining 50% interest in Tsawwassen is included in the statement of financial position as Investment in GVest Tsawwassen Power Centre Limited Partnership (see Note 8).

(In Canadian dollars)

13. Income taxes

	2014	2013
	$	$
Deferred tax recovery	**492,323**	236,000
The income tax recovery can be reconciled to the accounting profit as follows		
Income (Loss) before income taxes of the Company	**1,405,641**	(609,757)
Income tax recovery calculated at 25% (2013 - 25%)	**351,410**	152,439
Adjustment in relation to investment in subsidiary for tax purposes	**166,110**	-
Non-taxable portion of subsidiary income	**(25,197)**	83,561
Deferred tax recovery	**492,323**	236,000

Deferred tax balances

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

	2014	2013
	$	$
Temporary difference in the recognition of limited partnership income for accounting purposes and for tax purposes	**(221,232)**	(349,000)
Non-capital losses carried forward	**793,314**	435,000
Other temporary differences	**2,241**	-

The Group incurred the following non-capital losses:

	Loss	Expiry date
	$	
2009	1,093	2019
2010	231,353	2020
2011	225,900	2021
2012	464,175	2022
2013	995,155	2023
2014	1,255,478	2024

(In Canadian dollars)

14. Accounts payable and accrued liabilities

	2014	2013
	$	$
Trade payables	**786,386**	614,427
Accrued interest on debentures payable	**1,045,083**	691,033
Advances from non-controlling interest unitholders	**440,419**	-
	2,271,888	1,305,460

15. Debentures payable

	2014	2013
	$	$
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	**2,935,042**	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	**6,631,434**	6,631,434
Accrued interest on 12%, $7 debentures	**367,140**	350,690
Accrued interest on 10%, $7 debentures	**677,943**	340,343
	10,611,559	10,257,509
Less: current portion	**1,045,083**	691,033
	9,566,476	9,566,476

See Note 21 for the discussion on fair value measurement.

Notes payable of $702,462 relate to unsecured promissory notes issued by the Corporation to pay interest on debentures which are payable with respect to the period to December 31 of each year during which they are outstanding on or before February 28th following that year. The notes bear interest at a rate of prime plus 1% per annum and have a term not exceeding the remaining term of the debenture's maturity date.

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.

(In Canadian dollars)

16. Preferred shares (continued)

Issued

	2014		2013	
	Issued and outstanding	**Amount**	Issued and outstanding	Amount
	#	**$**	#	$
Series 1 Preferred Shares	**1,755,252**	**4,016,578**	1,755,252	4,016,578

17. Long term debt

Long term debt relates to mortgage loan to finance properties under development with maximum insured loan amount of $21.1 million. The mortgage loan bears interest at 4.85% for a term of 480 months, repayable in monthly payments of $105,720 commencing on September 1, 2015. The mortgage loan is secured by a first mortgage or deed of trust on the property under development and all improvements located and fixtures attached.

18. Share capital

Authorized

An unlimited number of 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

	2014	2013
	$	$
144,500 common shares	**130,050**	130,050

19. Related party transactions

During the year, the Group had related party transactions as follows:

	2014	2013
	$	$
Management and service fees	**727,274**	313,752

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. At December 31, 2014, $354,741 was payable to the Manager of the Group (2013 - $196,812).

(In Canadian dollars)

19. Related party transactions (continued)

The remuneration of directors during the year ended December 31, 2014 was $48,000 (2013 - $48,000).

20. Fair value gains

	Fair value 2013	Additions	Disposals and distributions	Fair value (loss) gain	**Fair value 2014**
	$	$	$	$	**$**
Eagle Landing Development Retail Limited Partnership	6,713,479	2,414	-	1,229,923	**7,945,816**
Edmonton SW Lands Limited Partnership	3,981,579	423,354	-	1,025,376	**5,430,309**
GVest Tsawwassen Power Centre Limited Partnership	-	15,615,641	-	-	**15,615,641**
Gracorp Capital Ltd.	844,166	-	(844,166)	-	**-**
St. Albert Redevelopment Land	653,122	9,243	-	-	**662,365**
Channel Crossing	217,574	19,276	-	(8,433)	**228,417**
	12,409,920	16,069,928	(844,166)	2,246,866	**29,882,548**

21. 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, 2014, 87% (2013 - 49%) of the Group's assets were held in a privately held limited partnership that are 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, 2014, the Group had Nil% (2013 - 22%) of the Group's total aggregate capital in the form of cash call obligations from subscribers. In 2014, $210,000 (2013 - $Nil) was in default, which resulted in a cancellation of subscription.

Credit risk arises from cash held at banks. The maximum exposure to credit risk is the carrying value of financial instruments as disclosed in the consolidated statements of financial position. Cash balances are held on deposit with a bank that has a AAA credit rating.

(In Canadian dollars)

21. Financial instruments and risk management (continued)

(a) Risk management (continued)

Interest rate risk

The Group is subject to interest rate risk arising from fluctuations in interest rate on its cash held with a Canadian chartered bank. The Group's debt is fixed-rate. The Group is not exposed to significant interest rate risk.

Currency risk

Currency risk is the risk that the value of investments denominated in foreign currencies will fluctuate due to changes in exchange rates. The assets and liabilities of the Group are held in the functional currency of the Group, which is the Canadian dollar. The Group is not exposed to significant foreign currency risk.

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 following table details the Group's undiscounted financial liabilities at December 31, 2014, based on contractual payment dates and current market interest rates:

					2014
	Less than 1 month	**1 to 3 months**	**3 months to 1 year**	**More than 1 year**	**Total**
	$	**$**	**$**	**$**	**$**
Trade payables	**786,386**	**-**	**-**	**-**	**786,386**
Accrued interest on debentures payable	**-**	**-**	**1,045,083**	**-**	**1,045,083**
Advances from non-controlling interest unitholders	**440,419**	**-**	**-**	**-**	**440,419**
Due to related party	**354,741**	**-**	**-**	**-**	**354,741**
Notes payable	**-**	**-**	**702,462**	**-**	**702,462**
Debentures payable	**-**	**-**	**-**	**9,566,476**	**9,566,476**
Preferred shares	**-**	**-**	**-**	**4,016,578**	**4,016,578**
Long term debt	**-**	**-**	**82,060**	**11,607,935**	**11,689,995**
	1,581,546	**-**	**1,829,605**	**25,190,989**	**28,602,140**

(In Canadian dollars)

21. Financial instruments and risk management (continued)

(a) Risk management (continued)

Liquidity risk (continued)

	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
					2013
	$	$	$	$	$
Trade payables	614,427	-	-	-	614,427
Accrued interest on debentures payable	-	-	691,033	-	691,033
Due to related parties	-	-	196,812	-	196,812
Distributions payable	278	-	-	-	278
Notes payable	-	-	12,500	-	12,500
Debentures payable	-	-	-	9,566,476	9,566,476
Preferred shares	-	-	-	4,016,578	4,016,578
	614,705	-	900,345	13,583,054	15,098,104

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.

(In Canadian dollars)

21. Financial instruments and risk management (continued)

(b) Fair value measurement

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

	2014		2013	
	Total carrying value	**Total fair value**	Total carrying value	Total fair value
	$	**$**	$	$
Cash	**7,722,713**	**7,722,713**	13,175,600	13,175,600
Accounts receivable	**177,204**	**177,204**	5,711,063	5,711,063
Mortgage receivable	**100,000**	**100,000**	200,000	200,000
Notes receivable	**-**	**-**	587,178	587,178
Investments in				
GVest Eagle Landing Development Retail Limited Partnership	**7,945,816**	**7,945,816**	6,713,479	6,713,479
Edmonton SW Lands Limited Partnership	**5,430,309**	**5,430,309**	3,981,579	3,981,579
Gvest Tsawwassen Power Centre Limited Partnership	**15,615,641**	**15,615,641**	-	-
Gracorp Capital Ltd.	**-**	**-**	844,166	844,166
St. Albert Redevelopment Land	**662,635**	**662,635**	653,126	653,126
Channel Crossing	**228,417**	**228,417**	217,574	217,574
Accounts payable and accrued liabilities	**2,271,888**	**2,271,888**	1,305,460	1,305,460
Due to related party	**354,741**	**354,741**	196,812	196,812
Distributions payable	**-**	**-**	278	278
Notes payable	**702,462**	**702,462**	12,500	12,500
Debentures payable	**9,566,476**	**10,060,574**	9,566,476	10,082,364
Preferred shares	**4,016,578**	**4,353,025**	4,016,578	3,668,477
Long term debt	**11,689,995**	**11,689,995**	-	-

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.

21. Financial instruments and risk management (continued)

(b) Fair value measurement (continued)

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, 2014, 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 Development Retail Limited Partnership, Tsawwassen and Edmonton SW Lands Limited Partnership 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 described in more detail in Notes 6, 7, 8, 10 and 11.

The fair value measurements for investments in Gracorp Capital Ltd. is primarily driven by the underlying fair value of Gracorp Capital Ltd. as derived from its financial statements. A change to reasonably possible alternative estimates and assumptions used in the valuation of this non-public investment may have a significant impact on the fair value calculated for this financial asset. A change in the valuation of the underlying investment may have an impact on the Group's consolidated financial statements, and that impact is dependent on the method of accounting used for this investment and the funds within which this investment is held. The determination of fair value has been described in more detail in Note 9.

The fair value measurements for 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 described in more detail in Note 12.

22. Direct investment in GVest Private Equity LP

The Company's sole direct investment is in partnership units of GVest Private Equity LP. As at December 31, 2014, the Company held 1,619,262 units (2013: 1,619,262 units) with a fair market value of $9.78 per unit (2013: $8.66). Subsequent to year end, the Company purchased an additional 25,229 units of GVest Private Equity LP for a total purchase price of $220,000.

23. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

ITEM 13 – DATE AND CERTIFICATE

Dated at Calgary, Alberta on the 18th day of June, 2015.

This Offering Memorandum does not contain a misrepresentation.

GVEST PRIVATE EQUITY LTD.

(signed) "*Tim H. Heavenor*"
President

(signed) "Ashish Khulbe"
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF GVEST PRIVATE EQUITY LTD.

(signed) "*Patrick Bieleny*"
Director

(signed) "*Lyle Edwards*"
Director