

**AMENDED AND RESTATED CONFIDENTIAL OFFERING MEMORANDUM**

**DATE:** March 9, 2016

**THE ISSUER:** Pacific Landing @ Havenwood Trust (the "Issuer" or the "Trust")

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**Currently Listed or Quoted:** These securities do not trade on any exchange or market. The Issuer is not currently listed or quoted on any stock exchange. The Issuer is not a reporting issuer in any jurisdiction and is not a SEDAR filer.

**THE OFFERING:**

**Securities Offered:** Class A trust units ("**Class A Trust Units**") issued by the Issuer. See ITEM 5.

**Price per Security:** \$100 per 1 (one) Class A Trust Unit.

**Minimum/Maximum Offering:** **There is no minimum. You may be the only purchaser.** The Maximum Offering is \$10,000,000 in aggregate. **Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

**Minimum Subscription Amount:** Each investor must invest a minimum of \$1,000 (10 (ten) Class A Trust Units).

**Eligibility for Investment:** Each of the Class A Trust Units may be eligible investments for Exempt Plans (as hereinafter defined). See ITEM 6.

**Payment Terms:** Certified cheque or bank draft payable to "Pacific Landing @ Havenwood Trust", or such other manner as may be accepted by the Trust in its sole discretion, in full payment of the subscription price per Class A Trust Unit subscribed for is due upon execution and delivery of the Subscription Agreement. See SCHEDULE "D".

**Proposed Closing Date(s):** The initial closing occurred on October 30, 2013 (the "**Closing**"). Subsequent closings will take place at later dates as may be determined by the Issuer. See ITEM 1.

**Income Tax Consequences:** There are important tax consequences to these securities. You should consult your own professional tax advisors to obtain advice respecting any tax consequences applicable to you. See ITEM 6.

**Selling Agents:** The Trust reserves the right, as allowed by applicable securities legislation, to retain agents to complete sales of Class A Trust Units. The Trust contemplates paying fees and commissions of: (i) up to 8% of the gross proceeds realized on the Class A Trust Units to eligible persons; and (ii) up to an additional 1% of the gross proceeds realized on the Class A Trust Units to eligible dealers as an administration fee, for aggregate fees and commissions payable to such eligible persons and/or eligible dealers of 9% of the gross proceeds realized on the Class A Trust Units sold by such eligible persons and/or eligible dealers. No fees or commissions will be paid to any agents for the purchase of Class A LP Units (as hereinafter defined) by the Trust. See ITEM 7.

**RESALE RESTRICTIONS:** **You will be restricted from selling your securities for an indefinite period.** See ITEM 10.

**PURCHASER'S RIGHTS:** You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See ITEM 11.

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

**There is not or may not be a market for you to sell your investment and there is no assurance that you will be able to find a buyer for this investment at a later date.**

**This investment is speculative and involves a high degree of risk. Investors should be aware that this investment has not only the usual risks associated with the financial ability of the Issuer to make cash distributions but also risks associated with purchasing, developing and selling of real estate.**

## **SCHEDULES:**

The following Schedules are attached to and form a part of this Offering Memorandum:

Schedule "A"	–	Trust Indenture
Schedule "B"	–	Limited Partnership Agreement
Schedule "C"	–	Management Agreement
Schedule "D"	–	Subscription Agreement
Schedule "E"	–	Audited Financial Statements of the Trust
Schedule "F"	–	Interim Unaudited Financial Statements of the Trust
Schedule "G"	–	Unaudited Financial Statements of the Limited Partnership

This Offering Memorandum is confidential. The information contained in this Offering Memorandum is intended only for the persons to whom it is transmitted for the purposes of evaluating the securities offered hereby. By accepting a copy of this Offering Memorandum, the recipient agrees that neither it nor any of its representatives or agents shall use the Offering Memorandum or the information contained herein for any other purpose or divulge it to any other party and shall return all copies of the Offering Memorandum to the Issuer promptly upon request.

This Offering is a private placement and is not, and under no circumstances is to be construed as, a public offering of the securities described herein. The securities are being offered in reliance upon exemptions from the registration and prospectus requirements set forth in applicable securities legislation.

The Class A Trust Units have not been and will not be registered under the U.S. Securities Act (as defined herein), or any applicable state securities laws. Accordingly, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and state securities laws, the Class A Trust Units may not be offered or sold within the United States or to, or for the account of benefit of, "U.S. persons" (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

## **INTERPRETATION**

Words importing the singular number only include the plural and vice versa, and words importing the masculine, feminine or neuter gender include the other genders.

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this Offering Memorandum constitute forward-looking statements under applicable securities laws. These statements relate to future events or our future performance. In particular, this Offering Memorandum contains forward-looking information and forward-looking statements (collectively, the "**forward-looking statements**") regarding the proposed development of certain lands including the type of property, the time to develop such lands and the development and other costs associated therewith. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "budget", "plan", "forecast", "potential", "intend" and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking statements, if any. Those assumptions and factors are based on information currently available to the Issuer including information obtained from third party sources. Although the Issuer believes that the expectations reflected in such forward-

looking statements are reasonable and represent the Issuer's expectations and belief at this time, such forward-looking statements involve known and unknown risks and uncertainties which may cause the Issuer's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, fluctuating interest rates, business competition, construction related risks, development costs, ability to raise financing and fund capital expenditures, and changes in government regulations or in tax laws, in addition to those factors discussed or referenced in ITEM 8 – *Risk Factors*. These factors should not be considered exhaustive. Many of these risk factors are beyond the Issuer's control and each contributes to the possibility that the forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these risks, uncertainties and factors are interdependent and management's future course of action depends upon our assessment of all information available at that time.

**The forward-looking statements made herein relate only to events or information as of the date of this Offering Memorandum and are expressly qualified by this cautionary statement. Except as required by law, the Issuer undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.**

#### **GLOSSARY OF DEFINED TERMS:**

The following terms used in this Offering Memorandum have the respective meanings ascribed to them below. Unless the context otherwise requires, any reference in this Offering Memorandum to any agreement, instrument, indenture or other document shall mean such, as amended, supplemented and restated at any time and from time to time prior to the date hereof or in the future:

"**Acquisition Agreement**" means the acquisition agreement dated February 19, 2013, as amended on each of December 10, 2014 and April 10, 2015, among HBLC, HBLP, 1012361 Alberta Ltd. and the Partnership;

"**Affiliate**" has the meaning ascribed thereto under the *Securities Act* (Alberta);

"**BCBCA**" means the *Business Corporations Act* (British Columbia) and the regulations thereunder, as amended from time to time;

"**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in the Province of Alberta;

"**Class A LP Unit**" means those units of the Partnership designated as Class A units;

"**Class B LP Unit**" means those units of the Partnership designated as Class B units;

"**Class A Trust Units**" means a Class A trust unit of the Trust, which are issuable at \$100 per Class A trust unit pursuant to the Offering. See ITEM 5 – *Securities Offered*;

"**Class A Unitholder**" means a holder of Class A Trust Units; and "**Class A Unitholders**" means all holders of Class A Trust Units;

"**Closing**" means the first closing of the Class A Trust Units offered hereby, which occurred on October 30, 2013. Subsequent closings will take place at later dates as may be determined by the Issuer;

"**CRA**" means the Canada Revenue Agency of the Government of Canada;

"**Development Fee**" means the fee payable to the Manager from the Partnership as consideration for its services as manager of the General Partner consisting of: (i) an amount equal to 1% of the total capital contributions contributed

to the Partnership by the Limited Partners and the General Partner; and (ii) an amount equal to 3% of all costs associated with construction and development of the Project;

**"Exempt Plan"** means trusts governed by an RRSP, RRIF, deferred profit sharing plan, registered education savings plan, registered disability savings plan or TFSA (all within the meaning of the Tax Act), collectively referred to herein as **"Exempt Plans"**;

**"Future Improvements"** means three condominiums to be built on the Lands and each being about 650 square feet and 1,800 square feet of adjacent office space, free and clear of all financial encumbrances;

**"General Partner"** means Pacific Landing Project Ltd., or any other party who may become the general partner of the Partnership in place of Pacific Landing Project Ltd. from time to time, in each case until such general partner ceases to be the general partner of the Partnership under the terms of the Partnership Agreement;

**"HBLC"** means Heather Bell Lands Corporation, a corporation formed pursuant to the laws of the Province of Alberta;

**"HBLP"** means Heather Bell Limited Partnership I;

**"IFRS"** means International Financial Reporting Standards applicable to the Trust, as such principles are established and revised by the International Accounting Standards Board (or any successor organization) from time to time, applied on a consistent basis;

**"Initial Limited Partner"** means 536220 Alberta Ltd., a corporation incorporated under the laws of the Province of Alberta. The Initial Limited Partner is also the Manager;

**"Issuer"** or **"Trust"** means Pacific Landing @ Havenwood Trust;

**"Lands"** means the real property located in the City of Colwood, British Columbia and more particularly described as Amended Lot "A" (DD606821I) Section 33, Esquimalt District, Plan 2194, PID 005 087 503;

**"Limited Partner"** means the Initial Limited Partner and each of those parties that acquire Partnership Units or in the future and who from time to time is accepted as and becomes a limited partner of the Partnership in accordance with the terms and conditions of the Partnership Agreement, including the General Partner if and when it holds Partnership Units;

**"Loan"** has the meaning ascribed thereto in Item 2.2 – *Our Business*;

**"Management Agreement"** means the agreement dated February 19, 2013 among the Manager, the Partnership and HBLC;

**"Manager"** means 536220 Alberta Ltd. or its assignee to be named Eden Borough Properties Ltd., the manager of the Partnership, the Trust and HBLC. The Manager is also the Initial Limited Partner;

**"Maximum Offering"** means \$10,000,000 in aggregate;

**"Offering"** means the offering of Class A Trust Units by way of private placement as described herein;

**"Offering Memorandum"** means this confidential amended and restated offering memorandum, including any amendment hereto;

**"Option"** has the meaning ascribed thereto in ITEM 2.7 – *Material Contracts – Acquisition Agreement*;

**"Ordinary Resolution"** means

- (i) a resolution passed by more than 50% of the votes cast by those Unitholders entitled to vote on such resolution, whether cast in person or by proxy, at a meeting of Unitholders, at which a quorum was present, called (at least in part) for the purpose of approving such resolution, or
- (ii) a resolution approved in writing, in one or more counterparts, by holders of more than 50% of the votes represented by those Units entitled to be voted on such resolution;

**"Partial Closing Parcel"** means the subdivision of the Lands adjacent to the existing entrance to the Lands and the subdivision will accommodate access to both the subdivided property and the residual property. The subdivision line will run parallel to the western boundary of the Lands from a common entrance way and will extend to the north property line of the Lands with an east-west depth of no more than 35 meters or the minimum distance required to develop residential units within its boundary. The Partnership will agree to a common road (running north and south) that is available to both subdivided lots and is on both subdivided lots equally and mutual access agreements will be executed to allow full access to each parcel of the Lands for each owner on the two lots. The subdivided lot will have the right to build 30 residential units and the Partnership will pay all of the expenses related to the subdivision of the Lands;

**"Partnership"** means Pacific Landing Limited Partnership, a limited partnership duly formed pursuant to the Partnership Act;

**"Partnership Act"** means the *Partnership Act* (British Columbia) and the regulations thereunder, as amended from time to time;

**"Partnership Agreement"** means the limited partnership agreement setting out the manner in which the Partnership will be governed, entered into between the Initial Limited Partner, the General Partner, the holders of Class A LP Units and holders of Class B LP Units, as may be amended or supplemented, in the form attached hereto as Schedule "B";

**"Partnership Unit"** means a limited partnership unit of the Partnership, of whichever class, as may be applicable in the context;

**"Partnership's Distributable Income"** means the net income of the Partnership after payment and reservation of all amounts necessary for the payment of the expenses and commitments of the Partnership and after payment of the Development Fee;

**"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

**"Project"** has the meaning ascribed thereto in ITEM 2.2 – *Our Business*;

**"Referral Fee"** or **"Commission"** means the fee or amounts of: (i) up to 8% of the Subscription Proceeds to eligible persons; and (ii) up to an additional 1% of the Subscription Proceeds to eligible dealers as an administration fee, in connection with the introduction of Subscribers to the Issuer, for aggregate fees and commissions payable to such eligible persons and/or eligible dealers of 9% of the Subscription Proceeds;

**"Regulation D"** means Regulation D promulgated under the U.S. Securities Act;

**"Regulation S"** means Regulation S promulgated under the U.S. Securities Act;

**"Regulations"** means regulations made under the Tax Act;

"**RRIF**" means registered retirement income fund, within the meaning of the Tax Act;

"**RRSP**" means registered retirement savings plan, within the meaning of the Tax Act;

"**Settlor**" means William Maslechko, an individual resident in the City of Calgary, in the Province of Alberta;

"**Special Resolution**" means

- (i) a resolution passed by more than 66<sup>2/3</sup>% of the votes cast by those Unitholders entitled to vote on such resolution, whether cast in person or by proxy, at a meeting of Unitholders, at which a quorum was present, called (at least in part) for the purpose of approving such resolution, or
- (ii) a resolution approved in writing, in one or more counterparts, by holders of more than 66<sup>2/3</sup>% of the votes represented by those Units entitled to be voted on such resolution;

"**Subscriber**" means a Person acquiring Class A Trust Units pursuant to the Offering described herein;

"**Subscription Agreement**" means the subscription agreement to be completed by Subscribers for Class A Trust Units, being the Subscription Agreement attached as Schedule "D" hereto;

"**Subscription Price**" means \$100 per Class A Trust Unit;

"**Subscription Proceeds**" means the gross monies received by the Issuer in consideration for the issuance of the Class A Trust Units under the Offering;

"**Tax Act**" means the *Income Tax Act* (Canada), and all regulations thereunder, as amended from time to time;

"**TFSA**" means tax-free savings account, within the meaning of the Tax Act;

"**Trust Indenture**" means the amended and restated agreement between the Trustees and the Settlor dated September 17, 2013, as may be amended or supplemented, in the form attached hereto as Schedule "A";

"**Trustees**" mean each of Randy Royer of the City of Calgary in the Province of Alberta and Ray Parks of the City of Victoria in the Province of British Columbia;

"**Trust Property**", at any time, means all of the money, properties and other assets of any nature or kind whatsoever as are, at such time, held by the Trust or by the Trustees on behalf of the Trust;

"**Trust's Distributable Income**" means the net income of the Trust, for income tax purposes, after payment of the expenses and commitments of the Trust;

"**Units**" mean trust units of the Trust, of whichever class, as may be applicable in the context;

"**Unitholder**" means a holder of Units, and "**Unitholders**" means all holders of Units;

"**U.S. Person**" has the meaning ascribed thereto in Regulation S, which definition includes, but is not limited to: (i) a natural person resident in the United States; (ii) an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person; (iii) any partnership or corporation organized or incorporated under the laws of the United States; (iv) any discretionary or non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; (v) any agency or branch of a foreign entity located in the United States; (vi) any partnership or corporation if (A) organized or incorporated under the laws of any foreign jurisdiction and (B) formed by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized or incorporated, and owned, by "accredited investors" (as defined in Rule 501(a) of Regulation D under the U.S. Securities Act) who are not natural persons, estates or trusts); and

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended.

All references to currency herein are references to lawful money of Canada unless specifically stated otherwise.

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SCHEDULE "E"	Audited Financial Statements of the Trust
SCHEDULE "F"	Interim Unaudited Financial Statements of the Trust
SCHEDULE "G"	Unaudited Financial Statements of the Limited Partnership

## CONFIDENTIAL AMENDED AND RESTATED OFFERING MEMORANDUM

### Pacific Landing @ Havenwood Trust (the "Issuer" or the "Trust")

#### ITEM 1 – USE OF AVAILABLE FUNDS

##### 1.1 Funds

The following table discloses the net proceeds of the Offering after deduction of the costs associated with the Offering:

	<u>Assuming Maximum Offering <sup>(1)</sup></u>
A. Amount to be raised by this Offering	\$10,000,000
B. Selling Commissions and Fees <sup>(2)</sup>	\$900,000
C. Estimated Offering Costs (legal, accounting, audit and marketing)	\$200,000
D. Available Funds D=A-(B+C)	\$8,900,000
E. Additional Sources of Funding Required	\$Nil
F. Working Capital Deficiency	\$Nil
G. Total: G = D + (E-F)	<u>\$8,900,000</u>

Notes:

- (1) There is no minimum Offering of Class A Trust Units and there can be no assurance that the Issuer will complete the Maximum Offering. The Partnership intends to issue, and has issued, Class A LP Units to subscribers other than the Trust. As at the date of this Offering Memorandum, aggregate gross proceeds of \$5,823,800 have been raised under this Offering. \$4,678,908 of the proceeds raised under this Offering was invested by the Issuer in the Partnership on July 16, 2015 in exchange for 5,257.2 Class A LP Units. An additional \$504,274, currently being held by the Issuer, is expected to be invested in the Partnership in exchange for 566.6 Class A LP Units. See ITEM 2.2 – *Our Business* for further description of the use of funds raised under the Offering. Also see ITEM 2.3 – *Development of Business*, ITEM 2.4 – *Long Term Objectives*, ITEM 2.5 – *Short Term Objectives and How We Intend to Achieve Them* and ITEM 2.6 – *Insufficient Funds*.
- (2) Assumes aggregate selling commissions, consulting and referral fees of the maximum aggregate 9% are paid on all Subscription Proceeds. Up to 8% of the Subscription Proceeds may be payable to eligible persons and up to an additional 1% of the Subscription Proceeds may be payable to eligible dealers as an administration fee, in connection with the introduction of Subscribers to the Issuer. No selling commissions, consulting or referral fees will be paid to any agents for the purchase of Class A LP Units by the Trust. See ITEM 7 – *Compensation to Sellers and Finders*.

##### 1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Issuer will use the available funds:

<u>Description of intended use of available funds listed in order of priority</u>	<u>Assuming Maximum Offering <sup>(1)</sup></u>
Acquire initial Class A LP Units of the Partnership for Acquisition of Lands and the Partnership's Undertaking of development of Phase 1 of the Project <sup>(1)(2)(3)</sup>	\$4,678,908
Working capital and other day to day operating expenses <sup>(4)</sup>	\$20,000
Further investment Class A LP Units in the Partnership for the Partnership's Undertaking of development of Phase 1 of the Project <sup>(4)(5)</sup>	\$4,201,092

Description of intended use of available funds listed in order of priority	Assuming Maximum Offering <sup>(1)</sup>
Total:	\$8,900,000

## Notes:

- (1) There is no minimum Offering of Class A Trust Units and there can be no assurance that the Issuer will complete the maximum Offering. As at the date of this Offering Memorandum, \$4,678,908 of the proceeds raised under this Offering was invested by the Issuer in the Partnership on July 16, 2015 in exchange for 5,257.2 Class A LP Units. An additional \$504,274, currently being held by the Issuer, is expected to be invested in the Partnership in exchange for 566.6 Class A LP Units. As stated elsewhere in this Offering Memorandum, additional funds raised by the Issuer up to the Maximum Offering are expected to be invested in the Partnership in exchange for Class A LP Units. See ITEM 2.7 – *Material Agreements – Acquisition Agreement*.
- (2) Of the \$4,678,908 invested by the Issuer in the Partnership on July 16, 2015, \$2.0 million was spent by the Partnership as a portion of the purchase price of the Lands. See ITEM 2.7 – *Material Agreements – Acquisition Agreement*. The remaining \$2,678,908 is expected to be utilized by the Partnership to undertake the Project, including Phase 1. See ITEM 2.2 – *Our Business* for further description of the use of funds raised under the Offering.
- (3) As at the date of this Offering Memorandum, the Trust has acquired 5,257.2 Class A LP Units, representing 56.18% of the outstanding Class A LP Units.
- (4) After deducting selling commissions, consulting and referral fees, expenses of the Offering and amounts retained for working capital and other day to day operating expenses, it is expected that the remaining net proceeds of the Subscription Proceeds will be invested in the Partnership. It is proposed that the General Partner, on behalf of the Partnership, will undertake the Project. See ITEM 2.2 – *Our Business* for further description of the use of funds raised under the Offering. Also see ITEM 2.3 – *Development of Business*, ITEM 2.4 – *Long Term Objectives* and ITEM 2.5 – *Short Term Objectives and How We Intend to Achieve Them*.
- (5) The Trust expects to use available funds to acquire additional Class A LP Units. The Trust may acquire up to a maximum of 10,000 Class A LP Units based on the Maximum Offering. Assuming the Maximum Offering and that the Partnership does not issue any further Partnership Units to any other parties, it is expected that an aggregate of 14,181 Class A LP Units and no Class B LP Units will be outstanding; however, the total number of Class A LP Units outstanding assuming completion of the Maximum Offering is completed is subject to increase based on additional financing needs of the Partnership and the Partnership may offer additional Class A LP Units to subscribers other than the Trust. Additionally, the Partnership may issue an unlimited number of Class B LP Units pursuant to the Partnership Agreement. See ITEM 2.7 – *Material Agreements – Limited Partnership Agreement* and see ITEM 8 – *Risk Factors*..

Additionally, the following table provides a detailed breakdown of how the Partnership will use the funds that have been, and will be, invested by the Issuer in the Partnership:

Description of intended use of available funds listed in order of priority	Assuming Maximum Offering <sup>(1)</sup>
Acquisition of Lands <sup>(2)</sup>	\$2,000,000
Undertaking of development of Phase 1 of the Project <sup>(2)(3)</sup>	\$6,880,000
Total:	\$8,880,000

## Notes:

- (1) After deducting selling commissions, consulting and referral fees, expenses of the Offering and amounts retained for working capital and other day to day operating expenses, it is expected that the remaining net proceeds of the Subscription Proceeds will be invested in the Partnership. These amounts reflect the gross funds expected to be invested by the Trust in the Partnership and do not take into account the Partnership's working capital requirements and other day to day operating expenses.
- (2) The Lands were purchased by the Partnership in accordance with the terms of the Acquisition Agreement, on July 16, 2015. \$4,678,908 of the proceeds raised under this Offering was invested by the Issuer in the Partnership on July 16, 2015 in exchange for 5,257.2 Class A LP Units and \$2.0 million were used by the Partnership as a portion of the purchase price of the Lands. See ITEM 2.7 – *Material Agreements – Acquisition Agreement*. The remaining \$2,678,908 is expected to be utilized by the Partnership to undertake the Project, including Phase 1. See ITEM 2.2 – *Our Business* for further description of the use of funds raised under the Offering.
- (3) It is proposed that the General Partner, on behalf of the Partnership, will undertake Phase 1 of the Project utilizing the remainder of the funds invested by the Trust in the Partnership. As the Project, including Phase 1, is expected to cost

more than the total funds raised pursuant to the Maximum Offering, the Partnership expects to utilize construction debt, as is customary for a real estate development project, and other potential sources of financing as it sees fit in order to develop the Project. See ITEM 2.2 – *Our Business* for further description of the use of funds raised under the Offering. Also see ITEM 2.3 – *Development of Business*, ITEM 2.4 – *Long Term Objectives* and ITEM 2.5 – *Short Term Objectives and How We Intend to Achieve Them*.

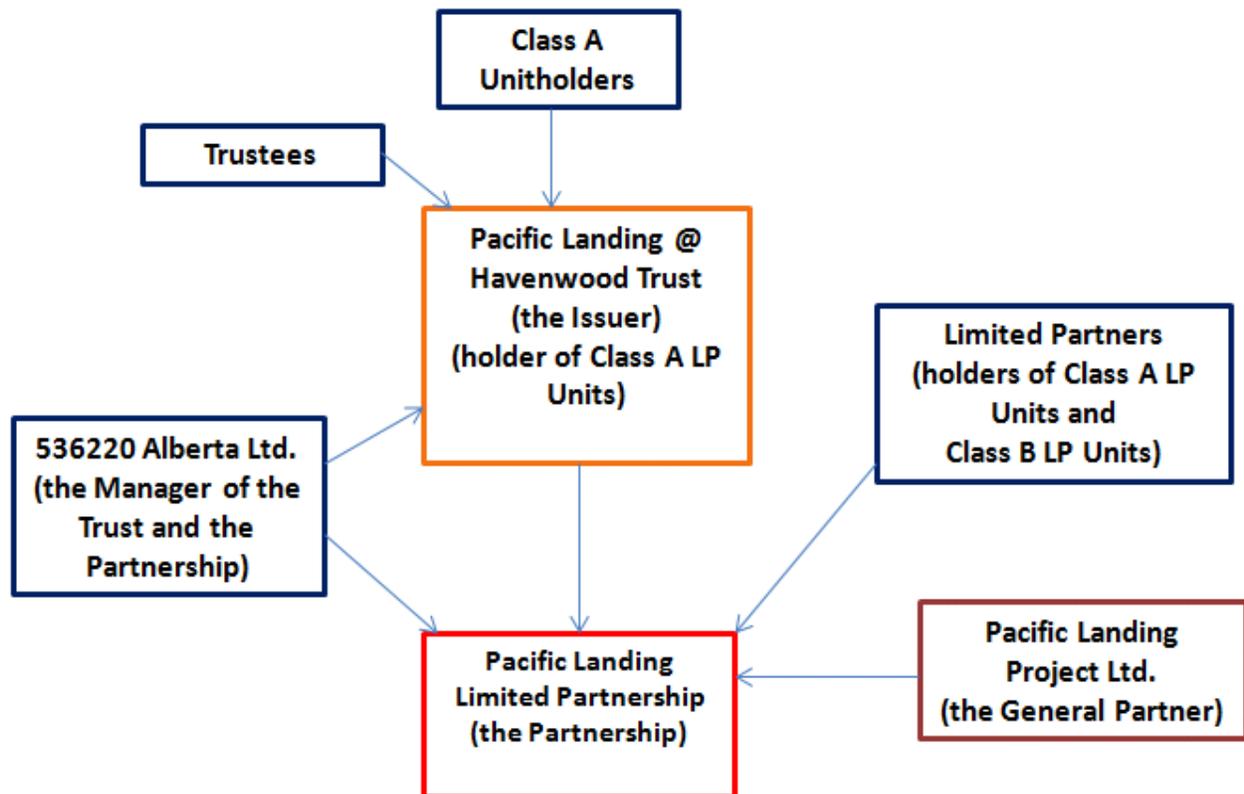
### 1.3 Reallocation

The Issuer intends to spend the available funds as stated. The Issuer will reallocate funds only for sound business reasons. Also see ITEM 2.6 – *Insufficient Funds*.

## ITEM 2 – BUSINESS OF THE ISSUER

### 2.1 Structure

The following diagram outlines the structure of the Issuer and its various components.



Notes:

- (1) For a further description of the flow of funds and the acquisition of the Lands, see ITEM 2.2 – *Our Business*.
- (2) It is the Issuer's current intention to distribute 100% of the Trust's Distributable Income. In accordance with the Trust Indenture, the Trust must distribute all of the Trust's Distributable Income to Unitholders each year.
- (3) The General Partner intends to distribute the Partnership's Distributable Income as follows: (i) first, to Limited Partners until they have received payments equal to their principal amount of the investment of Partnership Units; (ii) second, 100% to the Limited Partners until such time as they have received an accumulated 8% annual return on their principal amount of the investment of Partnership Units, commencing on January 1<sup>st</sup> of the year immediately following such subscription; (iii) third, upon satisfaction of (i) and (ii), 80% to the Limited Partners, such amount to be payable to the Limited Partners until the Limited Partners have received an accumulated return of 150% of their investment in the Partnership Units and 20% to the Manager; and (iv) fourth, upon satisfaction of (i), (ii) and (iii), 60% to the Limited Partners and 40% to the Manager.
- (4) The Trust currently owns 5,257.2 Class A LP Units, representing 56.18% of the outstanding Class A LP Units.

### *The Trust*

The Trust is an unincorporated open-ended, limited purpose trust settled in the Province of Alberta on June 3, 2013, pursuant to the Trust Indenture. Randy Royer of the City of Calgary in the Province of Alberta and Ray Parks of the City of Victoria in the Province of British Columbia, are the initial Trustees of the Trust. The Trustees may add additional Trustees as they see fit. The Trust was settled principally for the purpose of investing in the Partnership.

In accordance with the Trust Indenture, the Trust must distribute to Unitholders all of the Trust's Distributable Income each year.

In addition, the Trustees may declare to be payable and make distributions, from time to time, out of income of the Trust, net realized capital gains of the Trust, the net recapture income of the Trust, the capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates on or before December 31 of that year as the Trustees may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the Unitholders.

Each year the Trust shall deduct in computing its income for purposes of the Tax Act such portion of the amounts paid or payable to the Unitholders for the year as is necessary to ensure that the Trust is not liable for income tax under Part I of the Tax Act for that taxation year. The Trustees shall deduct or withhold from distributions payable to any Unitholder amounts required by law to be deducted or withheld from such Unitholder's distributions.

### *The Partnership*

The Partnership was formed on December 7, 2012, pursuant to the Partnership Act, by the filing of the Certificate in accordance with the Partnership Act. The Partnership was formed for the purposes of acquiring the Lands with a view to completing the Project and then to sell the assets. Given the total acquisition cost of the Lands, the Partnership does not anticipate acquiring an interest in any future properties at this time. See ITEM 2.2 – *Our Business*.

The Initial Limited Partner has contributed \$1,000 as the initial capital contribution to the Partnership. Upon the Issuer becoming a Limited Partner on July 16, 2015, the Partnership paid \$1,000 to the Initial Limited Partner as a return on capital whereupon the Initial Limited Partner ceased to be a Limited Partner. See ITEM 4 – *Prior Sales*.

It is the intention that the Trust will be a holder of Class A LP Units. The Partnership Agreement provides that the Partnership's Distributable Income shall be distributed as follows: (i) first, to Limited Partners until they have received payments equal to their principal amount of the investment of Partnership Units; (ii) second, 100% to the Limited Partners until such time as they have received an accumulated 8% annual return on their principal amount of the investment of Partnership Units, commencing on January 1<sup>st</sup> of the year immediately following such subscription; (iii) third, upon satisfaction of (i) and (ii), 80% to the Limited Partners, such amount to be payable to the Limited Partners until the Limited Partners have received an accumulated return of 150% of their investment in the Partnership Units and 20% to the Manager; and (iv) fourth, upon satisfaction of (i), (ii) and (iii), 60% to the Limited Partners and 40% to the Manager.

The Partnership and the relationship among the Partnership, the General Partner and the Limited Partners (including the Trust) are governed by the Partnership Agreement in conjunction with the Partnership Act. The full text of the Partnership Agreement is attached to this Offering Memorandum as Schedule "B" and Subscribers are advised to review it in detail.

The registered office of the Partnership is Suite 360, 1010 Douglas Street, Victoria, British Columbia V8W 2C4.

### *The General Partner*

The General Partner was incorporated on November 29, 2012 under the BCBCA in order to manage the affairs of the Partnership. The General Partner will not engage in any business other than acting as General Partner of the Partnership. The General Partner has the Partnership's interest in the Lands registered in the name of HPLC, as bare

trustee for the Partnership. The General Partner will be entitled to have all of its expenses and costs incurred in connection with the management and operation of the Partnership reimbursed, in accordance with the terms of the Partnership Agreement.

The General Partner will oversee and administer the Partnership's investment in any lands acquired by the Partnership as well as the development on any such lands; however, pursuant to the terms of the Partnership Agreement, the General Partner may delegate its duties to any related or non-related third party in this regard. In accordance with this delegation authority in the Partnership Agreement and pursuant to the Management Agreement, the General Partner delegated its management of the Partnership to the Manager.

The registered office of the General Partner is Suite 360, 1010 Douglas Street, Victoria, British Columbia V8W 2C4.

#### *The Manager*

The Manager, through its principal Randy Royer, has over 35 years experience in creating consumer-based facilities in the hospitality industry. The Manager has entered into the Management Agreement in order to manage the affairs of the Issuer, the Partnership, on behalf of the General Partner, as well as HBLC and to oversee and administer the Partnership's investment in any lands acquired by the Partnership and the development on any such lands. The Manager will be entitled to have all of its expenses and costs incurred in connection with the management and operation of each of the Issuer, the Partnership and HBLC reimbursed, in accordance with the terms of the Management Agreement. See ITEM 2.7 – *Material Agreements – Management Agreement*.

#### *The Limited Partners*

Each Limited Partner (including the Trust) will obtain a percentage interest in the Partnership based on the number of Partnership Units acquired by such Limited Partner as compared to the total number of Partnership Units outstanding. The Issuer currently owns 5,257.2 Class A LP Units, HBLP owns 1,558.33 Class A LP Units, 1012361 Alberta Ltd., a wholly-owned holding company of Mr. Royer, owns 2,541.67 Class A LP Units and the Manager, a wholly-owned company of Mr. Royer, owns 1 Class A LP Unit. The Limited Partners are not entitled to participate in the control of the business of the Partnership or such Limited Partner will lose the protection of limited liability. Rights as to allocations, distributions and other matters are conferred by the Partnership Agreement upon the Limited Partners and the General Partner. See ITEM 2.7 – *Material Agreements – Partnership Agreement*.

## **2.2 Our Business**

The Trust was settled principally to offer Class A Trust Units for sale and to invest the net proceeds of the Offering, after retention of amounts for working capital and other day to day operating expenses, to acquire Class A LP Units. The Trust is dealing with an Exempt Market Dealer, as defined in National Instrument 31-103 – *Registration Requirements and Exemptions*, that will sell Class A Trust Units in respect of the Offering and will be entitled to the Commission. No Commission or Referral Fees will be paid to any agents for the purchase of Class A LP Units by the Trust.

The Partnership was formed solely to utilize the net proceeds of the investment of the Issuer and other potential investors in Class A LP Units to purchase the Lands pursuant to the Acquisition Agreement and to complete the Project. See ITEM 2.2 – *Our Business*.

#### *Flow of Funds*

The Lands are comprised of approximately 12 acres of land with over 650 feet of water front land, surrounded by a 600 acre National Historic site on the west side of Greater Victoria in British Columbia in the City of Colwood. The Lands are currently registered in the name of HBLC, as bare trustee for the Partnership. Certain of the net proceeds raised from the Offering, after retention of amounts for working capital and other day to day operating expenses, have been invested by the Issuer in Class A LP Units and have comprised partial consideration by the Partnership to purchase the Lands from HBLC and HBLP in accordance with the Acquisition Agreement effective July 16, 2015.

See ITEM 2.7 – *Material Agreements – Acquisition Agreement*. An additional \$504,274, currently being held by the Issuer, is expected to be invested in the Partnership in exchange for 566.6 Class A LP Units, which funds are expected to be further utilized by the Partnership for the development of the Project. As stated elsewhere in this Offering Memorandum, additional funds raised by the Issuer up to the Maximum Offering are expected to be invested in the Partnership in exchange for Class A LP Units. The Lands are to be used to develop a mixed use residential resort village on a 12 acre site. Also see ITEM 2.6 – *Insufficient Funds*.

It is the intention of management that the Lands are to be developed in six phases which will offer a unique combination of residential opportunities in a single village setting, which plans include: (i) the development of 115 residential condominium units to be built in four phases interspersed on the Lands; (ii) a 100 unit long-term stay waterfront apartment hotel; (iii) health and wellness facilities; (iv) retail and restaurant facilities; (v) a grocery store; and (vi) an integrated medical facility (collectively, the "**Project**"). Timing for the Project to be completed is over five to seven years, at which time, the Partnership intends to sell all of its assets and distribute the capital. Each phase will contain varied real estate types. Residential condominiums that will be sold to owner/residents are included in the first three phases. It is intended that any retained assets will be liquidated in the final phase of the Project; thereby, capturing the highest value for the Lands in the opinion of management. Therefore, the combination of assets includes those that are cash positive in the near term and those that build value over time. It is contemplated that each phase will also include the development of assets that will be held for the capital appreciation program and for positive annual cash flow. The long term stay apartment hotel and certain commercial assets will generally be held for capital growth. While the intention of management is to develop the Project as described in this Offering Memorandum, management reserves the right to develop the Lands as it sees fit given the market environment at the time and to reallocate any funds intended for development of the Lands as applicable.

The Lands are currently owned by HBLC, as bare trustee for the Partnership. The zoning of the Lands for purposes of the Project has been approved by the City of Colwood. Certain of the net proceeds raised from the Offering, after retention of amounts for working capital and other day to day operating expenses, have been used by the Trust to purchase Class A LP Units of the Partnership, which were subsequently used by the Partnership to comprise a portion of the consideration for the Lands pursuant to the Acquisition Agreement. The Lands were purchased by the Partnership in accordance with the terms of the Acquisition Agreement, on July 16, 2015 (see ITEM 2.7 – *Material Agreements – Acquisition Agreement*). Pursuant to the Acquisition Agreement, the Partnership agreed to construct the Future Improvements on the Lands within two years from the date of the acquisition of the Lands on July 16, 2015 for a deemed value of \$1 million. Based on a valuation of the Lands dated effective January 1, 2013 by Colliers International, the Lands have a value of approximately \$8.1 million. The purchase price for the Lands was: (i) \$2.0 million cash; (ii) the issuance of 1,558.33 Class A LP Units to HBLP at a deemed price of \$1,000 per Class A LP Unit, representing an aggregate price of \$1,558,332; (iii) the exchange of 50 units of HBLP from 1012361 Alberta Ltd. for 2,541.67 Class A LP Units issued to 1012361 Alberta Ltd. at a deemed price of \$1,000 per Class A LP Unit, representing an aggregate price of \$2,541,668 for the exchange of 1012361 Alberta Ltd.'s interest in the Lands and ownership in HBLP; and (iv) the assumption of \$2.0 million of debt from HBLP (the "**Loan**"). Upon the satisfaction of the conditions set forth in the Acquisition Agreement, the Lands were transferred to the Partnership. See ITEM 2.7 – *Material Agreements – Acquisition Agreement*.

An additional \$504,274, currently being held by the Issuer, is expected to be invested in the Partnership in exchange for 566.6 Class A LP Units, which funds are expected to be further utilized by the Partnership for the development of the Project. As stated elsewhere in this Offering Memorandum, additional funds raised by the Issuer up to the Maximum Offering are expected to be invested in the Partnership in exchange for Class A LP Units, which are in turn expected to be utilized by the Partnership to fund a portion of the Project.

In connection with the transfer of the Lands to the Partnership, the Partnership assumed the obligations of HBLP under the Loan in the drawn amount of \$2.0 million, which is a demand revolving loan up to \$2.5 million, secured by a charge on title and provided by an arm's length financial institution. Currently, the Partnership is in discussions with a lender with respect to additional debt financing to fund a portion of the construction costs of Phase 1 of the Project. The Partnership may consider additional debt financing as the Manager sees fit from time to time, for the construction and development of the Project.

The Partnership has received the initial development permit for Phase 1 of the Project from the City of Colwood. In January 2016, the Partnership received approval on the textual amendments to the zoning for the Project. Amongst

other things, the amendments include a provision that defines the payments to the City of Colwood that will be paid at the commencement for each phase of the Project. The Partnership received the foundation permit, which covers Phase 1 of the Project, in January 2016. Presales for Phase 1 of the Project are currently being sought. As at the date of this Offering Memorandum, 16 presales have been obtained.

### *Project Phases*

The phasing of the Project is planned to start in the north-east corner of the Lands, which will allow for: (i) a clear sense of what the village will be like at completion of the Project; (ii) a "stand alone" operation that is a smaller but almost complete version of the final project; (iii) a place where further phases will have little impact; and (iv) sufficient protection from subsequent phases (construction fencing, etc) so as to not interrupt the enjoyment of the original phases(s). The estimated costs of each of the phases of the Project are indicated below. Each of such cost estimates include, but may not be limited to, the costs of materials and labour for the building, design costs, municipal fees, insurance premiums, financing costs, project management fees and the Development Fee.

Phase 1 is comprised of 33 residential units and two commercial units. The residential units are to be built in three buildings of three to four floors. Each unit will be approximately 1,050 square feet in size and will have two walls with exterior windows. The ceiling elevation will be nine feet with some coffered ceilings up to 10 feet. Parking and storage for the units will be in an enclosed structure that forms a podium on which the three buildings are to be constructed. The two commercial units are to be owned and operated by the Partnership and include a community kitchen and entertainment facility and a yoga studio and exercise area. Prices for the residential units range from \$399,000 to \$489,000, depending on the location and view. Ten of the residential units are anticipated to be sold under a co-ownership program (the "**Co-Ownership Program**"), through which purchasers can own a partial undivided interest in a residential unit, rather than acquiring the entire unit. The Co-Ownership Program is expected to be called the "Royal Residence Club". It is expected that a co-owner will buy no less than four segments and will have the ability to participate in the "Flex-Use" program, which would enable the owner to book different times of usage each or alternatively the co-owner may, at the time of purchase fix the usage by both time and the residential unit. This program is expected to generate sales prices of approximately \$58,000 per each four week segment, creating a higher profit per residential unit. It is also anticipated that once Phases 2, 4, 5 and 6 are developed, the entrance to the parking area will be relocated to the northwest corner of the structure. The initial entrance, which will be in the southeast corner of the structure, will be re-developed to create certain retail spaces. Preliminary construction on Phase 1 commenced in February 2016. Construction on Phase 1 is expected to be completed by March 2017. The financial plan is that once the residential units are fully sold, the net income from Phase 1, if any, to the extent not utilized by the Partnership to fund further development (See ITEM 2.5 – *Short Term Objectives*), will be distributed to holders of limited partnership units of the Partnership and then to the holders of the Class A Trust Units, as described elsewhere in this Offering Memorandum. Any potential distributions to the holders of Partnership Units and Class A Unitholders are subject to certain risks. See ITEM 8 – *Risk Factors*. It is currently anticipated that the development of Phase 1 will cost approximately \$10 million.

Phase 2 is expected to be similar buildings to those to be developed in Phase 1, consisting of 20 residential units of a comparable size in a single building up to five or six stories in elevation. Parking and storage for the residential units will be in a partially underground enclosed structure that will act as the base for the building containing the residential units. There may be commercial units as part of this Phase 2. An existing stone house, which will form part of the Phase 2 building, has been recently re-developed to be a coffee shop/discovery centre. Discussions have been initiated with a group that may potentially pre-purchase a number of the units in Phase 2, enabling an earlier start date for construction while not reducing the overall profitability of Phase 2. Sale of the residential units under the Co-Ownership Program are also anticipated for Phase 2. It is currently expected that the development of Phase 2 will cost approximately \$7.5 million and will commence in the fall of 2016.

Phase 3 is to be located south of Phase 2 on the south side of Bee Creek in a location that will have the premier views of the adjacent ocean. It is anticipated that Phase 3 will include two distinct buildings: (i) a six story building adjacent to the lagoon and containing 52 residential units with certain commercial units; and (ii) a second building which is planned to be immediately to the west and adjacent to Bee Creek and will contain retail, office and/or educational facilities. Parking will be in an underground enclosed structure and will have a unique separate entrance from the other Phases. It is currently anticipated that the development of Phase 3 will cost approximately \$18 million and will commence in the spring of 2017.

Phase 4 is anticipated to be adjacent to the entrance of the property and immediately overlooking Bee Creek. Phase 4 is expected to include ten residential units that will be built for annual rental purposes and up to 15,000 square feet of retail space. The permanent entrance to the parking structure will be connected from Phase 4, through Phase 5 and Phase 6 to Phases 1 and 2. It is currently anticipated that the development of Phase 4 will cost approximately \$8 million and will commence in the spring of 2017.

Phase 5 will be immediately north of Phase 4 and west of Phase 2. It is in a key position at the centre of the property. This phase is expected to contain retail, a medical centre, a wellness spa and potentially some educational facilities. It is currently anticipated that the development of Phase 5 will cost approximately \$30 million and will commence in 2017.

Phase 6 will be immediately north of Phase 5 and west of Phase 1. It is anticipated that a one hundred unit hotel and ancillary facilities will be included in this phase of the Project. The building is to have underground parking and is planned to be a single high rise tower. The final development of the phase may become 80 hotel units and 10 high-end penthouse residential units. It is currently anticipated that the development of Phase 6 will cost approximately \$25 million and will commence in late 2017.

The Partnership may enter into discussions and subsequent agreements regarding potential joint ventures or other transactions with third parties in order to assist with the development of certain phases of the Project, assist with funding and/or assist with expediting the progress of the Project. In particular, the developer, through its manager, is engaged in discussions with a number of parties that are interested in participating in the Project. This includes potential lessees, as well as a group that may be interested in becoming a joint venture partner for the hotel, wellness spa and medical facility portions of Phases 5 and 6 of the Project.

The Partnership has received the initial development permit for Phase 1 of the Project from the City of Colwood. In January 2016, the Partnership received approval on the textual amendments to the zoning for the Project. Amongst other things, the amendments include a provision that defines the payments to the City of Colwood that will be paid at the commencement for each phase of the Project. The Partnership received the foundation permit, which covers Phase 1 of the Project, in January 2016.

### **2.3 Development of Business**

The Issuer is an open-ended mutual fund trust (within the definition of the Tax Act). The Issuer has no operating history and was established to principally acquire a limited partnership interest in the Partnership. The Issuer has raised funds under this Offering and acquired such interest on July 16, 2015. An additional \$504,274, currently being held by the Issuer, is expected to be invested in the Partnership in exchange for 566.6 Class A LP Units. It is expected that the Issuer will continue to invest funds raised under this Offering in the Partnership to acquire additional limited partnership interests in the Partnership. The Partnership was formed to acquire and develop the Lands. See ITEM 2.2 – *Our Business*.

### **2.4 Long Term Objectives**

The long term objective of the Trust is to raise sufficient funds to acquire Class A LP Units which, together with the funds raised by the Partnership from the sale of Class A LP Units to subscribers other than the Trust or other equity or debt financings by the Partnership and/or the Trust, to allow the Partnership to acquire the Lands, which was completed on July 16, 2015, and to develop the Project. The Partnership's long term objective is to acquire and build the Project on the Lands with a view to completing the Project and then to sell the assets. In order to achieve this objective, the Lands were acquired by the Partnership in accordance with the Acquisition Agreement on July 16, 2015. All applicable permits and other licenses required for the Project will need to be obtained from the City of Colwood and other applicable governing authorities. The Partnership has received the initial development permit for Phase 1 of the Project from the City of Colwood at a cost of approximately \$6,700. In January 2016, the Partnership received approval on the textual amendments to the zoning for the Project. Amongst other things, the amendments include a provision that defines the payments to the City of Colwood that will be paid at the commencement for each phase of the Project. Foundation permits and building permits are required for each phase of the Project and the approval for the foundation permit for Phase 1 of the Project was received in January 2016. In connection with the transfer of the Lands to the Partnership, the Partnership assumed the obligations of HBLP under

the Loan in the drawn amount of \$2.0 million, which is a demand revolving loan up to \$2.5 million and secured by a charge on title. Currently, the Partnership is in discussions with a lender with respect to additional debt financing to fund a portion of the construction costs of Phase 1 of the Project. The Partnership may consider additional debt financing as the Manager sees fit, for the construction and development of the Project. The later phases of the Project, particularly Phases 2 through 6, are expected to primarily be financed by debt. Presales for Phase 1 of the Project are currently being sought. The development of the Project is expected to take approximately five to seven years from the date the Partnership acquired the Lands and cost approximately \$98.5 million to complete. Upon completion of the Project, the Partnership will seek purchasers for the Project on terms it deems reasonable to a suitable purchaser. However, market and economic conditions and other relevant factors not currently foreseen by the Partnership or the Trust may become such that the Partnership or the Trust may be required to take such other steps as it deems reasonable.

The statements above and in ITEM 2.2 – *Our Business* constitute forward-looking statements under applicable securities laws and are based on information received from the Issuer's third party analysts and industry trends present at this time. Although the Issuer believes that the expectations reflected in such forward-looking statements are reasonable and represent the Issuer's expectations and belief at this time, such statements involve known and unknown risks and uncertainties which may cause the Issuer's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. See the Forward-Looking Statements disclaimer on the second page of this Offering Memorandum.

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

The Issuer's goal for the next 12 months is to raise sufficient funds to enable it to acquire further Class A LP Units which, together with the funds raised by the Partnership from the sale of Class A LP Units to subscribers other than the Trust or other equity or debt financing, would allow the Partnership to complete Phase 1 of the Project and commence construction of Phase 2 of the Project. The Partnership also expects to continue discussions with the developer of the Project, through its manager, with potential joint venture partners within the next 12 months that may be interested in becoming partners for the hotel, wellness spa and medical facility portion of Phases 5 and 6 of the Project.

The following outlines the costs associated with the achievement of the Issuer's short-term objectives:

<b>What we must do and how we will do it</b>	<b>Target completion date or, if not known, number of months to complete</b>	<b>Our cost to complete</b>
Completion of the Offering and continued acquisition of Class A LP Units <sup>(1) (3)</sup>	April 30, 2016 <sup>(2)</sup>	Up to \$10,000,000

Notes:

- (1) All of the net proceeds of the Subscription Proceeds, after retention of amounts for working capital and other day to day operating expenses, will be invested in the Partnership to fund the Project. As at the date of this Offering Memorandum, aggregate gross proceeds of \$5,823,800 have been raised under this Offering. \$4,678,908 of the proceeds raised under this Offering was invested by the Issuer in the Partnership on July 16, 2015 in exchange for 5,257.2 Class A LP Units. An additional \$504,274, currently being held by the Issuer, is expected to be invested in the Partnership in exchange for 566.6 Class A LP Units. As stated elsewhere in this Offering Memorandum, additional funds raised by the Issuer up to the Maximum Offering are expected to be invested in the Partnership in exchange for Class A LP Units. The Partnership may also raise proceeds from subscribers other than the Issuer from its offering of Class A LP Units in order to fund the Project. See ITEM 2.2 – *Our Business* for further description of the use of funds raised under the Offering. Also see ITEM 8 – *Risk Factors*.
- (2) April 30, 2016 is a target date. In the event that the Offering is not completed in a sufficient amount and the Subscription Proceeds, after retention of amounts for working capital and other day to day operating expenses, invested in the Partnership to fund the Project, the Partnership may consider extending its offering of Class A LP Units or commencing new offerings of Class A LP Units or other securities and the Trust may similarly consider extending the Offering or commencing new offerings of Units or other securities.
- (3) It is the intention of the Partnership to use all funds invested by the Trust in the Partnership from the subscription for Class A LP Units, together with all other funds raised from the sale of Class A LP Units to subscribers other than the

Trust, to undertake the development of the Project. As described elsewhere in this Offering Memorandum, the Partnership may utilize other equity or debt financings to allow the Partnership to develop the Project. See ITEM 2.2 – *Our Business*, ITEM 2.4 – *Long Term Objectives* and ITEM 2.6 – *Insufficient Funds*.

## 2.6 **Insufficient Funds**

There is no minimum Offering of Class A Trust Units and there can be no assurance that the Issuer will complete the maximum Offering. The Partnership has issued and may issue additional Class A LP Units to subscribers other than the Trust. The proceeds of this Offering will not be sufficient to accomplish all of the Issuer's proposed objectives, including adequate investment in the Partnership to complete the Project. As described in this Offering Memorandum, the Issuer understands that the Partnership intends to supplement the subscriptions received from the Trust for Class A LP Units out of the proceeds of the Offering with additional debt financing (including, but not limited to, construction debt) and may issue additional Class A LP Units to subscribers other than the Trust in order to achieve such objectives. It is also anticipated that the Partnership will seek to enter into joint ventures or other transactions with third parties in order to, among other things, assist with the funding of the Project, including presales and ultimately sales of residential and commercial units in Phase 1 of the Project. There is no assurance that additional or alternative financing will be available or, if available, may be obtained by the Issuer or the Partnership on reasonable terms.

## 2.7 **Material Agreements**

The only material agreements entered into by the Issuer and/or the Partnership and which can reasonably be regarded as presently being material to the Issuer or a prospective purchaser of Class A Trust Units are as summarized below.

### **Trust Indenture**

The Issuer and the Trustees have entered into the Trust Indenture (including any amendments thereto), in the form attached hereto as Schedule "A".

#### *The Trust*

The Trust is an unincorporated open-ended, limited purpose trust settled in the Province of Alberta on June 3, 2013, pursuant to the Trust Indenture. Randy Royer of the City of Calgary in the Province of Alberta and Ray Parks of the City of Victoria in the Province of British Columbia, are the initial Trustees of the Trust. The Trustees may add additional Trustees as they see fit. Provided that it meets certain conditions, the Trust shall elect to be a "mutual fund trust" for purposes of the Tax Act from the beginning of its first taxation year. The legal ownership of the Trust Property and the right to conduct affairs of the Trust are vested exclusively in the Trustees.

#### *Powers and Duties of Trustees*

The Trustees have been appointed as the Trustees of the Trust and such trustees may be removed by way of Ordinary Resolution of the Unitholders. Pursuant to the terms of the Trust Indenture, the Trustees have the full authority to manage the business and affairs of the Issuer. The Trustees may delegate their powers and duties to third parties where, in the sole discretion of the Trustees, it would be desirable to effect the management or administration of the Trust. The Trustees are required to exercise their powers and carry out their functions honestly, in good faith, and in the best interests of the Issuer and the Unitholders and to exercise the care, diligence and skill of a reasonably prudent trustees in comparable circumstances. Among their other powers, the Trustees may handle and manage the funds of the Issuer, manage all Trust Property, determine the amount of distributable income and to invest in and hold securities in any person or corporation necessary or useful to carry out its purpose.

The Trust Indenture sets forth certain actions that the Trustees may not take without the approval of the Unitholders, either by way of Ordinary Resolution or Special Resolution. The Trustees cannot, without the approval of Unitholders, (i) appoint or change the auditor except in the event of a voluntary resignation by the auditor; (ii) except as provided in the Trust Indenture, amend the Trust Indenture; (iii) authorize the termination or winding-up

of the Trust, other than in accordance with the terms of the Trust Indenture; or (iv) authorize any sale, lease or exchange of all or substantially all of the Trust Property.

#### *Units*

The Trust is authorized to issue an unlimited number of Units, which may be divided into one or more classes as the Trustees determine to be appropriate from time to time. The interest of the Unitholders in the Trust is currently in one class of Units, being the Class A Trust Units. Each Class A Trust Unit entitles the Unitholder to one vote at a meeting of Unitholders and represents an equal fractional undivided beneficial interest in any distribution from the Trust. Each Unit shall entitle the holder or holders thereof to one vote at a meeting of the Unitholders of the Trust. All Units in a class shall rank among themselves equally and rateably without discrimination, preference or priority. The Trustees may, in their discretion, determine the designation, priority and attributes of a class, which may include: the initial closing date and offering price for the first issuance of Units, any minimum initial or subsequent investment thresholds, minimum aggregate net asset value balances to be maintained by Unitholders of the Trust, and procedures in connection therewith (including a requirement to redeem Units), the fees payable to the Trustees, if any, as management, performance, or other fees, the organization, sales and redemption fees to be paid upon the acquisition, over time or on redemption of Units, the frequency of subscriptions or redemptions, the period of time Units must be held before they may be redeemed, the period of notice required for redemption of Units, minimum redemption amounts and any other limits on redemption, convertibility among classes, voting rights, entitlements to distributions and such additional class specific attributes as the Trustees may in their discretion specify. The Trustees may prescribe in their discretion the maximum number of Units or maximum dollar amount of Units that may be sold in the Trust. Class attributes may be prescribed by the Trustees from time to time which, if and when created, might have rights and privileges in prior to the Class A Trust Units and any other Units that may be created from time to time. See ITEM 8 – *Risk Factors*.

In accordance with the Trust Indenture, the Trust must distribute to Unitholders all of the Trust's Distributable Income each year.

In addition, the Trustees may declare to be payable and make distributions, from time to time, out of income of the Trust, net realized capital gains of the Trust, the net recapture income of the Trust, the capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates on or before December 31 of that year as the Trustees may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the Unitholders.

Each year the Trust shall deduct in computing its income for purposes of the Tax Act such portion of the amounts paid or payable to the Unitholders for the year as is necessary to ensure that the Trust is not liable for income tax under Part I of the Tax Act for that taxation year. The Trustees shall deduct or withhold from distributions payable to any Unitholder amounts required by law to be deducted or withheld from such Unitholder's distributions.

#### *Compulsory Acquisition of Units on a Take-Over bid thereof*

The Trust Indenture contains provisions to the effect that if a take-over bid is made for Units and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror shall be entitled to acquire the Units held by Unitholders who did not accept the offer on the terms offered by the offeror, subject to compliance with the relevant provisions of the Trust Indenture.

#### *Conflict of Interest*

The Unitholders consent and agree to such activities by the Trustees, pursuant to the terms of the Trust Indenture, where (i) the Trustees and their associates and affiliates may act as the investment adviser or in a similar capacity for other entities with responsibility for the management of the assets of those other entities at the same time as acting as Trustees; (ii) the Trustees and their associates and affiliates are permitted to be engaged in and continue in the private investment or real estate business and other businesses in which the Trust may or may not have an interest and which may be competitive with the activities of the Trust and are permitted to act as a partner, shareholder, unitholder, officer, director, joint venturer, advisor, manager, administrator or similar capacity with, or to, other

entities; and (iii) Trust activities may lead to incidental results of providing additional information with respect to, or augmenting the value of, assets or properties in which the Trustees or other parties not at arm's length with the Trustees have or subsequently acquire either a direct or indirect interest. The Unitholders agree that these instances shall not constitute a conflict of interest or a breach of fiduciary duty to the Unitholders. Further, the Unitholders agree that the Trustees will not be required to account to the Trust or the Unitholders for any benefit or profit derived from any such activities unless such activity is contrary to the express terms of the Trust Indenture.

*Fiscal Year*

The fiscal year of the Trust shall end on the last day of December in each year.

*Fees and Expenses of Trustees*

The Trustees may pay, or cause to be paid, reasonable fees, costs and expenses incurred in connection with the administration and management of the Trust and in connection with the Trustees' duties, including fees, costs and expenses of auditors, accountants, lawyers, appraisers and other professional advisors of the Trust. All costs, charges and expenses properly incurred by the Trustees on behalf of the Trust shall be payable out of Trust Property.

The Trustees shall be entitled to receive for their services as Trustees reasonable compensation as negotiated between the Settlor and the Trustees and fair and reasonable remuneration for services rendered in any other capacity including, without limitation, services as transfer agent. The Trustees shall have priority over distributions to holders of Units in respect of amounts payable or reimbursable to the Trustees.

*Resignation or Removal of the Trustees and Appointment/Election of Trustees*

A Trustee shall continue to be a Trustee for the term of the Trust unless the Trustee resigns or is removed by the Unitholders in accordance with the terms of the Trust Indenture. A Trustee may resign as a trustee by giving 90 days written notice of such resignation to the Unitholders. A Trustee may also be removed at any time by way of an Ordinary Resolution passed by the Unitholders.

Upon the resignation or removal of a Trustee, that Trustee shall cease to have right, privileges and powers of a Trustee and shall execute and deliver all documents reasonably required to transfer any Trust Property held in the Trustee's name and to provide for the transition of the Trust's activities and affairs to the successor trustee.

The departing Trustee shall continue to be entitled to payment of any amounts owing by the Trust to the Trustee which accrued prior to his or her departure. The departing Trustee shall continue to be liable in respect of or in any way arising out of the Trust Indenture which accrued prior to the resignation or removal of the Trustee; however, the departing Trustee shall continue to benefit from any indemnity and limitation of liability provisions set out in the Trust Indenture.

*Liability of Trustees and Beneficiary*

No Trustee shall be liable in certain circumstances such as acting, or failing to act, in good faith, where such act, or failure to act, was in reliance on an expert or was a result of carrying out obligations or responsibilities imposed under tax legislation. The Trustees are indemnified by the Trust for any claims or damages arising from the Trust Indenture unless such claims arose from the Trustees' gross negligence or willful misconduct. The Trustees shall have no liability in tort, contract or otherwise, to any beneficiary where such claim arises from or in connection with Trust Property, unless such claim arises from the willful misconduct, bad faith, gross negligence of the Trustees or a breach of the Trustees' standard of care and duty prescribed under the Trust Indenture.

The Trust Indenture provides that no Unitholder shall be liable in connection with the ownership or use of Trust Property, the obligations or activities of the Trust, any acts or omissions to act of a Trustee in respect of affairs of the Trust or any taxes or fines payable by the Trust or the Trustees, provided that each Unitholder shall remain responsible for taxes assessed against them by reason of or arising out of their ownership of Units. Further, if a Unitholder is held to be liable in circumstances for which the Trust Indenture provides that there is to be no liability

to the Unitholder, the Unitholder will be entitled to be indemnified and reimbursed out of the Trust Property to the full extent of such costs and liability to the Unitholder.

The Trust shall have no liability to reimburse any Person for transfer or other taxes or fees payable on the transfer of Units or any income or other taxes assessed against any Person by reason of ownership or disposition of Units.

#### *Records and Reporting*

The Trustees shall prepare and maintain or cause to be prepared and maintained, records containing (a) the Trust Indenture; (b) minutes of meetings and resolutions of Unitholders; (c) minutes of meetings and resolutions of the Trustees; and (d) the Registers of the Trust. The Trust shall also prepare and maintain adequate accounting records.

The Trustees will send to all Unitholders the financial statements of the Trust together with comparative financial statements for the preceding fiscal year, if any, and the report of the accountant thereon, within 120 days of the end of the fiscal year of the Trust. Within 60 days after the end of each fiscal quarter, the Trustees will send to all Unitholders unaudited quarterly financial statements of the Trust for such fiscal quarter, together with comparative financial statements for the same fiscal quarter in the preceding fiscal year, if any. Such financial statements are to be prepared in accordance with IFRS.

On or before March 31 in each year, or such other date as may be required under applicable law, the Trust shall provide to Unitholders who received distributions from the Trust in the prior calendar year, such information regarding the Trust required by Canadian law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

The Trustees shall satisfy, perform and discharge all obligations and responsibilities of the Trustees under the Trust Act and neither the Trust nor the Trustees shall be accountable or liable to any Unitholder by reason of any act or acts of the Trustees consistent, or carried out in intended compliance, with any such obligations or responsibilities.

#### *Power of Attorney*

Each Unitholder irrevocably appoints the Trustees, with full power of substitution, as its lawful attorney to act on the Unitholder's behalf with full power and authority in the Unitholder's name, place and stead to execute, swear to, acknowledge, deliver, make, file or record certain necessary documents. Such power is coupled with an interest, shall survive the death, mental incompetence, disability or legal incapacity of a Unitholder and shall survive the assignment by the Unitholder, of its interest in the Trust. Under the Trust Indenture, each Unitholder agrees to be bound by any representations or actions made or taken by the Trustees pursuant to the power of attorney and waives any and all defences which may be available to contest, negate or disaffirm any actions taken by the Trustees in good faith under such power of attorney.

#### *Auditor*

The Trustees may appoint an auditor of the Trust until the first meeting of Unitholders and afterward, the auditor will be elected at each meeting of the Unitholders. The auditor will receive such remuneration as approved by the Trustees. If appointed, the auditor shall audit the accounts of the Trust at least once each year and a report of the auditor with respect to annual financial statements of the Trust shall be provided to each Unitholder.

#### *Amendments*

The Trustees may make amendments to the Trust Indenture without the consent of the Unitholders in certain limited circumstances such as ensuring compliance by the Trust with applicable laws, providing additional protection for Unitholders or to obtain, preserve or clarify desirable tax treatment to Unitholders, making minor corrections or cure inconsistencies within the Trust Indenture, making amendments to reclassify the Units and any other amendments which do not materially prejudice the Unitholders. All other amendments are required to be made by a Special Resolution of the Unitholders.

*Termination of Trust*

The Trust may be wound up or terminated if resolved by a Special Resolution of the Unitholders. Upon being required to wind-up or terminate the affairs of the Trust, the Trustees shall give notice of such wind-up or termination to the Unitholders and the Unitholders shall surrender their Units for cancellation. The Trustees shall sell and convert the Trust Property into money and do all other acts to liquidate the Trust, and shall distribute the remaining proceeds of sale or the undivided interests in the remaining Trust Property directly to the Unitholders in accordance with their entitlements.

*Other*

For other information with respect to the terms of the Trust Indenture dealing with capital contributions, distributions of income or loss of the Trust, redemption of Units and voting at meetings of Unitholders, see ITEM 5 – *Securities Offered*.

**Limited Partnership Agreement**

The Initial Limited Partner, the General Partner and the Limited Partners thereto have entered into the Partnership Agreement (including any amendments thereto), in the form attached hereto as Schedule "B".

The Partnership Agreement creates the Partnership and is the agreement that, in conjunction with the Partnership Act, governs the Partnership and the relationship among the Partnership, the General Partner and the Limited Partner. The Partnership Agreement was entered into on November 29, 2012 between the General Partner and the Initial Limited Partner. The Certificate for the Partnership was filed on December 7, 2012 under the Partnership Act.

See ITEM 3.4 – *Conflicts of Interest*.

*Limited Partners*

A subscriber for Partnership Units will become a Limited Partner upon the acceptance by the General Partner of the subscriber's subscription agreement(s) and other documentation and payment of such Limited Partner's Capital Contribution. The Issuer currently owns 5,257.2 Class A LP Units, HBLP owns 1,558.33 Class A LP Units, 1012361 Alberta Ltd., a wholly-owned holding company of Mr. Royer, owns 2,541.67 Class A LP Units and the Manager, a wholly-owned company of Mr. Royer, owns 1 Class A LP Unit.

*Investment Activities of the Partnership and Power of the General Partner*

The Partnership is formed for the purposes of seeking maximum capital appreciation and income through the business of real estate investment and development and performing such other activities as may be incidental to or arising from the foregoing purposes as may be reasonably determined by the General Partner. The General Partner has the full and exclusive right, power and authority to manage, control, administer and operate the business and affairs of the Partnership and to make decisions regarding the undertaking and business of the Partnership, provided, however, that, unless authorized by an extraordinary resolution or ordinary resolution, as the case may be, of the Limited Partners, the General Partner will not be entitled to, among certain other things, (i) change the Partnership to a general partner; or (ii) change the Partnership Agreement, except as otherwise provided.

The General Partner has covenanted that it will exercise its powers and discharge its duties under the Partnership Agreement honestly, in good faith and in the best interests of the Limited Partners. The General Partner shall exercise the care, diligence and skill of a reasonably prudent Person in comparable circumstances. Certain restrictions are imposed on the General Partner and certain acts may not be taken by it without the approval of the Limited Partners by way of an ordinary or extraordinary resolution. The General Partner may employ or retain affiliates or associates to provide goods or services to the Partnership provided that the costs and expenses of such goods or services are reasonable and competitive with costs of similar goods and services provided by independent third parties.

Under the terms of the Partnership Agreement, the General Partner agrees, among other things, that (i) it will ensure that no Limited Partners or the General Partner, nor any of their affiliates, will use any of the capital contributions or assets of the Partnership nor will they receive any other benefit from the Partnership or its assets, except as otherwise set out in the Partnership Agreement; and (ii) it will not withdraw as General Partner except in accordance with the provisions of the Partnership Agreement.

#### *Fiscal Year*

The fiscal year of the Partnership shall end on the last day of December in each year.

#### *Partnership Units*

The interest of the Limited Partner in the Partnership is divided into an unlimited number of Class A LP Units and an unlimited number of Class B LP Units. Each Partnership Unit is equal to each other Partnership Unit in its class and has the same rights and obligations attaching to it as each other Partnership Unit in its class. Only the Class A LP Units shall be entitled to one vote per Class A LP Unit held at all meetings of holders of Partnership Units. For each Partnership Unit purchased, such Limited Partner will be required to contribute the purchase price paid in respect of such Partnership Unit to the capital of the Partnership.

#### *Transfer of Partnership Units*

Partnership Units may be transferred, subject to compliance with the provisions of the Partnership Agreement and all applicable securities legislation. Partnership Units may be transferred by the Limited Partner or its agent duly authorized in writing to any Person by delivering to the General Partner a duly completed instrument of transfer in the approved form together with such evidence of genuineness of each such endorsement, execution and authorization and other matters as may be reasonably required by the General Partner.

The General Partner has the right to deny the transfer of Partnership Units in respect of which there has been default in payment of the subscription price until all amounts required to be paid on account of the subscription price, including any interest thereon, have been paid in full. The General Partner will deny the transfer of the Partnership Units to a Person who is or who acts on behalf of a Person who will have a beneficial interest in the Partnership Units who is a "non-resident" for the purposes of the Tax Act, without the written authorization of the General Partner. No transferee will become a Limited Partner until all filings and recordings required by the Partnership Act and the Partnership Agreement have been duly made. Where the transferee complies with the provisions set forth in the Partnership Agreement and is entitled to become a Limited Partner pursuant to the provisions thereof, the General Partner shall be authorized to admit the transferee to the Partnership as a Limited Partner and the Limited Partner shall consent to the admission of, and will admit, the transferee to the Partnership as a Limited Partner, without further act of the Limited Partners (other than as may be required by law).

#### *Distributions and Allocations*

After payment and reservation of the Partnership's Distributable Income, the General Partner intends to distribute the net income of the Partnership as follows: (i) first, to Limited Partners until they have received payments equal to their principal amount of the investment of Partnership Units; (ii) second, 100% to the Limited Partners until such time as they have received an accumulated 8% annual return on their principal amount of the investment of Partnership Units, commencing on January 1<sup>st</sup> of the year immediately following such subscription; (iii) third, upon satisfaction of (i) and (ii), 80% to the Limited Partners, such amount to be payable to the Limited Partners until the Limited Partners have received an accumulated return of 150% of their investment in the Partnership Units and 20% to the Manager; and (iv) fourth, upon satisfaction of (i), (ii) and (iii), 60% to the Limited Partners and 40% to the Manager.

Additionally, in accordance with the Management Agreement, the General Partner will provide the Manager with the Development Fee.

Net income or net loss of the Partnership for a fiscal year for accounting and tax purposes shall be allocated among the Limited Partners and the General Partner in a manner consistent with the distributions set forth above, and for accounting purposes shall be allocated for each fiscal year of the Partnership and for income tax purposes, shall be allocated as at the end of the fiscal year of the Partnership. Notwithstanding the foregoing, in the event no distributions are made by the Partnership in a given fiscal year, the net income or net loss, as applicable, for tax purposes shall be allocated to the Limited Partners pro rata in accordance with their sharing ratios.

*Fees and Expenses of the General Partner*

The General Partner shall be reimbursed by the Partnership for any costs and expenses incurred by the General Partner on behalf of the Partnership and to such compensation as may be reasonably charged by the General Partner from time to time by agreement between the Partnership and the General Partner.

Additionally, the General Partner has agreed to pay the Development Fee to the Manager pursuant to the Partnership Agreement and the Management Agreement.

*Transfer of Interest of General Partner and Resignation or Removal of the General Partner*

The General Partner will continue as General Partner of the Partnership until termination of the Partnership unless the General Partner is removed or resigns in accordance with the Partnership Agreement. The General Partner may, at any time retire or voluntarily withdraw from the Partnership or sell, transfer or assign its interest in the Partnership provided that it takes all steps to effect the transfer to a substitute general partner of the administration, management, control and operation of the Partnership and delivers all documents necessary to effect such transfer and provided that the substitute general partner becomes a party to the Partnership Agreement. The removal of the General Partner by ordinary resolution of the Limited Partners may only occur upon the fraud, malfeasance or improper withdrawal or retirement from the Partnership or if the General Partner shall have filed a petition in bankruptcy, been adjudicated a bankrupt, made an assignment for the benefit of its creditors, consented to the appointment of a receiver and a manager for itself or had a receiver or receiver manager of it appointed by order of a court of competent jurisdiction or committed a material breach or abandonment of its duties, obligation, covenants or agreements hereunder or under any existing management agreement, including the Management Agreement.

The General Partner may also be removed as General Partner of the Partnership by way of an extraordinary resolution of the Limited Partners. The resolution removing the General Partner must state the date of removal and must also appoint a new substitute general partner as successor. Such removal shall be effective following the admission of the successor general partner.

Upon the admission of a new general partner: (i) the new general partner will become a party to the Partnership Agreement and will agree to be bound by the terms thereof; (ii) the Partnership will pay to the departing General Partner the amounts payable by the Partnership to the General Partner pursuant to the Partnership Agreement accrued to the date of resignation or removal; and (iii) the departing General Partner will do all things and take all steps to effectively transfer title to all Partnership assets, the books, records, accounts and management of the Partnership to the new General Partner.

*Liability of the General Partner*

None of the officers, directors or employees of the General Partner shall be liable, responsible or accountable in damages or otherwise to the Partnership or any Limited Partner for any action taken or failure to act on behalf of the Partnership within the scope of the authority conferred on the General Partner and its officers, directors or employees by the Partnership Agreement or by law if the General Partner has acted honestly, in good faith and in a manner that is in the best interest of the Limited Partners and in accordance with its fiduciary obligations to the Limited Partner and such action or omission was not performed or omitted fraudulently or in bad faith or did not constitute wanton and willful misconduct or negligence.

The General Partner will indemnify and hold harmless each of the Limited Partners and assignees from their interests in the Partnership in respect of any loss, liability or damage incurred or suffered by the Limited Partners or

such assignees or both by reason of the loss of limited liability for any reason whatever other than through any action by them.

*Limitation on Authority of Limited Partners*

No Limited Partner shall, in its capacity as a Limited Partner, take part in the control of the business of the Partnership, nor may any Limited Partner have the power to sign for or bind the Partnership.

*Limited Liability of Limited Partners*

Subject to the provisions of the Partnership Act and any specific assumption of liability, the liability of the Limited Partners for the debts, liabilities and obligations of the Partnership is limited to the aggregate of the amount of such Limited Partner's capital contribution and such Limited Partner's share of the undistributed income of the Partnership.

The Partnership shall, to the greatest extent possible, endeavor to maintain the limited liability of the Limited Partners under applicable laws and regulations of the jurisdictions in which it carries on business. The General Partner will use its best efforts to ensure that all written contracts and other written instruments creating an obligation of the Partnership and executed on behalf of the Partnership by the General Partner shall contain or be accompanied by an acknowledgment that the Limited Partners or assignees of their interest in the Partnership as represented by the Partnership Units shall have no personal liability thereunder. However, all property of the Partnership shall be available to creditors to satisfy the debts and obligations of the Partnership.

There is a possibility that a Limited Partner may lose its limited liability to the extent that the principles of Canadian law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one province but operating, owning property or incurring obligations in another province.

*Representations of Limited Partners under the Partnership Agreement*

Under the terms of the Partnership Agreement, each Limited Partner represents and warrants and covenants to each other Limited Partner and to the General Partner that: (i) such Limited Partner, if an individual, has the capacity and competence to enter into the Partnership Agreement; (ii) such Limited Partner is not a "non-resident" of Canada for the purposes of the Tax Act except as otherwise specifically authorized by the General Partner and notice is given of such authorization to all Limited Partners; (iii) such Limited Partner will not change his status (or transfer or purport to transfer his Partnership Units to any person, firm or corporation) if such change, transfer or purposed transfer will have the effect of altering the status of the Partnership in relation to any of such statutes or any similar statute affecting such status; and (iv) such Limited Partner agrees that he will promptly provide evidence to the General Partner upon request of his status under such statutes or any similar statute affecting the status of the Partnership or of any other matter which affects or may from time to time affect such status. The Partnership Agreement provides that these representations will survive execution of the Partnership Agreement and each Limited Partner agrees that each representation will remain true as long as it remains a Limited Partner.

*Accounting and Reporting*

The General Partner will forward to the Limited Partners within 120 days following the end of each fiscal year of the Partnership, within 90 days following the end of the relevant period for which semi-annual or quarterly unaudited statements of the Partnership are prepared, if applicable, or within a reasonable period of time following the completion of the liquidation of the Partnership's assets, all information necessary to enable the Limited Partners to prepare a Canadian federal and provincial income tax return with respect to its participation in the Partnership in such fiscal year.

The General Partner will keep appropriate books and records with respect to the Partnership's business. The General Partner will prepare financial statements of the Partnership for each fiscal year, including a balance sheet and

statements of income and statements of changes in financial position. Such statements may be reported upon by the auditor in the sole discretion of the General Partner.

#### *Power of Attorney*

The Limited Partner irrevocably appoints the General Partner, with full power of substitution, as its agent and lawful attorney to act on each Limited Partner's behalf with full power and authority in each Limited Partner's name, place and stead to execute and record or file certain necessary documents. Such power is coupled with an interest, shall survive the death or disability of a Limited Partner and shall survive the transfer or assignment by a Limited Partner, of the interest of a Limited Partner in the Partnership. Under the Partnership Agreement, the Limited Partner agrees to be bound by any representation or action made or taken by the General Partner pursuant to the power of attorney in accordance with the terms thereof and waives any and all defences which may be available to contest, negate or disaffirm any action of the General Partner taken in good faith under such power of attorney.

#### *Auditor*

The General Partner may, from time to time, appoint a qualified firm of chartered accountants to review or audit the financial statements of the Partnership as directed by the General Partner.

#### *Amendments*

All amendments to the Partnership Agreement shall seek the approval of the Limited Partners by way of an extraordinary resolution except for those amendments which are concurred in by the General Partner, which amendments will require an ordinary resolution of the Limited Partners, and except for those amendments which are specifically listed in the Partnership Agreement which allow the General Partner to amend the Partnership Agreement without the approval of the Limited Partners. However, Limited Partners shall not, without the consent of all of the Partners, change the Partnership to a general partnership, remove the Limited Partners' power and right to dissolve the Partnership or amend the provision of the Partnership Agreement in respect of voting at meetings of the Partners or in respect of the provision of the Partnership Agreement regarding amendments to the Partnership Agreement.

#### *Meetings of Partners*

The General Partner may call a general meeting of Partners for the purpose of considering any matter set forth in the notice of meeting, which shall be held each year within seven months of the Partnership's fiscal year end. In addition, Limited Partners holding not less than 10% of the outstanding Partnership Units may initiate a meeting of Limited Partners in accordance with the provisions of the Partnership Agreement. A notice of such meeting shall be given to each Partner holding Partnership Units entitled to vote not less than 14 days and not more than 45 days in advance of the meeting and will state the nature of the business to be transacted. A quorum will consist of two or more Limited Partners present in person or by proxy holding at least 5% of the outstanding Partnership Units. Each holder of Class A LP Units is entitled to one vote per Class A LP Unit held however, if in default of payment of the subscription price, such holder of Class A LP Units shall not be entitled to vote in respect of any of its Class A LP Units. Holders of Class B LP Units are not entitled to vote at meetings of the Limited Partners. Any resolution passed will be binding on the General Partner and the Limited Partners of the Partnership.

#### *Term and Termination of the Partnership*

The Partnership was formed upon the filing and recording of the Certificate under the Partnership Act and will continue until: (i) the bankruptcy, making of an assignment for the benefit of creditors generally, dissolution or winding-up of the General Partner, unless the General Partner is replaced in accordance with the Partnership Agreement within 90 days of such bankruptcy, dissolution or winding-up; or (ii) the passage of a special resolution approving the dissolution and winding-up of the Partnership; or (iii) the Land has been developed and 95% sold, subject to an ordinary resolution of the Limited Partners not to terminate and dissolve the partnership; and (iv) November 29, 2062, subject to extension by an extraordinary resolution of the Limited Partners.

In the event of the dissolution by the Partnership for any reason, the General Partner (or in the event that the General Partner has become bankrupt or is otherwise incapable of acting, a receiver selected by an ordinary resolution of the Limited Partners) shall commence to wind up the affairs of the Partnership and to liquidate its assets. Distributions shall continue to be made during the period of liquidation in the same proportion as before the dissolution. The General Partner (or such receiver) shall have full right and unlimited direction to determine the time, manner and terms of any sale or sales of the Partnership's assets pursuant to such liquidation having due regard to the activity and condition of the relevant market and general financial and economic conditions.

### **Acquisition Agreement and Exercise of Option**

On February 19, 2013, HBLC, HBLP and the Partnership entered into the Acquisition Agreement, which was amended on each of December 10, 2014 and April 10, 2015. Pursuant to the December 10, 2014 amendment, 1012361 Alberta Ltd. was added as a party to the Acquisition Agreement. The Lands were originally purchased by HBLP from an arm's length third party for approximately \$8 million, comprised of approximately \$5.5 million in cash and approximately \$2.5 million in additional costs, including property taxes, interest and zoning applications. Pursuant to the Acquisition Agreement, HBLC, as bare trustee for HBLP pursuant to a trust agreement dated May 31, 2007 holds the Lands as registered and beneficial owner, agreed, in consideration for \$10, granted the Partnership an option (the "**Option**") to purchase the Lands for a purchase price of approximately \$8.1 million, to be satisfied as follows: (i) \$2.0 million cash; (ii) 1,000 Class A LP Units at a deemed purchase price of \$1,000 per Class A LP Unit, which the Partnership agreed to sell to a third party such that HBLP would receive \$1.0 million; (iii) the assumption of HBLP's debt secured by the Lands and related expenses; (iv) 2,541.67 Class A LP Units issued to 1012361 Alberta Ltd. at a deemed price of \$1,000 per Class A LP Unit, representing an aggregate price of \$2,541,668 for the exchange of 1012361 Alberta Ltd.'s interest in the Lands and ownership in HBLP; and (v) 558.33 Class A LP Units issued to HBLP at a deemed price of \$1,000 per Class A LP Unit, representing an aggregate price of \$558,332.

On July 16, 2015, the Partnership exercised the Option and acquired the beneficial ownership of the Lands, which are now held in trust for PLLP by HBLC. Upon closing of the Option, the Lands were acquired by the Partnership for payment to HBLP of the following consideration: (i) \$2.0 million cash; (ii) the issuance of 1,558.33 Class A LP Units to HBLP at a deemed price of \$1,000 per Class A LP Unit, representing an aggregate price of \$1,558,332; (iii) the exchange of 50 units of HBLP from 1012361 Alberta Ltd. for 2,541.67 Class A LP Units issued to 1012361 Alberta Ltd. at a deemed price of \$1,000 per Class A LP Unit, representing an aggregate price of \$2,541,668 for the exchange of 1012361 Alberta Ltd.'s interest in the Lands and ownership in HBLP; and (iv) the assumption the obligations of HBLP under the Loan in the drawn amount of \$2.0 million. The Loan assumed by the Partnership is a demand revolving loan up to \$2.5 million and is secured by a charge on title. Mr. Royer has provided a limited liability guarantee in the amount of \$850,000 in respect of the Loan. The Loan bears interest at a rate of the greater of (a) prime + 1.75% or (b) 4.75%. The term of the Loan is up to 10 years unless otherwise converted to construction financing and subject to demand by the lender, as to be agreed between the lender and the borrower.

The Lands are now held by HBLC, as bare trustee for the Partnership.

Prior to the exercise of the Option, Mr. Royer, owned or controlled, indirectly through 1012361 Alberta Ltd., a wholly-owned holding company, units of HBLP. As a part of the closing of the Option and in conjunction with the acquisition of the Lands by the Partnership, 50 units of HBLP held by 1012361 Alberta Ltd. were exchanged for Class A LP Units. As a result, as of the date of this Offering Memorandum, Mr. Royer does not currently hold, directly or indirectly, any units of HBLP. See ITEM 3.4 – *Conflicts of Interest*.

### **Management Agreement**

On February 19, 2013, the Partnership, the Manager and HBLC entered into the Management Agreement in the form attached hereto as Schedule "C", pursuant to which the parties have agreed that the Manager will manage all of the activities of the Trust, the Partnership and HBLC. Such management activities will commence upon the formation of the Trust and the Trust's investment in the Partnership. The purpose of the Management Agreement is to pursue the Project and for the Manager to oversee each of the Trust, the Partnership and HBLC.

The Manager has agreed to cause construction, marketing and sales in accordance with the Project including, but not limited to, (i) subdividing the Lands to create a lot on the west side for the construction of the Project; (ii) obtaining the necessary authorizations for the development and construction of the Project; (iii) obtaining all necessary financing for the development and construction of the Project; (iv) constructing the Project; and (v) marketing and selling the Project. The Manager will have primary responsibility for the creation, documentation and on-going management of each of the Trust, the Partnership and HBLC, as the case may be, including overseeing costs and revenues of the Project. Additionally, operations of the facilities as built by the Project and management of the strata councils will be conducted by the Manager. Except as otherwise specifically set out in the Management Agreement, the Partnership remains responsible for the liabilities and obligations of the Project.

The Manager shall be entitled to compensation from the Partnership in accordance with the Partnership Agreement, which includes: (i) the Development Fee; and (ii) (a) 20% of the Partnership's Distributable Income once the Limited Partners have received (i) payments equal to their principal amount of the investment of Partnership Units, and (ii) an accumulated 8% annual return on its subscription proceeds for Partnership Units; and (b) second, upon satisfaction of (a), 40% of the Partnership's Distributable Income. Under the Management Agreement, the Manager has the right to re-allocate its share of compensation as it sees appropriate. It is currently anticipated that the Manager will allocate 10% of its compensation in respect of the Partnership's Distributable Income as described under (ii) above to certain eligible dealers in connection with the Offering. See ITEM 3.4 – *Conflicts of Interest*.

The Management Agreement shall terminate upon: (i) the sale or other transfer of beneficial title to all of the Lands to third parties or at such later time as to be mutually determined by the parties to the Management Agreement once all books of accounts of the Project have been finalized; (ii) the bankruptcy of the Manager; or (iii) a vote of 75% or more of the issued and outstanding units of the Partnership or the Trust, as the case may be. If the Manager is replaced, payments to the Manager shall not be less than 25% of the amount payable to the Manager prior to their replacement.

See ITEM 3.4 – *Conflicts of Interest*.

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

#### 3.1 Compensation and Securities Held

##### *The Trust*

The Issuer does not have directors or officers. The Trustees of the Trust are as follows:

<b>Name and Municipality of Principal Residence</b>	<b>Positions held and the date of obtaining that position</b>	<b>Compensation paid by the Issuer in the most recently completed financial year (and the compensation anticipated to be paid in the current financial year)<sup>(1)</sup></b>	<b>Number, type and percentage of securities of the Issuer to be held after completion of Maximum Offering<sup>(2)(3)</sup></b>
Randy Royer Calgary, Alberta	Trustee (June 3, 2013) and promoter	Nil	30 Class A Trust Units (0.03%) <sup>(4)</sup>
Ray Parks Victoria, British Columbia	Trustee (June 3, 2013)	Nil	Nil

Notes:

- (1) All costs, charges and expenses properly incurred by the Trustees on behalf of the Trust shall be payable out of Trust Property and the Trustees are entitled to receive for their services as Trustees reasonable compensation as negotiated between the Settlor and the Trustees and fair and reasonable remuneration for services rendered in any other capacity

including, without limitation, services as transfer agent. The Trustees shall have priority over distributions to holders of Units in respect of amounts payable or reimbursable to the Trustees.

- (2) There is no minimum Offering.  
 (3) The Trustees may acquire Class A Trust Units pursuant to the Offering and may also acquire Class A LP Units.  
 (4) Additionally, Mr. Randy Royer also owns or controls, indirectly through wholly-owned entities, being the Manager and 1012361 Alberta Ltd., 27.2% of the issued and outstanding Class A LP Units.

### *The Partnership*

The Partnership does not have any directors, officers or promoters and will not hold any Units of the Trust. The Manager will manage the day to day operations of the Partnership on behalf of the General Partner in accordance with the Management Agreement. Neither the General Partner nor the Manager will hold any Units of the Trust; however, the directors of the Manager and the General Partner may acquire Class A Trust Units pursuant to the Offering and may also purchase Class A LP Units.

The following table provides the specified information about each director of each of the General Partner and the Manager and each Person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of each of the General Partner and the Manager. Neither the General Partner nor the Manager have any officers.

Name and Municipality of Principal Residence	Positions held and the date of obtaining that position <sup>(1)(2)</sup>	Compensation paid by the General Partner and Manager, as applicable, in the most recently completed financial year (and the compensation anticipated to be paid in the current financial year) <sup>(3)</sup>	Number, type and percentage securities of the Partnership to be held after completion of Maximum Offering <sup>(4)(5)</sup>
Randy Royer Calgary, Alberta	Sole director of the General Partner	Nil	400 Class A LP Units
	Sole director of the Manager	\$72,000 <sup>(6)</sup>	

#### Notes:

- (1) The sole director has held such position since the incorporation of the General Partner on November 29, 2012. All of the issued and outstanding share capital of the General Partner are owned or controlled, directly and indirectly, by Mr. Randy Royer.  
 (2) The sole director has held such position since the incorporation of the Manager in 1992. All of the issued and outstanding share capital of the Manager are owned by a company owned or controlled, directly and indirectly, by Mr. Randy Royer.  
 (3) The Partnership will reimburse the Manager, as manager of the General Partner, for all out-of-pocket expenses and any reasonable out-of-pocket expenses incurred by the Manager, as manager of the General Partner, or its agents in connection with their ongoing obligations to the Partnership.  
 (4) There is no minimum Offering.  
 (5) The sole director of the General Partner and the Manager may acquire Class A Trust Units pursuant to the Offering and may also acquire Class A LP Units. The Manager currently holds one Class A LP Unit. Mr. Randy Royer also owns or controls, indirectly through wholly-owned entities, being the Manager and 1012361 Alberta Ltd., 27.2% of the issued and outstanding Class A LP Units.  
 (6) In conjunction with the formation of the Partnership, the Initial Limited Partner contributed \$1,000 to the Partnership as the initial capital contribution of the Partnership. Upon the Issuer becoming a Limited Partner of the Partnership on July 16, 2015, the Partnership paid \$1,000 to the Initial Limited Partner as a return of capital whereupon the Initial Limited Partner ceased to be a Limited Partner.

### 3.2 Management Experience

#### *The Trustees*

The name and principal occupation for the past five years of the Trustees are as follows:

<b>Name</b>	<b>Principal occupation and related experience</b>
Randy Royer Calgary, Alberta	<p>Since 2005, Mr. Randy Royer has acted as an independent businessman. His business ventures since 2005 have included: (i) creating a syndicate to buy Royal Host Inc., a hotel investment, management and franchising company; (ii) assisting in the start-up of a developer specializing in expanding and redeveloping land previously used for industrial and/or commercial purposes; (iii) founding a partnership created to acquire undervalued US real estate; and (iv) providing other consulting services in the hospitality development industry.</p> <p>Prior thereto, Mr. Randy Royer acted as President and Chief Executive Officer of the Royal Host Real Estate Investment Trust, a publicly traded hospitality trust which he founded in 1997. For a brief period of time, Mr. Randy Royer also sat on the board of trustees of the trust following his departure from the leadership role in 2005 and until the management was taken over by an unrelated party and he resigned.</p> <p>Mr. Randy Royer has spent over 40 years working in all aspects of the hospitality industry with an emphasis on development, finance and ownership. He has developed over 30 hotels for Relax Development across Canada and the United States. In all of his projects, Mr. Randy Royer, together with his business partners, has been responsible for all aspects of development including site selection, product design and marketing, design development, construction, city and community relations, pre-opening and both debt and equity financing.</p> <p>During his career, Mr. Randy Royer, together with his business partners, conceived, defined, financed and constructed the Banff Rocky Mountain Resort. Additionally, they developed the Grand Okanagan Resort in Kelowna, a 9 acre 400 room hotel with the largest private convention centre in British Columbia and one of the largest casinos. The hotel ultimately was held inside Royal Host Real Estate Investment Trust and was sold for a substantial profit.</p> <p>Mr. Randy Royer also spent some time getting involved with both local and provincial politics.</p> <p>Mr. Randy Royer graduated from the Ivey Business School at the University of Western Ontario with an honours degree in business administration in 1977.</p>
Ray Parks Victoria, British Columbia	<p>Mr. Parks is currently an independent businessman. From 2003 to 2009, Mr. Parks was the President of Bim Consulting, a company that provided business development and organizational development consulting services, and was also the Chief Executive Officer of the British Columbia Provincial Capital Commission, an independent Crown agency that reports through the Minister of Community, Sport &amp; Cultural Development, handles an extensive provincially-owned asset base and aims to foster all citizens' sense of pride and ownership in Victoria, British Columbia and to raise awareness of Victoria's unique character, history and beauty. As such, Mr. Parks has in-depth knowledge of the culture, history and heritage of Victoria. Mr. Parks has also been the executive director of the British Columbia Gaming Association, which involved managing in excess of one billion dollars. Additionally, Mr. Parks has been involved with the building and management of 16 state of the art corrections facilities in British Columbia.</p> <p>Mr. Parks is also currently a director of the Homecoming Naval Centennial Statue Project and the Vancouver Island Spine Trail Project. In 2009 he was appointed a Royal Roads Fellow of Royal Roads University. Mr. Parks has held positions with the Ministry of Public Safety and Solicitor General – Compliance and Consumer Protection Branch of British Columbia, as well as the Ministry of Attorney General – British Columbia Human Rights Commission and the Ministry of Public Safety and Solicitor General – British Columbia Gaming Commission.</p> <p>Mr. Parks holds a BA in English and Geography Resource Management from the University of Victoria.</p>

#### *The General Partner*

The name and principal occupation for the past five years of the sole director of the General Partner is as set forth below. The General Partner does not have any senior officers.

<b>Name</b>	<b>Principal occupation and related experience</b>
Randy Royer	See disclosure provided in table above for "Trustees".
Calgary, Alberta	

### *The Manager*

The name and principal occupation for the past five years of the sole director of the Manager is as set forth below. The Manager does not have any senior officers.

<b>Name</b>	<b>Principal occupation and related experience</b>
Randy Royer	See disclosure provided in table above for "Trustees".
Calgary, Alberta	

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

There are no penalties or sanctions that have 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 ten years against a director, executive officer or control person of the Issuer or against a company of which any of the foregoing was a director, executive officer or control person at the time. No declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, has been in effect during the last ten (10) years with regard to those individuals or any companies of which any of those individuals was a director, executive officer or control person.

### 3.4 **Conflicts of Interest**

The Trustees, directors, officers, affiliates and associates of the Trust, the General Partner and the Manager may be engaged in raising funds and managing other businesses which may have the same or similar objectives to the Trust and the Partnership. In the event that the Trustees and the directors, officers, affiliates and associates of the Trust and the General Partner, as applicable, elect to undertake such activities and other business activities in the future, the Trustees, the directors, officers, affiliates and associates of the Trust, the General Partner and the Manager, as applicable, may be subject to conflicting demands in respect of allocating management time, services and other functions. In circumstances where other clients or businesses under management by the Trustees, the directors, officers, affiliates and associates of the Trust, the General Partner and the Manager, as applicable, have been the same or have substantially similar objectives to the Trust and the Partnership, the Trustees and the directors, officers, affiliates and associates of the Trust, the General Partner and the Manager, as applicable, will endeavor to ensure that the various clients under its management, including the Trust and the Partnership, are treated in a fair and equitable manner.

Prior to the exercise of the Option, Mr. Royer, owned or controlled, indirectly through 1012361 Alberta Ltd., a wholly-owned holding company, units of HBLP. As a part of the closing of the Option and in conjunction with the acquisition of the Lands by the Partnership, the units of HBLP held by 1012361 Alberta Ltd. were exchanged for Class A LP Units. As a result, as of the date of this Offering Memorandum, Mr. Royer does not currently hold, directly or indirectly, any units of HBLP.

Mr. Randy Royer, one of the Trustees of the Trust, is also the sole director of the Manager and owns or controls, directly and indirectly, 100% of the issued and outstanding share capital of the Manager. Mr. Randy Royer also owns or controls, indirectly through wholly-owned entities, being the Manager and 1012361 Alberta Ltd., 27.2% of the issued and outstanding Class A LP Units. Mr. Randy Royer is also the sole director of HBLP and owns or

controls, indirectly through a wholly-owned holding company, 100% of the outstanding share capital of HBLC. Mr. Royer is also the sole director of the General Partner and owns 100% of the issued and outstanding share capital of the General Partner.

Additionally, as at the date of this Offering Memorandum, the Trust owes \$110,504.51 to the Manager, which is a wholly-owned company of Mr. Randy Royer. The amount owing reflects a loan given to the Issuer in respect of initial start-up costs and capital raising costs of the Issuer. The loan is not secured, does not carry interest and is due upon demand by the Manager.

Pursuant to the Management Agreement and pursuant to a participating compensation agreement dated February 19, 2013 among the Manager, Randy Royer and Privest Wealth Management Inc. ("**Privest**"), the Manager has currently agreed to allocate 10% of its compensation in respect of its portion of the Partnership's Distributable Income to eligible dealers in connection with the Offering, which includes Privest and Portfolio Strategies Corporation ("**Portfolio Strategies**"); however, the Manager may revise such allocation as the Manager sees fit from time to time. Privest and Portfolio Strategies are also acting as selling agents in respect of the Offering and will be entitled to their respective portions of the Commission of the gross Subscription Proceeds raised in connection with the Offering.

See ITEM 8 – *Risk Factors*.

## ITEM 4 – CAPITAL STRUCTURE

### 4.1 Capital

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

Description of Security	Number authorized to be issued	Price per Security	Number outstanding as at March 9, 2016	Number outstanding after maximum Offering
Class A Trust Units	Unlimited	\$100 <sup>(1)</sup>	58,238	Up to 100,000 <sup>(2)</sup>

Notes:

- (1) Effective February 25, 2014, the Issuer subdivided all outstanding Class A Trust Units on the basis of 10 post-divided Class A Trust Units for each one (1) then outstanding Class A Trust Unit. In connection with the subdivision, the price of the Offering was reduced from \$1,000 per Class A Trust Unit to \$100 per Class A Trust Unit.
- (2) The Issuer will issue an aggregate of up to 100,000 Class A Trust Units pursuant to the terms of the Offering. As at the date of this Offering Memorandum, aggregate gross proceeds of \$5,823,800 have been raised under this Offering. \$4,678,908 of the proceeds raised under this Offering was invested by the Issuer in the Partnership on July 16, 2015 in exchange for 5,257.2 Class A LP Units. An additional \$504,274, currently being held by the Issuer, is expected to be invested in the Partnership in exchange for 566.6 Class A LP Units. See ITEM 2.2 – *Our Business* for further description of the use of funds raised under the Offering. Also see ITEM 2.3 – *Development of Business*, ITEM 2.4 – *Long Term Objectives* and ITEM 2.5 – *Short Term Objectives and How We Intend to Achieve Them*.

### 4.2 Long-Term Debt Securities

As of the date of this Offering Memorandum, the following table sets out the long-term debt of the Issuer:

Description of Long-Term Debt	Interest Rate	Repayment Terms	Amount Outstanding at March 9, 2016
Loan from related party <sup>(1)</sup>	Nil	Upon demand <sup>(2)</sup>	\$110,504.51 <sup>(2)</sup>

Notes:

- (1) The loan to the Issuer is from the Manager, which is a wholly-owned company of Mr. Randy Royer. The loan was given to the Issuer in respect of initial start-up costs and capital raising costs of the Issuer.
- (2) The loan is not secured, does not carry interest and is due upon demand by the Manager. At the discretion of the Manager, some or all of the loan may become due, upon demand by the Manager, by the Issuer within 12 months of the date of this Offering Memorandum; however, as the loan does not have a fixed term and is payable upon demand by the Manager, some or all of the loan may remain outstanding for longer than 12 months from the date of this Offering Memorandum.

#### 4.3 Prior Sales

The Issuer has not sold or issued any Class A Trust Units or securities convertible into Class A Trust Units in the 12 month period prior to the date hereof other than as set forth below:

<u>Date of Issuance</u>	<u>Type of Security Issued</u>	<u>Number of Securities Issued</u>	<u>Price Per Security</u>	<u>Total Funds Received</u>
February 25, 2015	Class A Trust Units	2,126 Class A Trust Units	\$100 per Class A Trust Unit	\$212,600
April 2, 2015	Class A Trust Units	5,215 Class A Trust Units	\$100 per Class A Trust Unit	\$521,500
December 21, 2015	Class A Trust Units	3,101 Class A Trust Units	\$100 per Class A Trust Unit	\$310,100
January 29, 2016	Class A Trust Units	2,565 Class A Trust Units	\$100 per Class A Trust Unit	\$256,500

Notes:

- (1) Effective February 25, 2014, the Issuer subdivided all outstanding Class A Trust Units on the basis of 10 post-divided Class A Trust Units for each one (1) then outstanding Class A Trust Unit. In connection with the subdivision, the price of the Offering was reduced from \$1,000 per Class A Trust Unit to \$100 per Class A Trust Unit.
- (2) As at the date of this Offering Memorandum, aggregate gross proceeds of \$5,823,800 have been raised under this Offering. \$4,678,908 of the proceeds raised under this Offering was invested by the Issuer in the Partnership on July 16, 2015 in exchange for 5,257.2 Class A LP Units. An additional \$504,274, currently being held by the Issuer, is expected to be invested in the Partnership in exchange for 566.6 Class A LP Units. See ITEM 2.2 – *Our Business* for further description of the use of funds raised under the Offering. Also see ITEM 2.3 – *Development of Business*, ITEM 2.4 – *Long Term Objectives* and ITEM 2.5 – *Short Term Objectives and How We Intend to Achieve Them*.

In conjunction with the formation of the Partnership, the Initial Limited Partner contributed \$1,000 to the Partnership as the initial capital contribution of the Partnership. Upon the Issuer becoming a Limited Partner of the Partnership on July 16, 2015, the Partnership paid \$1,000 to the Initial Limited Partner as a return of capital whereupon the Initial Limited Partner ceased to be a Limited Partner.

## ITEM 5 – SECURITIES OFFERED

### 5.1 Terms of Securities

This Offering consists of up to an aggregate of 100,000 Class A Trust Units.

#### *General*

The securities being offered pursuant to the Offering are Class A Trust Units. The Trust is authorized to issue an unlimited number of Units, which may be divided into one or more classes as the Trustees determine to be appropriate from time to time, but initially, there shall be one class referred to as Class A Trust Units. Unless otherwise determined by the Trustees, each Unit shall entitle the holder or holders thereof to one vote at a meeting of the Unitholders of the Trust. All Units in a class shall rank among themselves equally and rateably without

discrimination, preference or priority. The Trustees may, in their discretion, determine the designation, priority and attributes of a class, which may include: the initial closing date and offering price for the first issuance of Units, any minimum initial or subsequent investment thresholds, minimum aggregate net asset value balances to be maintained by Unitholders of the Trust, and procedures in connection therewith (including a requirement to redeem Units), the fees payable to the Trustees, if any, as management, performance, or other fees, the organization, sales and redemption fees to be paid upon the acquisition, over time or on redemption of Units, the frequency of subscriptions or redemptions, the period of time Units must be held before they may be redeemed, the period of notice required for redemption of Units, minimum redemption amounts and any other limits on redemption, convertibility among classes, voting rights, entitlements to distributions and such additional class specific attributes as the Trustees may in their discretion specify. The Trustees may prescribe in their discretion the maximum number of Units or maximum dollar amount of Units that may be sold in the Trust. Class attributes may be prescribed by the Trustees from time to time which, if and when created, might have rights and privileges in prior to the Class A Trust Units and any other Units that may be created from time to time. See ITEM 8 – *Risk Factors*.

#### *Capital Contribution*

In connection with the subscription of the Class A Trust Units under this Offering, each Class A Unitholder will contribute to the capital of the Trust the purchase price per Class A Trust Unit for each Class A Trust Unit subscribed for. Class A Unitholders will not be required to make any contribution to the capital of the Trust in excess of that amount.

#### *Cash Distributions*

In accordance with the Trust Indenture, the Trust may distribute to Class A Unitholders such percentage of the Trust's Distributable Income for the calendar month then ended as the Trustees determine in their discretion. It is the Issuer's current intention to distribute 100% of the Trust's Distributable Income to the Class A Unitholders.

In addition, the Trustees may declare to be payable and make distributions, from time to time, out of income of the Trust, net realized capital gains of the Trust, the net recapture income of the Trust, the capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates on or before December 31 of that year as the Trustees may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the Class A Unitholders.

Each year the Trust shall deduct in computing its income for purposes of the Tax Act such portion of the amounts paid or payable to the Unitholders for the year as is necessary to ensure that the Trust is not liable for income tax under Part I of the Tax Act for that taxation year. The Trustees shall deduct or withhold from distributions payable to any Class A Unitholder amounts required by law to be deducted or withheld from such Class A Unitholder's distributions.

#### *Redemption of Units*

A Unitholder may surrender its Units for redemption at any time upon providing a notice requiring the Trust to redeem the applicable Units, in a form approved by the Trustees, to the Trust. The Units will be redeemed for a redemption price per Unit, equal to the amount determined by the following provisions:

- (a) if the date of redemption is on or before the date that is 365 days from the date such Units were issued to the Unitholder (the "**First Redemption Period**"), an amount that is 90% of the price for which the Unitholder acquired such Unit;
- (b) if the date of redemption is on or before the date that is 365 days from the last day of the First Redemption Period (the "**Second Redemption Period**") such Unit was issued, an amount that is 92.5% of the price for which the Unitholder acquired such Unit; and
- (c) if the date of redemption is anytime after the Second Redemption Period, an amount that is 95% of the price for which the Unitholder acquired such Unit.

If the total amount payable by the Trust in respect of redeemed Units exceeds \$50,000 in a calendar quarter, a redeeming Unitholder may receive payment in the form of promissory notes from the Trust, however in such case the Unitholder will also receive a one-time right to be treated as if the Unitholder had redeemed such Units at the beginning of the following calendar quarter instead, and ahead of any Unitholders who actually tender Units for redemption in such calendar quarter. See ITEM 8 – *Risk Factors*.

#### *Liquidation, Dissolution or Termination of the Trust*

Upon the winding up or termination of the Trust, the Trustees shall sell and convert into money the Trust Property and do all other acts appropriate to liquidate the Trust, and shall in all respects act in accordance with the directions, if any, of the Unitholders, as applicable. After paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Trust and providing for an indemnity against any other outstanding liabilities and obligations, the Trustees shall distribute the remaining part of the proceeds of the sale of the Trust Property to the Unitholders in accordance with their entitlements to the Trust Property on a wind-up or termination of the Trust, as such entitlements are determined in accordance with the rights, privileges, restrictions and conditions attaching to the Units.

#### *Meetings of Unitholders*

At the discretion of the Trustees, there shall be a meeting of the Unitholders to appoint the auditor and to transact such other business as may be deemed necessary. A meeting of the Unitholders is to be held at a minimum of once every 36 months from the date of the Trust Indenture.

Unitholders holding not less than 25% of all votes may requisition the Trustees to call a special meeting of the Unitholders in accordance with the provisions of the Trust Indenture. The holders of Units shall be entitled to receive notice of and attend all meetings. A notice of such meeting shall be given to each Unitholder not less than 21 days in advance of the meeting and will state the nature of the business to be transacted. A quorum will consist of one or more Unitholders present in person or by proxy holding at least 5% of the outstanding Units. Each Unitholder is entitled to one vote per Unit held. Any resolution passed will be binding on all of the Unitholders of the Trust.

Unitholders shall be entitled to pass resolutions that will bind the Trustees only with respect to the (i) election or removal of the Trustees; (ii) the appointment or removal of the auditor; (iii) amendments of the Trust Indenture; (iv) the termination or dissolution of the Trust; and (v) any matters otherwise that require the approval of the Unitholders as set forth in the Trust Indenture. Except for these matters, no resolution of Unitholders shall bind the Trustees.

**The above is a summary of the terms of the Class A Trust Units. Potential investors are also strongly encouraged to review the Trust Indenture attached hereto as Schedule "A" for a full description of Class A Trust Units and the rights and limitations applicable to Class A Unitholders.**

## 5.2 Subscription Procedure

### (a) Subscription Documents

Subscribers who wish to purchase Class A Trust Units will be required to enter into the Subscription Agreement with the Issuer and deliver the Subscription Agreement to the Issuer. Each Subscription Agreement contains, among other things, representations and warranties required to be made by the Subscriber that it is duly authorized to purchase the Class A Trust Units, that it is purchasing the Class A Trust Units for investment and not with a view for resale and as to its corporate status or other qualifications to purchase Class A Trust Units on a "private placement" basis. Reference is made to the Subscription Agreement, a copy of which is attached hereto as Schedule "D", for the specific terms of these representations, warranties and conditions.

Class A Trust Units may be purchased in the following manner:

- (i) If the Subscriber is resident in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick, by the execution of the Subscription Agreement, as well as any documentation

required by the Securities Commission of the jurisdiction in which they are resident (copies of which are attached to the Subscription Agreements);

- (ii) pay the Subscription Price in respect of the Class A Trust Units subscribed for by way of a certified cheque or bank draft payable to "Pacific Landing @ Havenwood Trust" or such other manner as may be accepted by the Trust in its sole discretion; and
- (iii) deliver all of the foregoing to the Issuer's counsel, Burnet, Duckworth & Palmer LLP, at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1.

Generally subscriptions received are subject to rejection or allotment in whole or in part by the Trustees on behalf of the Trust within 30 days of their receipt by the Trustees. However, the Issuer may extend that period for up to a further 60 days for subscriptions from Exempt Plans until the Issuer is satisfied that there will be on the applicable closing of the Offering a total of 150 Unitholders who have each invested a minimum of \$100. In any event, the Trustees reserve the right to close the subscription books at any time without notice. The Trustees are not obligated to accept any subscriptions, and will reject any subscription which the Trustees consider to be not in compliance with applicable securities laws and regulations. If any subscription is rejected, then the Trustees will return to the Subscriber within 30 days after making the decision to reject the subscription, the Subscription Agreement, any other documentation delivered by the Subscriber, and the Subscription Proceeds related to the subscription.

The Subscription Price will be held in trust for at least two Business Days from the date the Subscription Agreement is executed.

The first closing of this Offering is expected to occur on or about the Closing. Other closings will occur subsequent to that date. It is expected that definitive certificates representing the Class A Trust Units will be available for delivery on the date of Closing.

**All Subscription Proceeds will be held in trust until midnight on the second Business Day after the day the Subscriber signs the Subscription Agreement. In the event that such Subscriber provides the Issuer with a cancellation notice prior to midnight of the second Business Day after the signing date, or the Issuer does not accept such Subscriber's subscription, all Subscription Proceeds will be promptly returned to such Subscriber without interest or deduction.**

(b) Exemptions from Prospectus Requirements

*Canada*

The Class A Trust Units are being offered in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick pursuant to exemptions under applicable securities legislation. Such exemptions relieve the Issuer from provisions under applicable securities legislation requiring the Issuer to file a prospectus and therefore Subscribers do not receive the benefits associated with a subscription for securities issued pursuant to a filed prospectus, including the review of material by a securities commission or similar authority.

The sale of Class A Trust Units pursuant to this Offering Memorandum is being made in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick under certain statutory exemptions from the prospectus requirements set out in National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**"). Specifically, the sale of Class A Trust Units is being made pursuant to Section 2.9 of NI 45-106 ("**Offering Memorandum Exemption**") and Section 2.3 of NI 45-106 ("**Accredited Investor Exemption**").

*Other Jurisdictions*

The sale of Class A Trust Units pursuant to this Offering Memorandum may also be made in other jurisdictions provided that the Subscriber provides to the Issuer the full particulars of the exemption from the registration and prospectus requirements under applicable securities legislation being relied on and evidence of the Subscriber's qualifications thereunder.

**Each Subscriber is urged to consult with his own legal adviser as to the details of the statutory exemption being relied upon and the consequences of purchasing securities pursuant to such exemption.**

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

### **6.1 Tax Advice**

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

### **6.2 Canadian Federal Income Tax Considerations**

This summary is of a general nature only and is not intended to be, nor should it be, construed to be legal or tax advice to any particular investor. Subscribers should consult their own tax advisors for advice with respect to the income tax consequences associated with their acquisition, holding, and disposition of Units under this Offering Memorandum.

The following summary is provided by Burnet, Duckworth & Palmer LLP, counsel to the Trust, and describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to a holder who acquires Class A Trust Units pursuant to this Offering and who, for purposes of the Tax Act at all relevant times, is a resident of Canada, holds the Class A Trust Units as capital property and deals at arm's length and is not affiliated with the Trust. Generally, the Class A Trust Units will be considered to be capital property to a holder provided the holder does not hold the Class A Trust Units in the course of carrying on a business of trading or dealing in Class A Trust Units and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain holders who might not otherwise be considered to hold their Class A Trust Units as capital property may, in certain circumstances, be entitled to have their Class A Trust Units treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to: (a) a holder that is a "financial institution" as defined in the Tax Act for the purposes of the "mark-to-market" rules, (b) a holder an interest in which is a "tax shelter investment" under the Tax Act, (c) a holder that is a "specified financial institution" as defined in the Tax Act, or (d) a holder whose functional currency for purposes of the Tax Act is the currency of a country other than Canada. Any such holder should consult its own tax advisor with respect to an investment in the Class A Trust Units.

This summary is based upon the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and counsel's understanding of the current administrative policies of the CRA published in writing prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted substantially in the form proposed, although there can be no assurance that the Proposed Amendments will be enacted as proposed or at all.

This summary is based on the assumption that the Trust will at all times comply with the Trust Indenture. This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the Offering and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action. This summary specifically does not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be relied on as legal or tax advice to any particular holder or prospective holder of Class A Trust Units. Consequently, prospective holders of Class A Trust Units should seek independent tax advice in respect of the consequences to them of acquiring, holding and disposing of Class A Trust Units.

#### **(a) Status of the Trust**

This summary assumes that the Trust will qualify at the closing of the Offering, and will continue to qualify thereafter, as a "mutual fund trust" as defined in the Tax Act and that the Trust will be able to elect, and will elect, to

be deemed to be a "mutual fund trust" from the date of its settlement. In order to qualify as a mutual fund trust, in addition to qualifying as a "unit trust", the Trust must satisfy the following conditions:

- (i) the undertaking of the Trust must be limited to a combination of the investing of its funds in property (other than real property or interests in real property) and the acquiring, holding, maintaining, improving, leasing or managing of any real property or an interest in real property, that is capital property of the Trust;
- (ii) the Trust must comply on a continuous basis with certain requirements relating to the qualification of the Units for distribution to the public, the number of Unitholders and the dispersal of ownership of Units; and
- (iii) the Trust may not reasonably be considered to have been established or maintained primarily for the benefit of non-residents of Canada under the Tax Act.

The Trustees have advised counsel that it intends to ensure that the Trust will meet these requirements at all times. If the Trust were not to qualify as a mutual fund trust at any particular time, the Canadian federal income tax considerations described below would, in some respects, be materially different.

This summary has been prepared on the assumption that the Trust will not be a "SIFT trust" for purposes of the Tax Act. The Trustees have advised counsel that it has no current intention to arrange to have the Units listed on a stock exchange or on any other public market, and as such, the Trust should not constitute a SIFT trust. If the Trust were to become a SIFT trust, the income tax consequences for the Trust and for Unitholders would be materially different than those described herein.

(b) Taxation Principles Applicable to the Trust

The taxation year of the Trust is the calendar year. In each taxation year, the Trust will be subject to tax under Part I of the Tax Act on its income for the year which will include such amount of the income of the Partnership as is allocated in the year to the Trust for purposes of the Tax Act. In computing its income, the Trust may deduct reasonable amounts on account of interest, administrative, management and other expenses incurred by it in the course of carrying on its investment undertaking for the purpose of earning income and which expenses are not reimbursed to it.

Under the Trust Indenture, an amount equal to all of the income of the Trust and any net capital gains realized by the Trust together with the non-taxable portion of any net capital gains realized by the Trust will generally be paid or become payable in the year to Unitholders by way of distributions of cash and/or Units. Income of the Trust payable to Unitholders will generally be deductible by the Trust in computing its income.

(c) Taxation Principles Applicable to the Partnership

The Partnership is not subject to tax under the Tax Act. Each partner (including the Trust) is required to include in computing the partner's income the partner's share of the income or loss of the Partnership for its fiscal year ending in or coincidentally with the partner's taxation year, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income or loss of the Partnership will be computed for each fiscal year as if it were a separate person resident in Canada. In computing such income or loss, deductions may be claimed for reasonable amounts in respect of administrative and other expenses incurred for the purpose of earning income from business or property. The income or loss of the Partnership for a fiscal year will be allocated to each Partner on the basis of the Partner's share of such income or loss subject to the Partnership Agreement and the detailed rules in the Tax Act in that regard, including, in the case of allocation of losses to Limited Partners, the at-risk rules.

The Trust, as a partner, will be required to include in its income the taxable portion of any capital gain on the disposition of its interests in the Partnership. In general, a partner's adjusted cost base in a partnership at a particular time is equal to its initial cost of the partnership interest, plus income allocated to it for fiscal periods ending before that time, minus deductible losses allocated to it for fiscal periods ending before that time and minus amounts

received by it as distributions of partnership income or capital. To the extent that the adjusted cost base to the Trust in the Partnership is less than zero at the end of a fiscal period of the Partnership, the negative amount will be deemed to be a capital gain of the Trust from the disposition of the partnership interest in the year in which the negative amount arises and the adjusted cost base to the Trust of the partnership interest will be nil immediately thereafter.

(d) Taxation of the Trust

Counsel has been advised by the General Partner that the Partnership anticipates it will make distributions of cash to the Trust in a year in an amount that is at least equal to the income for tax purposes of the Partnership that is allocable to the Trust. The Trustees have advised counsel that the Trust will designate a sufficient amount of its income to Unitholders such that the Trust generally will not be liable for income tax under Part I of the Tax Act, however, no assurance can be given in this regard.

(e) Unitholders

(i) Distributions

A Unitholder will generally be required to include in computing income for a particular taxation year of the Unitholder such portion of the net income of the Trust for a taxation year, including net taxable capital gains, as is paid or becomes payable to the Unitholder in that particular taxation year, whether received in cash, additional Units or otherwise. The non-taxable portion of net capital gains of the Trust that is paid or becomes payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Trust that is paid or becomes payable by the Trust to a Unitholder in that year will not generally be included in the Unitholder's income for the year. However, the payment by the Trust of such excess amount, other than as proceeds of disposition of Units, will generally reduce the adjusted cost base of the Units held by such Unitholder. To the extent that the adjusted cost base of a Unit is less than zero, the negative amount will be deemed to be a capital gain of the Unitholder from the disposition of the Unit in the year in which the negative amount arises and the Unitholder's adjusted cost base of the Unit will be nil immediately thereafter. See the discussion below entitled "*Capital Gains and Capital Losses*".

It is expected that, in each year, any cash distributions paid by the Trust to the Unitholders will include both income of the Trust, which will be included in the taxable income of the Unitholders, and non-taxable distributions, which will reduce the adjusted cost base of the Unitholders in their respective Units.

If appropriate designations are made by the Trust, such portion of the net taxable capital gains of the Trust and any taxable dividends received from taxable Canadian corporations as are paid or become payable to a Unitholder will effectively retain their character and be treated as such in the hands of the Unitholder for the purposes of the Tax Act. All other income of the Trust that is paid or becomes payable to a Unitholder generally will be considered income from property, irrespective of its source. Any loss of the Trust for the purposes of the Tax Act cannot be allocated to, or treated as a loss of, the Unitholder.

A holder of Units that throughout the relevant taxation year is a "Canadian controlled private corporation", as defined in the Tax Act, may be liable to pay a refundable tax of 6 2/3% on certain investment income, including such portion of the income of the Trust and net taxable capital gains of the Trust that are paid or become payable to the Unitholder.

(ii) Acquisition of Units

The adjusted cost base of a Unit acquired by a Unitholder pursuant to this Offering will include all amounts paid or payable by the Unitholder for the Unit, with certain adjustments. The adjusted cost base of any Unit received as a distribution from the Trust will be equal to the fair market value of such Unit, which is expected to be \$100 per Unit. The adjusted cost base of a particular class of Units held by a Unitholder will be determined by averaging the cost of all Units of that class held by the Unitholder as capital property.

## (iii) Disposition of Units

Upon the disposition or deemed disposition by a Unitholder of a Unit, the Unitholder will generally realize 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 Unitholder's adjusted cost base of the Unit and any reasonable costs of disposition.

A redemption of Units pursuant to the Trust Indenture in consideration for cash or promissory notes issued by the Trust to the redeeming Unitholder, as the case may be, will be a disposition of such Units for proceeds of disposition equal to the amount of cash or the fair market value of such promissory notes. Redeeming Unitholders will consequently realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the adjusted cost base of the Units so redeemed.

The cost of the promissory notes issued by the Trust upon a redemption of Units will be equal to the fair market value of such promissory notes.

## (iv) Capital Gains and Capital Losses

One-half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains designated by the Trust in respect of the Unitholder will be included in the Unitholder's income under the Tax Act for the year of disposition or designation, as the case may be, as a taxable capital gain. Subject to certain specific rules in the Tax Act, one-half of any capital loss (an "allowable capital loss") realized by a Unitholder upon a disposition of Units in a particular taxation year may be deducted against (i) any taxable capital gains realized by the Unitholder in such taxation year, (ii) net capital gains in any of the three preceding taxation years and (iii) net capital gains in any subsequent taxation year. A capital loss realized on the disposition of a Unit by a Unitholder that is a corporation or trust (other than a mutual fund trust), whether directly or as a member of a partnership, may be reduced in respect of certain distributions to the Unitholder out of dividends received by the Trust and designated by the Trust in respect of the Unitholder to the extent and under the circumstances described in the Tax Act.

A holder of Units that throughout the relevant taxation year is a "Canadian controlled private corporation", as defined in the Tax Act, may be liable to pay a refundable tax of 6 2/3% on certain investment income, including taxable capital gains.

## (v) Eligibility for Investment

The Units will be qualified investments under the Tax Act for Exempt Plans so long as: (1) the Trust has at least 150 Unitholders before the 91<sup>st</sup> day ending after its first taxation year, and (2) the Trust elects in its first tax return to be treated as a mutual fund trust since its inception.

However, the holder of a TFSA, or the annuitant of a RRSP or a RRIF, which holds Units will be subject to a penalty tax if the holder or the annuitant, as the case may be, does not deal at arm's length with the Trust for the purposes of the Tax Act or if the holder or the annuitant, as the case may be, has a significant interest, within the meaning of the Tax Act, in the Trust or in a corporation, partnership or trust with which the Trust does not deal at arm's length for the purposes of the Tax Act. Unitholders are advised to consult their own advisors in this regard.

Where an Exempt Plan receives promissory notes as a result of a redemption of Units, such promissory notes may not be qualified investments for the Exempt Plan. Accordingly, Exempt Plans that own Units should consult their own tax advisors before deciding to exercise their redemption rights.

If the Trust ceases to qualify as a mutual fund trust, it will be required to pay a tax under Part XII.2 of the Tax Act. The payment of Part XII.2 tax by the Trust may have adverse income tax consequences for certain holders of Units, including Exempt Plans that acquire an interest in the Trust directly or indirectly from another holder of Units.

If the Trust ceases to qualify as a mutual fund trust, it may cease to be a qualified investment for Exempt Plans, and may result in significant adverse tax consequences to the Exempt Plan and/or to the holder or annuitant, as the case may be, of a TFSA, RRSP or RRIF.

## (vi) Taxation of Unitholders Not Resident in Canada

Unitholders who, for the purposes of the Tax Act and any relevant tax treaty, are not resident in Canada and are not deemed to be resident in Canada should consult their own tax advisors regarding their particular circumstances.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Unitholder and no representations with respect to the income tax consequences are made to any particular Unitholder. Consequently, prospective Unitholders should consult their own tax advisors with respect to their particular circumstances. Unitholders who are residents of Canada, but who are also subject to the tax laws of another jurisdiction (such as the United States of America), should consult their own tax advisors.**

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

The Issuer intends, in certain circumstances, to pay to third parties who are entitled and legally permitted to receive the same, a Referral Fee or Commission in the amount of up to an aggregate 9% of the gross Subscription Proceeds raised in connection with the investment in Class A Trust Units offered hereby. Up to 8% of the Subscription Proceeds may be payable to eligible persons and up to an additional 1% of the Subscription Proceeds may be payable to eligible dealers as an administration fee, in connection with the introduction of Subscribers to the Issuer. Subscribers who are introduced to the Issuer by third parties should be aware these third parties may be entitled to receive a Referral Fee or Commission in connection with their subscription. No Referral Fee shall be paid directly to a Trustee of the Issuer. No Referral Fee or Commission will be paid to any party for the purchase of Class A LP Units by the Trust.

The Issuer may enter into agreements with registered dealers engaged to assist with the sale of the Issuer's Class A Trust Units. Some of the economic benefit arising to the Manager from the Management Agreement (see ITEM 2.7 – *Material Agreements*) may be distributed to registered dealers and the registered representatives of such registered dealers who are engaged to introduce the Issuer to potential Subscribers. See ITEM 3.4 – *Conflicts of Interest* for a description of the current arrangements entered into by the Manager to distribute a portion of the economic benefits to the Manager from the Management Agreement to certain registered dealers who are engaged to introduce the Issuer to potential Subscribers.

**ITEM 8 – RISK FACTORS**

Investment in the Class A Trust Units should only be made after consulting with independent and qualified sources of investment and tax advice. Investment in the Class A Trust Units at this time is highly speculative due to the stage of the Issuer's development and the structure of the Issuer. Investors must rely on the management by the Trustees. Any investment in the Issuer at this stage involves a high degree of risk.

In addition to factors set forth elsewhere in this Offering Memorandum, potential Subscribers should carefully consider the following factors, many of which are inherent to the ownership of the Class A Trust Units. An investment in the Class A Trust Units involves various risks and uncertainties. The risks discussed in this Offering Memorandum can adversely affect the Issuer's operations, operating results, prospects and financial condition. This could cause the value of the Class A Trust Units to decline and cause investors therein to lose part or all of their investment. In addition to those set out below and elsewhere in this Offering Memorandum, other material risks and uncertainties of which the Issuer and the Partnership are not presently aware may also harm the Partnership's activities. The following is a summary only of the material risk factors involved in an investment in the Class A Trust Units. Prospective investors should review the risks with their legal and financial advisors.

**8.1 Investment Risk**

Among the risks of investing in the Issuer are the following:

- (a) **No Guaranteed Return** – There is no guarantee that an investment in Class A Trust Units will earn any positive return in the short or long-term. The value of the Class A Trust Units may increase or decrease

depending on market, economic, political, regulatory and other conditions affecting the Issuer. Investment in the Class A Trust Units may be more volatile and risky than some other forms of investments. The net income earned by the Partnership at the end of each phase of the Project is expected to be distributed to the Trust as a holder of Class A LP Units, which net income may be insignificant or there may not be any net income at all for the Partnership to distribute. If the income generated in the early phases of the Project is not significant, then the Partnership may choose to dispose of the Land or to repurpose the Project, in which case the distributions, if any, to Class A Unitholders may be limited or may not occur at all. Furthermore, subsequent offerings of Class A LP Units and Class B LP Units or other securities of the Partnership may have a dilutive effect and may negatively impact distributions to the Trust and, as a result, the distributions to the to Class A Unitholders. All prospective Subscribers should consider an investment in the Issuer within the overall context of their investment policies. Distributions and any redemption obligations are not guaranteed by an independent third party.

- (b) **Highly Speculative** – The purchase of Class A Trust Units is highly speculative. A potential Subscriber should purchase Class A Trust Units only if it is able to bear the risk of the entire loss of its investment. An investment in the Class A Trust Units should not constitute a significant portion of a Subscriber's portfolio.
- (c) **Investment Not Liquid** – The Class A Trust Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, a Class A Unitholder will not be able to trade or transfer the Class A Trust Units unless it complies with very limited exemptions from the prospectus and registration requirements under applicable securities legislation. As the Issuer has no intention of becoming a reporting issuer in any jurisdiction in Canada, these restrictions in trading will not expire. There is no market over which the Class A Trust Units may be traded and it is very unlikely that one will develop. Consequently, Unitholders may not be able to liquidate their Class A Trust Units in a timely manner, if at all, or pledge their Class A Trust Units as collateral for loans. An investment in Class A Trust Units is hence suitable only for sophisticated investors who do not need full liquidity with respect to this investment. See ITEM 10 – *Resale Restrictions*.
- (d) **Loss of Investment** – An investment in Class A Trust Units is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. The Issuer is not a member institution of the Canada Deposit Insurance Corporation and the Class A Trust Units offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation.
- (e) **Market for Securities** – There is presently no market for the Class A Trust Units offered under this Offering Memorandum, nor is there any guarantee that such a market will develop.
- (f) **Preferences Granted to Other Units** – From time to time, the Trustees may designate and the Issuer may issue an unlimited number of Units in one or more classes (for these purposes "**Other Units**") with rights, privileges, restrictions and conditions determined by the Trustees. If and whenever the Trustees designate a class of Other Units, the rights of the Unitholders currently holding Class A Trust Units may be subject to preferences that may be granted to the holders of Other Units, including preferential distributions or a preferential return on the distribution of assets in the event of the Issuer's liquidation, dissolution or winding up. The Trustees' intention in creating Other Units is to provide flexibility for the Issuer to attract investors with different investment preferences from those who purchase Class A Trust Units. No designation or issuance of any class or series of Other Units and class or series of Other Units has been authorized.
- (g) **Possible Effect of Redemptions** – Substantial redemptions of Class A Trust Units could cause the Class A Trust Units to cease to qualify as investments that may be held by a registered plan. As a result, the Trustees may be forced to suspend or postpone redemption of the Class A Trust Units and the Class A Trust Units may cease to be eligible to be held in the applicable registered plan. The \$50,000 redemption limit may preclude certain Class A Unitholders from receiving all of the funds with respect to their redeemed units at the time such holders elect to redeem such Class A Trust Units. Instead, such Class A Unitholders will receive payment in the form of promissory notes from the Trust, which shall be repaid to such Class A Unitholders in the quarter following such redemption election. The Trust may not be able to meet its obligations under any promissory notes prior to the repayment of such promissory notes.

- (h) **Regulatory Review** – This Offering Memorandum constitutes an offering of the securities described herein only in those jurisdictions and to those Persons where and to whom they may be lawfully offered for sale and is not, and under no circumstances is to be construed as a public offering, prospectus or an advertisement of securities. Subscribers will not have the benefit of a review of the material by any regulatory authority.

## 8.2 Issuer Risk

Among the risks of investing in the Issuer are the following:

- (a) **Limited Operating History** – While some of the individual members of the Partnership's management team have experience in property development and operations of the sort contemplated by the Issuer (see ITEM 3.2 – *Management Experience*), the Trust has no previous operating history. The General Partner has been incorporated for the purpose of managing the affairs of the Partnership and does not have a record of performance to be relied upon. The Partnership's operations are subject to the risks inherent in the establishment of a new investment activity, including a lack of operating history. The Issuer and Partnership cannot be certain that their investment strategy will be successful. The likelihood of success of the Issuer and the Partnership must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the acquisition and development of real estate. If the Partnership fails to address any of these risks or difficulties adequately, its investment performance will likely suffer. Future profits, if any, will depend upon various factors, many of which are out of the Issuer's, the Manager's and General Partner's control. There is no assurance that the Issuer and the Partnership can operate profitably or that the Partnership will successfully implement its plans.
- (b) **Reliance on Management** – Class A Unitholders must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the Trustees in the management of the Issuer. The Issuer's success is entirely depended on the performance of the Partnership, and therefore, is reliant on the Manager's management of the Partnership on behalf of the General Partner. The Partnership's success is substantially dependent on the performance of the Manager, on behalf of the General Partner, and its consultants. The loss of the Manager or a key consultant would have a material adverse impact on the Partnership. The Partnership will generally be dependent on the Manager, on behalf of the General Partner, for the direction, management and daily supervisions of the Partnership's operations.

Decisions regarding the management of the Partnership's affairs will be made exclusively by the officers and directors of the Manager, on behalf of the General Partner, and not by the Limited Partners. Accordingly, Subscribers must carefully evaluate the personal experience and business performance of the officers and directors of the Manager. The Manager may retain independent contractors, including affiliates of the Manager and/or the General Partner, to provide services to the Partnership. These contractors have no fiduciary duty to the Limited Partners and may not perform consistently with the fiduciary duty owed to Limited Partners by the General Partner.

The success of the Partnership will be largely dependent upon the performance of the management of the Manager, on behalf of the General Partner, and its affiliates. There is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Partnership.

- (c) **Changes in Tax Status** – It is intended that the Trust continue to qualify as a mutual fund trust for the purposes of the Tax Act. The Trust may not, however, always be able to satisfy future requirements for the maintenance of mutual fund trust status. Some of the significant consequences of the Trust losing mutual fund trust status are as follows:
- (i) The Trust would be taxed on certain types of income distributed to Class A Unitholders. Payment of this tax may have adverse consequences for certain Class A Unitholders, particularly Class A Unitholders that are not residents of Canada and residents of Canada that are otherwise exempt from Canadian income tax.

- (ii) Class A Trust Units held by Class A Unitholders that are non-residents of Canada would become taxable Canadian property. These non-resident Class A Unitholders would be subject to Canadian income tax on any gains realized on a disposition of Class A Trust Units held by them, subject to the application of an exemption under an income tax convention.
- (iii) The Class A Trust Units would not constitute qualified investments for Exempt Plans, which may result in adverse tax consequences.

The Trust may take certain measures in the future to the extent the Trust believes them necessary to ensure that it maintains its status as a mutual fund trust. These measures could be adverse to certain Class A Unitholders.

- (d) **Ability to Pay Cash Distributions and Principal** – The Trust's ability to pay cash distributions and the principal amount of the Class A Trust Units is dependent upon the Trust's ability to generate sufficient cash flow. This in turn depends on the successful implementation of its business plan by the Partnership and development of the Project. The net income earned by the Partnership at the end of each phase of the Project is expected to be distributed to the Trust as a holder of Class A LP Units, which net income may be insignificant or there may not be any net income at all for the Partnership to distribute. If the income generated in the early phases of the Project is not significant, then the Partnership may choose to dispose of the Land or to repurpose the Project, in which case the distributions, if any, to Class A Unitholders may be limited or may not occur at all. The Class A Trust Units have not been and will not be rated by a bond-rating agency. As a result of these factors, this Offering is only suitable to those investors who are willing to rely on the management of the Trustees and the General Partner and who can afford to lose their entire investment.
- (e) **Continuous Disclosure Obligations** – The Issuer is not a reporting issuer and does not have any continuous disclosure obligations.
- (f) **Requirement for Additional Capital** – The business plan of the Issuer is based on the Issuer raising sufficient funding. The financing raised hereunder will be insufficient to complete development of all phases of the Project, as described further in this Offering Memorandum. The Partnership may sell additional Class A LP Units to subscribers other than the Trust or pursue other equity or debt financings by the Partnership to allow the Partnership to complete the Project. It is expected that following Phase 1 of the Project, debt financing will be the primary source of funds for the further development of the remaining phases of the Project. In the event that insufficient financing is raised hereunder for the early phases of the Project, the Issuer and the Partnership will require substantial additional financing to carry out the business plan from third party financial institutions that have not yet been secured to date. This may prove difficult or even impossible (see ITEM 2.6 – *Insufficient Funds*). The ability of the Partnership to arrange its financing in the future may well depend in part upon the prevailing market conditions as well as the business performance of the Partnership.
- (g) **Distributions and Allocations** – If the Trust has taxable income for Canadian federal income tax purposes for a fiscal year, such income will be allocated to Unitholders in accordance with the provisions of the Trust Indenture and will be required to be included in computing their income for tax purposes, irrespective of the fact that profits may not have been distributed to Unitholders. Since allocations of income and losses of the Trust to Unitholders will only be made in accordance with the terms of the Trust Indenture, such allocations to a particular Unitholder may not correspond to the economic gains and losses which such Unitholder may experience.
- (h) **Unitholder Liability** – The Trust Indenture provides that no Unitholder shall be liable in connection with the ownership or use of Trust Property, the obligations or activities of the Trust, any acts or omissions to act of the Trustees in respect of affairs of the Trust or any taxes or fines payable by the Trust or the Trustees, provided that each Unitholder shall remain responsible for taxes assessed against them by reason of or arising out of their ownership of Units. However, if any personal liability may also rise in respect of claims against the Trust that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities, the Unitholder will be indemnified for such claims to the extent

provided for in the Trust Indenture. The operations of the Trust will be conducted, upon the advice of legal counsel, in such a way and in such jurisdictions so as to avoid, to the extent possible, any material risk of liability to the Unitholders for claims against the Trust.

The Trust shall have no liability to reimburse any Person for transfer or other taxes or fees payable on the transfer of Units or any income or other taxes assessed against any Person by reason of ownership or disposition of Units.

On July 11, 2004, the *Income Trusts Liability Act* (Alberta) (the "ITLA") came into force. The ITLA protects unitholders of Alberta income trusts that are reporting issuers under the *Securities Act* (Alberta) from legal uncertainties regarding potential liability by providing a statutory limitation on unitholders' liability. Specifically, the ITLA provides that a unitholder will not be, as a beneficiary, liable for any act, default, obligation or liability of the trustee that arises after the ITLA came into force. The Trust has no current plans to become a reporting issuer and accordingly, Unitholders will not have the benefit of this protection.

- (i) **Rights of Unitholders** – Although the Trust Indenture confers upon a Unitholder many of the same protections, rights and remedies as an investor would have as a shareholder of a corporation, there do exist some significant differences. Unlike shareholders of a BCBCA corporation, Unitholders do not have a comparable right to make a Unitholder proposal at a general meeting of the Trust. The matters in respect of which Unitholder approval is required under the Trust Indenture are generally less extensive than the rights conferred on the shareholders of a BCBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Trust.

Unitholders do not have a recourse to a dissent right under which shareholders of a BCBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going-private transaction or the addition, change or removal of provisions restriction (i) the business or businesses that the corporation can carry on or (ii) the issue, transfer or ownership of shares). As an alternative Unitholders seeking to terminate their investment in the Trust are entitled to redeem their Units, as described in ITEM 5.1 – *Terms of Securities*. Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a BCBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregarding the interests of securityholders and certain other parties. Shareholders of a BCBCA corporation may apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Unitholders can rely only on the general provisions of the Trust Indenture which permit the winding up of the Trust with the approval of a special resolution of the Unitholders.

Shareholders of a corporation may also apply to a court for the appointment of an inspector, subject to court oversight and other investigative procedures, to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. By virtue of the right to requisition a meeting of Unitholders, the Trust Indenture allows Unitholders to call meetings to consider such matters as may be put forth by the Unitholder(s) in the requisition notice. Corporate statutes also permit shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Trust Indenture does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the Trust.

- (j) **Tax Aspects** – It is possible that the Trust could become a SIFT trust for the purposes of the Tax Act if the Units became listed for trading or if a public market is created on which the Units are traded. If the Trust became a SIFT trust adverse tax consequences could result to the Trust and the Unitholders. There is no current intention to list the Units.
- (k) **Status of the Trust** – The Trust is not a reporting issuer "mutual fund" for securities law purposes. As a result, some of the protections provided to investors in mutual funds under such laws will not be available

to investors in the Class A Trust Units, and certain restrictions imposed on mutual funds under Canadian securities laws, including National Instrument 81-102, do not apply to the Trust.

- (l) **Lack of Independent Experts Representing Unitholders** – Each of the Trust and the Trustees has consulted with a single legal counsel regarding the formation and terms of the Trust and the Offering of Class A Trust Units. The Unitholders have, however, not been independently represented. Therefore, to the extent that the Trust, the Unitholders or this Offering could benefit by further independent review, such benefit will not be available. Each prospective investor should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing Class A Trust Units and the suitability of investing in the Trust.
- (m) **Independence of Officers, Directors and Trustees** – No assurance can be given that any of the Trustees or the directors or officers of the Manager or the General Partner will be considered to be independent within the meaning of applicable securities laws. Further, the Trustees and the directors and officers of the Manager and the General Partner will not be devoting all of their time to the affairs of the Trust and the Partnership, as applicable, but will be devoting such time as required to effectively manage the Trust and the Partnership, as applicable. The directors and officers of the Manager and the General Partner may be engaged in the search for business prospects on their own behalf or on behalf of others. There are potential conflicts of interest to which the Trustees and the directors and officers of the Manager and the General Partner will be subject in connection with the operations of the Trust and the Partnership, as applicable. The directors and officers of the Manager and the General Partner may be engaged in the identification and evaluation, with a view to potential acquisition, of interests in businesses on their own behalf and situations may arise where the directors and officers will be in direct competition with the Trust and the Partnership, as applicable. Conflicts, if any, will be subject to the forms and conditions of the Trust Indenture, the Partnership Agreement and the Management Agreement, as applicable.

Prior to the exercise of the Option, Mr. Royer, owned or controlled, indirectly through 1012361 Alberta Ltd., a wholly-owned holding company, units of HBLP. As a part of the closing of the Option and in conjunction with the acquisition of the Lands by the Partnership, the units of HBLP held by 1012361 Alberta Ltd. were exchanged for Class A LP Units. As a result, as of the date of this Offering Memorandum, Mr. Royer does not currently hold, directly or indirectly, any units of HBLP.

Mr. Randy Royer, one of the Trustees of the Trust, is also the sole director of the Manager and owns or controls, directly and indirectly, 100% of the issued and outstanding share capital of the Manager. Mr. Randy Royer also owns or controls, indirectly through wholly-owned entities, being the Manager and 1012361 Alberta Ltd., 27.2% of the issued and outstanding Class A LP Units. Mr. Randy Royer is also the sole director of HBLC and owns or controls, indirectly through a wholly-owned holding company, 100% of the outstanding share capital of HBLC. Mr. Royer is also the sole director of the General Partner and owns 100% of the issued and outstanding share capital of the General Partner.

Additionally, as at the date of this Offering Memorandum, the Trust owes \$110,504.51 to the Manager, which is a wholly-owned company of Mr. Randy Royer. The amount owing reflects a loan given to the Issuer in respect of initial start-up costs and capital raising costs of the Issuer. The loan is not secured, does not carry interest and is due upon demand by the Manager

See ITEM 3.4 – *Conflicts of Interest*.

- (n) **Selling Agents** – Pursuant to the Management Agreement and pursuant to a participating compensation agreement dated February 19, 2013 among the Manager, Randy Royer and Privest, the Manager has currently agreed to allocate 10% of its compensation in respect of its portion of the Partnership's Distributable Income to eligible dealers in connection with the Offering, which includes Privest and Portfolio Strategies; however, the Manager may revise such allocation as the Manager sees fit from time to time. Privest and Portfolio Strategies are also acting as selling agents in respect of the Offering and will be entitled to their respective portions of the Commission of the gross Subscription Proceeds raised in connection with the Offering. This entitlement could pose a conflict of interest risk.

- (o) **Single Asset** – The Partnership was formed solely for the purposes of the acquisition and development of the Lands. The Lands represent the only significant assets of the Partnership and therefore the Partnership's financial performance will be directly tied to the value thereof.
- (p) **Default on Indebtedness** – If the Partnership defaults in the repayment of any indebtedness including any future indebtedness that might exist, the creditors holding such indebtedness will be entitled to exercise available legal remedies against the Partnership including potential recourse against the Lands in which the Partnership has an interest. There is no assurance that there will be assets available to recover any portion of a Class A Unitholder's investment.
- (q) **No Involvement of Registered Investment Dealers** – No independent investment dealer (IIROC registered) has made any review or investigation of the terms of this Offering, the structure of the Trust or the background of the Trustees.
- (r) **Possible Loss of Limited Liability** – The limitation of liability of a Limited Partner, such as the Trust, will be lost by a Limited Partner if it takes part in the control of the business of the Partnership or if it is also the General Partner of the Partnership. A Limited Partner may be considered to be the General Partner under applicable legislation, with the resultant loss of limited liability, in the event the General Partner is dissolved or becomes bankrupt and the investment activities of the Partnership are continued after the occurrence of such events. The limitation of liability will also be lost as a result of false statements in the record or in public filings made pursuant to the Partnership Act and other legislation which are known to be false by a Limited Partner and which such Limited Partner failed to have corrected within a reasonable amount of time. There is also a possibility that a Limited Partner may lose its limited liability to the extent that the principles of Canadian law recognizing the limitation of liability of limited partners have not been authoritatively established with respect to limited partnerships formed under the laws of one province but operating, owning property or incurring obligations in another jurisdiction. This all results in the risk that a Limited Partner could lose its limited liability in certain circumstances and be liable beyond its capital contribution and share of undistributed net income of the Partnership. Where a Limited Partner has received a distribution from the Partnership, such Limited Partner may be liable to return to the Partnership or, if the Partnership is dissolved, to its creditors, any amount, not in excess of the amount distributed to such Limited Partner with interest, as may be necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before such distribution.
- (s) **Loss of Limited Liability on Dissolution** – Upon dissolution of the Partnership, a Limited Partner, such as the Trust, may receive undivided interests in the Partnership assets and will no longer enjoy limited liability with respect to the ownership of such assets.
- (t) **Time Horizon of Investment and Financing** – It is the Partnership's intention to develop the Lands, therefore, it is anticipated that the net income, if any, earned from the Lands will not be significant prior to the completion of each phase of the Project as the income is earned at the end of each phase of the Project, which net income may be minimal or the Partnership may not realize any income at all. Additionally, the net income earned from the Lands may not be significant until the eventual sale of the Lands upon completion of the Project. In the event that net income is not generated in the early phases of the Project, the Partnership may elect to dispose of the Lands or repurpose the Project. Such disposal or repurposing would have a negative impact on the distributions to Class A Unitholders if it were to occur. Upon completion of the Offering, the Partnership may set aside certain working capital, which will be utilized by the Partnership to pay the anticipated ongoing and other costs of the Partnership after the completion of the Offering. The total amount of working capital is based on the estimated amount of administrative and operating expenses that will be required by the Partnership. The Partnership anticipates that it will need to hold its interest in the Lands for approximately five to seven years in order to complete the Project over the six phases of the Project. Notwithstanding that the Partnership anticipates it will hold its interest in the Lands for five to seven years, market and economic conditions and other relevant factors may become such that the Lands will need to be held for materially longer than that period of time. In addition, the amount of certain working capital is based upon an estimate by the Partnership of its annual and other costs and expenses. The Partnership's estimates of those annual amounts may prove to be materially incorrect. To the extent that the estimates are incorrect, or that the time horizon exceeds two years, the Partnership will need

to rely on additional funding for significant amounts of money to pay the ongoing costs and expenses of the Partnership.

- (u) **General Partner has Limited Assets** – The General Partner has unlimited liability for the obligations of the Partnership. The General Partner will indemnify and hold harmless the Partnership from and against all costs incurred and damages suffered by the Partnership as a result of gross negligence, willful misconduct or fraudulent act by the General Partner or as a result of any act or omission by the General Partner not believed in good faith by the General Partner to be within the scope of authority of the General Partner conferred by the Partnership Agreement. The General Partner has, and will continue to have, limited financial resources and will only have limited assets, which will affect its ability to indemnify the Partnership. The amount of any such indemnity will be limited to the extent of the assets of the General Partner and will under no circumstance include the assets of any affiliate of the General Partner.
- (v) **Changes in Applicable Laws** – Legal, tax and other regulatory changes may occur that may adversely affect the Issuer and the Class A Unitholders. There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects the Issuer or the Class A Unitholders.
- (w) **No right to Use of the Lands** – The purchasers of Class A Trust Units hereunder will have no right to use, occupy, or seek partition of, any part of the Lands nor may any purchaser of Class A Trust Units encumber any part of the Lands.

### 8.3 Industry Risk

Among the risks of investing in the Issuer are the following:

- (a) **Real Estate Business** – The value of the Class A Trust Units and the availability of cash to pay cash distributions and the principal on the Class A Trust Units as set out herein is entirely dependent upon the success of the proposed business of Partnership. Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. Such risks include the highly competitive nature of the real estate industry, changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as the supply of office, retail space or warehousing or the demand for residential real estate in the area), government regulation and changes therein (such as zoning, taxation of property and environmental legislation), changes in governments and the political environment in the jurisdictions in which the Lands are located and the attractiveness of properties to potential purchasers and developers. In addition, each segment in the real estate development industry is capital intensive and is typically sensitive to interest rates. There is also no assurance that the Lands can be developed profitably or that a third party may wish to acquire the Lands once the Project is completed. The market for real property can be affected adversely by economic factors, which may be regional, national or international in scope. Presales may not meet the Partnership's expectations which may result in insufficient capital to proceed with construction of Phase 1 of the Project and would result in no distributions to the Class A Unitholders. In addition, there may be potential for the discovery of archaeological sites on the Lands which may require the Partnership to preserve the site at its expense and refrain from developing all or a portion of the Lands.

The Partnership will be required to make certain expenditures in respect of its activities, including, but not limited to, the payment of property taxes, maintenance costs, insurance costs and related charges regardless of whether or not the Lands are producing sufficient income to service such expenses. If the Partnership is unable or unwilling to meet such payment obligations, losses could be sustained as a result of the exercise by creditors of rights of foreclosure or sale.

- (b) **Construction Costs** – The real estate development industry is significantly impacted by fluctuations in the cost of construction and servicing of land. Any material increase in construction and/or servicing costs may have a materially adverse effect on the profits to the Partnership.
- (c) **Reliance on Trades/Suppliers** – The real estate development industry has from time to time experienced significant difficulties in the supply of materials and services such as shortages of qualified trades people,

labor disputes, shortages of building materials, unforeseen environmental and engineering problems and increases in the cost of certain materials (particularly increases in the price of lumber, wall board and cement, which are significant components of construction costs). When any of these difficulties occur, it causes delays and increases the cost of constructing which in turn negatively affects the Partnership's operations.

- (d) **Uninsured Losses on the Lands** – Although the Partnership has insured, and intends to continue to insure, the Lands in a manner that the Partnership has determined to be appropriate, there may be risks that are not foreseen and against which the Partnership has not obtained insurance. In addition, insurance against some risks may not be available or may be prohibitively expensive. Even in cases where the Partnership has insured against loss, the amount of the loss may exceed the limits of the policy, the Partnership may not be able to substantiate the full extent of the loss to the satisfaction of the insurer and any coverage may be subject to large deductibles or co-payments. The Partnership will not be able to insure against total loss of the value of the Lands or the total value paid by the Limited Partners for Partnership Units.
- (e) **Economic and Political Climate** – The Province of British Columbia, being the area in which the Lands are located, present social, economic and political conditions that are reasonably stable. Recent declines in economic conditions in Canada and the regions in which we operate could adversely affect the operations of the Partnership and the Issuer and the value of the Class A Trust Units. Also, the possibility that the municipal government, provincial government and the federal government could implement legislation and policies that would have an adverse affect on the value of the Class A Trust Units needs to be considered by potential Subscribers. Examples of such policies are tax reform, zoning restrictions, land ownership restrictions, transportation policies, development moratoriums, annexation proceedings or other adverse economic and/or monetary policies. Finally, the British Columbia economy may not sustain the levels of growth required for the Project to be successful and projections regarding future growth may not be accurate.
- (f) **Competition** – The Partnership will be competing with other investors, developers, and owners of properties for the sale of desirable real estate properties. Certain of these competitors have greater financial and other resources and greater operating flexibility than the Partnership. The existence of competing developers and owners could have a material adverse effect on the ability of the Partnership to market the Lands and could adversely affect the profitability of the Partnership.
- (g) **Abutting Lands** – The Lands abut other parcels of land that third parties have acquired (the "**Abutting Parcels**"). It is possible that a developer may seek to acquire the Lands and the Abutting Parcels together and accordingly the sale of the Lands could, in those circumstances, be contingent upon the approval of the third parties in the Abutting Parcels. Such investors may not have the same investment objectives as the Partnership and may not approve such sale on a timely basis or at all. This may impede the ability of the Partnership to dispose of the Lands in those circumstances.
- (h) **Regulatory Approvals** – The development of the Lands by the Partnership will be dependent upon the ability of the Partnership to obtain various approvals that would permit development of the Lands. These approvals include but are not limited to zoning and subdivision approvals and building permits. Obtaining these approvals can be time-consuming and expensive as the process may require the preparation of studies of the Lands and surrounding areas in matters such as storm water management and drainage, floodwater control, water, utilities and sanitary sewer servicing strategies and financing options, transportation and traffic, flora and fauna, land forms, historic or archaeological artifacts on the Lands, environmental hazards or contaminants. These applications are circulated to various agencies who are entitled to comment and oppose all or part of any application and are subject to a public process including notification of the public of the applications and a public hearing at which time members of the public or commenting agencies can delay or influence the decision. While the Partnership or a developer is entitled to appeal the applications, for a hearing of the merits of the application, that hearing process can also be time-consuming and expensive since it usually involves the presentation of expert evidence in a trial-like setting and opponents can seek to be made parties to that process. Even when a municipality grants the Partnership or a developer an approval like land designation amendment or rezoning or subdivision approval, any person may appeal that decision and the Partnership or developer must either seek to have the appeal dismissed or defend the

approval. Subdivision approval can be granted subject to conditions, including conditions requiring the provision of works or land by the owner of the Lands, which may not be economically satisfactory to a potential developer of the Lands. The municipality can pass by-laws for the collection of development charges and other levies which can increase the cost of developing the Lands. The Province of British Columbia can enact legislation or regulations in the future which can limit how decision-making is made at the municipal level or which prohibit the development of the Lands. There is no assurance that all of the necessary approvals can be obtained at all or in a timely or economically viable manner or that no conditions will be attached to any approvals that are not acceptable to the Partnership or a developer. Failure to obtain acceptable approvals in a timely manner could have a significant negative effect on the value of the Lands and, in turn, on the value of the Class A Trust Units.

- (i) **Environmental Issues** – Under various environmental laws, ordinances and regulations, the current or previous owner or operator may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in the Lands. These costs could be substantial. Such laws could impose liability whether or not the Partnership knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of hazardous or toxic substances, or failure to remove or remediate such substances, if any, or restrictions imposed by environmental laws on the manner in which the Lands may be operated or developed, could adversely affect the Partnership's ability to sell the Lands or to borrow using the Lands as collateral and could potentially also result in claims against the Partnership. Environmental laws provide for sanctions for non-compliance and may be enforced by governmental agencies or, in certain circumstances, by private parties. Certain environmental laws and common law principles could be used to impose liability for release of and exposure to hazardous substances into the air. Third parties may seek recovery from real property owners or operators for personal injury or property damage associated with exposure to released hazardous substances. The cost of defending against claims of liability, of complying with environmental regulatory requirements, of remediating any contaminated property, or of paying personal injury claims could be substantial and reduce the value of the investment in the Class A Trust Units. The Partnership may be subject to liability for undetected pollution or other environmental hazards against which it cannot insure, or against which it may elect not to insure where premium costs are disproportionate to the Manager's perception of relative risk.

**The foregoing risk factors do not purport to be a complete explanation of all risks involved in purchasing Class A Trust Units described herein. Potential investors should read this entire Offering Memorandum and the attached Subscription Agreement carefully and consult with their legal and other professional advisors before determining to invest in Class A Trust Units of the Issuer.**

## **ITEM 9 – REPORTING OBLIGATIONS**

### **9.1 Reporting**

The Issuer is not subject to continuous reporting and disclosure obligations which the securities legislation in any province would require of a "reporting issuer" as defined in such legislation and there is, therefore, no requirement that the Issuer make disclosure of its affairs, including, without limitation, the prompt notification of material changes by way of press releases and formal filings or the preparation of quarterly unaudited financial statements and annual audited financial statements in accordance with generally accepted accounting principles. **The Issuer is not required to send you any documents on an annual or ongoing basis.**

The Trustees will send to all Unitholders, the financial statements of the Trust together with comparative audited financial statements for the preceding fiscal year, if any, and the report of the accountant thereon, within 120 days of the end of the fiscal year of the Trust. Within 60 days after the end of each fiscal quarter, the Trustees will send to all Unitholders, unaudited quarterly financial statements of the Trust for such fiscal quarter, together with comparative financial statements for the same fiscal quarter in the preceding fiscal year, if any. Such financial statements will be prepared in accordance with IFRS.

On or before March 31 in each year, or such date as may be required under law, the Trust shall provide to Unitholders who received distributions from the Trust in the prior calendar year, such information regarding the

Trust required by Canadian law to be submitted to Unitholders for income tax purposes to enable Unitholder to complete their tax returns in respect of the prior calendar year.

The Trustees shall prepare and maintain adequate accounting records. Unitholders have the right to obtain, on demand and without fee, from the Trust, a copy of the Trust Indenture and minutes of meetings of Unitholders and any written resolutions of Unitholders passed in lieu of a meeting. Unitholders will also be entitled to examine a list of Unitholders.

## **ITEM 10 – RESALE RESTRICTIONS**

### **10.1 General Statement**

These 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 applicable securities legislation.

The Trust is not:

- (a) a reporting issuer in any Canadian province or territory, nor
- (b) a SEDAR filer in any Canadian province or territory.

A transfer or sale of a Class A Trust Unit shall not be binding until the following has occurred:

- (a) the details of the transfer or sale have been reported to the Trust;
- (b) the Trustees have received an acceptable form of transfer; and
- (c) the transfer or sale has been recorded on the applicable registers of the Trust.

The transfer or sale of a Class A Trust Unit must be of a whole Unit, unless such Unit already exists as a fraction.

### **10.2 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 Issuer becomes a reporting issuer in any province or territory of Canada.

For trades in Manitoba:

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) the Issuer 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 the prospectus; or
- (b) 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.

**The foregoing is a summary of resale restrictions relevant to Subscribers of Class A Trust Units offered hereby. The foregoing is not intended to be exhaustive and all Subscribers under this Offering should consult with their own professional advisers with respect to restriction on the transferability of the Class A Trust Units offered hereunder.**

## ITEM 11 – PURCHASER'S RIGHTS

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

### 11.1 Two Day Cancellation Right

You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Issuer by midnight on the second Business Day after you sign the Subscription Agreement to buy Class A Trust Units.

### 11.2 Statutory Rights of Action in the Event of a Misrepresentation

The following statutory rights of action for damages or rescission will apply to a purchase of Class A Trust Units. The applicable securities legislation in certain jurisdictions provides purchasers, or requires purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Subscribers should refer to the applicable legislative provisions of their province or territory for the complete text of these rights and/or consult with a legal advisor.

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

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

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

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

*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 Issuer to cancel your agreement to buy these securities; or
- (b) for damages against:
  - (i) the Issuer and every promoter or director of the Issuer at the time this Offering Memorandum or the amendment to the Offering Memorandum was sent or delivered; and
  - (ii) every person or company whose consent has been filed respecting the offering, but only with respect to reports, opinions or statements that have been made by them; and
  - (iii) every person who or company that, in addition to the persons or companies mentioned in clauses (i) and (ii), signed the Offering Memorandum or an amendment to the Offering Memorandum; and
  - (iv) every person who or company that sells securities on behalf of the Issuer under the Offering Memorandum or an amendment to the Offering Memorandum.

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 from the day of the transaction that gave rise

to the cause of action. In Ontario, British Columbia and Alberta, you must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years from the day of the transaction that gave rise to the cause of action. In Saskatchewan and New Brunswick, you must commence your action for damages within the earlier of one year after learning of the misrepresentation and 6 years from the day of the transaction that gave rise to the cause of action.

If you elect to exercise your right of rescission against the Issuer, you will not have the right of action for damages.

The 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.

In the case of an action for damages, the Issuer will not be liable for all or any part of the damages that it proves does not represent the depreciation in value of the securities resulting from the misrepresentation and in no case will the amount exceed the price at which the securities were offered to you under this Offering Memorandum.

### 11.3 Contractual Rights of Action in the Event of a Misrepresentation

If you are a resident of Manitoba and if there is a misrepresentation in this Offering Memorandum, you have a contractual right set out in your subscription agreement to sue the Issuer:

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

The contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Issuer proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Issuer has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

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 you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.

**The foregoing is a summary only of your rights. You are advised to consult your legal advisors for advice concerning your rights of action.**

#### General

The securities laws of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and New Brunswick are complex. Reference should be made to the full text of the provisions summarized above relating to contractual and statutory rights of action. **Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them. The rights discussed above are in addition to and without derogation from any other rights or remedies which Subscribers may have at law.**

## ITEM 12 – FINANCIAL STATEMENTS

The following financial statements are included as Schedules "E", "F" and "G", respectively, to this Offering Memorandum:

- (i) Audited Financial Statements of the Trust for the year ended December 31, 2014 and the period from June 3, 2013 to December 31, 2013, including the statement of cash flows for the periods then ended and related notes thereto;

- (ii) Interim unaudited financial statements of the Trust for the three and nine months ended September 30, 2015, including the statement of cash flows for the period then ended and related notes thereto; and
- (iii) Unaudited Financial Statements for the Limited Partner for the year ended December 31, 2014, including statement of cash flows for the period then ended and related notes thereto.

The Trust and the Limited Partner prepare their financial statements in accordance with IFRS.

**SCHEDULE "A" TO THE  
AMENDED AND RESTATED OFFERING MEMORANDUM OF  
PACIFIC LANDING @ HAVENWOOD TRUST**

**Trust Indenture**

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**TRUST INDENTURE**

**creating**

PACIFIC LANDING @ HAVENWOOD TRUST

**Amended and restated as of September 17, 2013**

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**THIS AMENDED AND RESTATED TRUST INDENTURE** is made as of the 17<sup>th</sup> day of September, 2013.

**AMONG:**

**RANDY ROYER**, an individual residing in the City of Calgary in the Province of Alberta, ("**R. Royer**") a trustee of the trust constituted by this Trust Indenture

– and –

**RAY PARKS**, an individual residing in the City of Victoria in the Province of British Columbia, (together with R. Royer, hereinafter called the "**Trustees**") of the trust constituted by this Trust Indenture

– and –

**WILLIAM MASLECHKO**, an individual residing in the City of Calgary in the Province of Alberta (hereinafter called the "**Settlor**")

### **RECITALS**

**WHEREAS** pursuant to a trust indenture (the "**Original Indenture**") dated effective June 3, 2013 between the Trustees and the Settlor, the Settlor settled and created the Trust for the purpose of, among other things, acquiring an interest in a British Columbia limited partnership and all transactions related thereto, and paid to the Trustees the sum of \$10.00 (the "**Initial Contribution**") for the purpose of settling the Trust constituted thereby;

**AND WHEREAS** the Trustees agreed to hold the Initial Contribution paid by the Settlor to the Trustees, and all amounts and assets subsequently received under the Original Indenture upon the trusts and in accordance with the provisions hereinafter set forth;

**AND WHEREAS** the Trustees desire that the beneficiaries of the Trust shall be the holders of Trust Units as hereinafter provided;

**AND WHEREAS** it is intended that the Trust will offer the Trust Units for sale and the proceeds shall be used to acquire an interest in a British Columbia limited partnership;

**AND WHEREAS** the Trustees wish to amend and restate the terms of the Original Indenture in accordance with Section 9.2 of the Original Indenture as provided herein;

**NOW THEREFORE THIS INDENTURE WITNESSETH THAT** the parties hereto declare and agree with each other as follows:

### **ARTICLE 1 INTERPRETATION**

#### **1.1 Definitions**

In this Trust Indenture, unless there is something in the subject matter or context inconsistent therewith, the following terms have the meanings ascribed to them below:

- (a) "**Affiliate**" has the same meaning as in the *Securities Act* (Alberta);
- (b) "**Applicable Law**" means, unless the context otherwise dictates, any applicable statute of Canada or of a province or territory of Canada or any applicable regulations, orders, instruments, policies or other laws made under statutory authority by any governmental or regulatory body or agency;

- (c) "**Associate**" means, in relation to another person ("**Other Person**"):
  - (i) a person of which the Other Person beneficially owns or controls, directly or indirectly, voting securities entitling the Other Person to more than 10% of the voting rights attached to outstanding securities of the person;
  - (ii) any person who is a partner of the Other Person;
  - (iii) any trust or estate in which the Other Person has a substantial beneficial interest or in respect of which the Other Person serves as trustee or in a similar capacity;
  - (iv) in the case where the Other Person is an individual, a relative of that individual, including:
    - (A) the spouse of that individual; or
    - (B) a relative of that individual's spouse; if the relative has the same home as that individual;
- (d) "**Auditors**" means the firm of chartered accountants that may be appointed as the auditors of the Trust from time to time in accordance with the provisions hereof;
- (e) "**Beneficiary**" has the meaning given to it in Section 12.2(b);
- (f) "**Bid Trust Units**" has the meaning given to it in Section 3.27(a);
- (g) "**Business Day**" means a day other than a Saturday, Sunday or a day on which the principal chartered banks located at Calgary, Alberta are not open for business;
- (h) "**Cash Redemption Price**" has the meaning given to it in Section 6.3;
- (i) "**Class**" means a particular class of Trust Units;
- (j) "**Class A Trust Units**" means those Trust Units designated as Class A Trust Units;
- (k) "**Class A Unitholder**" means, at any time, a holder at that time of one or more Class A Trust Units, as shown on any of the Registers and such holders are collectively called "**Class A Unitholders**";
- (l) "**Close of Business**" means 5:00 p.m. (Calgary time) on a particular date;
- (m) "**control**" and related terms including "controlling" and "controlled", shall mean the possession by or on behalf of a person, directly or indirectly, of voting securities of another person (i) which carry more than 50% of the votes that may be cast to elect directors (or other persons serving in a capacity similar to directors of a corporation) of such other person, other than for the purpose of giving collateral for a bona fide debt, and (ii) where the votes carried by the securities referred to in clause (i) are sufficient, if exercised, to elect a majority of the board of directors (or other person serving in a capacity similar to directors of a corporation) of such other person;
- (n) "**Distribution Record Date**" means the last day of each calendar month or such other date as may be determined from time to time by the Trustee, except that December 31 shall in all cases be a Distribution Record Date;
- (o) "**First Redemption Period**" has the meaning given to it in Section 6.3(a);
- (p) "**Governing Authority**" means any stock exchange or any court or governmental department, regulatory body, commission, board, bureau, agency, or instrumentality of Canada, or of any state, province, territory,

county, municipality, city, town or other political jurisdiction whether domestic or foreign and whether now or in the future constituted or existing;

- (q) "**IFRS**" means International Financial Reporting Standards applicable to the Trust, as such principles are established and revised by the International Accounting Standards Board (or any successor organization) from time to time, applied on a consistent basis;
- (r) "**Internal Reorganization**" means the sale, lease, exchange, transfer or other disposition of the Trust Property (whether or not involving all or substantially all of the Trust Property), the result of which the Trust has substantially the same interest, whether direct or indirect, in the Trust Property that it had prior to the reorganization and, for greater certainty, includes an amalgamation, arrangement or merger of the Trust and its Affiliates with any entities;
- (s) "**Meeting of Unitholders**" shall mean and include, as the circumstances require, both an ordinary meeting of Unitholders and any other meeting of Unitholders;
- (t) "**Net Income**" or "**Net Loss**" of the Trust for any taxation year means the income or loss of the Trust for such year computed in accordance with the provisions of the Tax Act other than paragraph 82(1)(b) and subsection 104(6) of the Tax Act regarding the calculation of income for the purposes of determining the "taxable income" of the Trust thereunder; provided, however, that (i) no account shall be taken of any gain or loss, whether realized or unrealized, that would, if realized, be a capital gain or capital loss for the purposes of the Tax Act; (ii) if any amount has been designated by the Trust under subsection 104(19) of the Tax Act, such designation shall be disregarded; (iii) if such calculation results in income there shall be deducted the amount of any non-capital losses (as defined in the Tax Act) of the Trust for any preceding years, and Net Income of the Trust for any period means the income of the Trust for such period computed in accordance with the foregoing as if that period were the taxation year of the Trust;
- (u) "**Net Realized Capital Gains**" of the Trust for any taxation year of the Trust shall be determined as the amount, if any, by which the aggregate of the capital gains of the Trust for the year exceeds (i) the aggregate of the capital losses of the Trust for the year, (ii) any capital gains which are realized by the Trust as a result of a redemption of Trust Units pursuant to Article 6, and (iii) the amount determined by the Trustees in respect of any net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for the year;
- (v) "**Non-resident**" means a person who, at the relevant time, is not resident in Canada within the meaning of the Tax Act and includes a partnership that is not a Canadian partnership within the meaning of the Tax Act;
- (w) "**Non-Tendering Offeree**" means, in the case of a take-over bid made for Bid Trust Units, a holder of Bid Trust Units who does not accept the take-over bid, and includes a subsequent holder of such Bid Trust Units who acquires them from the first mentioned holder;
- (x) "**Offeree**" means a person to whom a take-over bid is made;
- (y) "**Offering**" means any issuance, offering or sale of Trust Units or Other Trust Securities;
- (z) "**Offering Documents**" means any one or more of a term sheet, an information memorandum, private placement offering memorandum, prospectus and similar public or private offering document, or any understanding, commitment or agreement to issue or offer Trust Units or any Other Trust Securities;
- (aa) "**Offeror**" means a person, other than an agent, who makes a take-over bid, and includes two or more persons who, directly or indirectly, make a take-over bid jointly or in concert;

- (bb) **"Ordinary Resolution"** means
- (i) a resolution passed by more than 50% of the votes cast by those Unitholders entitled to vote on such resolution, whether cast in person or by proxy, at a Meeting of Unitholders, at which a quorum was present, called (at least in part) for the purpose of approving such resolution, or
  - (ii) a resolution approved in writing, in one or more counterparts, by holders of more than 50% of the votes represented by those Trust Units entitled to be voted on such resolution;
- (cc) **"Other Trust Securities"** means any type of securities of the Trust, other than Trust Units, including options, rights, warrants and other securities convertible into or exercisable for Trust Units or other securities of the Trust (including convertible debt securities, subscription receipts and installment receipts);
- (dd) **"Partnership"** means the Pacific Landing Limited Partnership and its successors;
- (ee) **"Redemption Date"** has the meaning given to it in Section 6.2;
- (ff) **"Redemption Notes"** means promissory notes issued in series, or otherwise, by the Trust and issued to redeeming Unitholders in principal amounts equal to the Cash Redemption Price per Trust Unit multiplied by the number of Trust Units to be redeemed and having the following terms and conditions:
- (i) unsecured and bearing interest from and including the issue date of each such note at a market rate determined at the time of issuance, as determined by the Trustees and payable monthly in arrears (with interest after as well as before maturity, default and judgement, and interest on overdue interest at such rate);
  - (ii) subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into by the Trustees pursuant to the note indenture with holders of senior indebtedness;
  - (iii) subject to earlier prepayment, being due and payable on the fifth anniversary of the date of issuance; and
  - (iv) subject to such other standard terms and conditions as would be included in promissory notes of this kind, as may be approved by the Trustees;
- (gg) **"Register"** has the meaning given to in Section 3.16;
- (hh) **"Second Redemption Period"** has the meaning given to it in Section 6.3(b);
- (ii) **"Special Resolution"** means
- (i) a resolution passed by more than 66 2/3% of the votes cast by those Unitholders entitled to vote on such resolution, whether cast in person or by proxy, at a Meeting of Unitholders, at which a quorum was present, called (at least in part) for the purpose of approving such resolution, or
  - (ii) a resolution approved in writing, in one or more counterparts, by holders of more than 66 2/3% of the votes represented by those Trust Units entitled to be voted on such resolution;
- (jj) **"Subscription Agreement"** means the subscription agreement that needs to be completed by a subscriber for the purchase of Trust Units;
- (kk) **"Subscription Price"** has the meaning given to it in Section 6.3(a);

- (ll) "**Tax**" or "**Taxes**" means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, royalties, duties, deductions, compulsory loans or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and worker compensation premiums, together with any installments, and any interest, fines and penalties, imposed by any Governmental Authority, whether disputed or not;
- (mm) "**Tax Act**" means the *Income Tax Act* (Canada), and all regulations thereunder, as amended from time to time;
- (nn) "**this Trust Indenture**", "**this Indenture**", "**hereto**", "**herein**", "**hereof**", "**hereby**", "**hereunder**" and similar expressions refer to this amended and restated trust indenture, including the Schedules hereto, as the same may be amended, restated or modified from time to time, and includes every instrument supplemental or ancillary to or in implementation of this Trust Indenture and, except where the context otherwise requires, does not refer to any particular Article, Section or other portion hereof or thereof;
- (oo) "**Trustees**" mean Randy Royer and Ray Parks, in their capacities as initial trustees of the Trust, or as of any particular time, any successor trustees of the Trust in accordance with the provision of this Trust Indenture;
- (pp) "**Trust**" means the trust constituted by this Trust Indenture;
- (qq) "**Trust Property**", at any time, means all of the money, properties, whether real or personal, and other assets of any nature or kind whatsoever as are, at such time, held by the Trust or by the Trustees on behalf of the Trust. For clarity, any reference to "property" or "assets" includes, where the context requires, in each case, the Trust Property;
- (rr) "**Trust Unit**" means a trust unit of the Trust, of whichever class, as described in Section 3.1;
- (ss) "**Unit Certificate**" means a certificate, in the form approved by the Trustees, evidencing one or more Trust Units, issued and certified in accordance with the provisions hereof; and
- (tt) "**Unitholder**" or "**holder of Units**" means, at any time, a holder at that time of one or more Trust Units, as shown on any of the Registers and such holders are collectively called "**Unitholders**".

## 1.2 References to Acts Performed by the Trust

For greater certainty, where any reference is made in this Trust Indenture to:

- (a) an act to be performed by the Trust or to rights of the Trust, such reference shall be construed and applied for all purposes to refer to an act to be performed by the Trustees on behalf of the Trust or by some other person duly authorized to do so by the Trustees or pursuant to the provisions hereof;
- (b) actions, rights or obligations of the Trustees; and
- (c) such reference shall be construed and applied for all purposes to refer to actions, rights or obligations of the Trustees in their capacities as Trustees of the Trust, as the case may be, and not in their other capacities, unless the context clearly requires otherwise.

## 1.3 Extended Meanings

In this Trust Indenture, unless herein otherwise expressly provided or unless the context otherwise requires, words importing the singular number include the plural, and vice-versa and words importing a gender shall include the feminine, masculine and neuter genders. Where the word "including" or "includes" is used in this Trust

Indenture it means "including without limitation" or "includes without limitation", respectively. Any reference to any document shall include a reference to any schedule, amendment or supplement thereto or any agreement in replacement thereof, all as permitted under such document.

#### **1.4 Statutory References**

A reference herein to any statute includes every regulation (and other similar ancillary instrument having the force of law) made pursuant thereto, all amendments to the statute or to any such regulation (or other similar ancillary instrument) in force from time to time, and any statute or regulation (or other similar ancillary instrument) which supplements or supersedes such statute or regulation (or other similar ancillary instrument); and a reference to any section or provision of a statute includes all amendments to such section or provision, as made from time to time, and all sections or provisions which supplement or supersede such section or provision referred to herein.

#### **1.5 Headings for Reference Only**

The division of this Trust Indenture into Articles, Sections and Schedules, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Trust Indenture. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Trust Indenture.

#### **1.6 Day Not a Business Day**

Except as otherwise set out herein, in the event that any day on which any amount is to be determined or any other determination is to be made or any action is required to be taken hereunder is not a Business Day, then, subject to the discretion of the Trustees, such amount shall be determined, or such other determination shall be made, or such action shall be required to be taken, at or before the requisite time on the next succeeding day that is a Business Day.

#### **1.7 Governing Law**

This Trust Indenture and the Unit Certificates shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The parties hereto hereby irrevocably submit and attorn to the jurisdiction of the courts of the Province of Alberta.

#### **1.8 Schedules**

Any Schedules attached hereto are incorporated by reference herein and form an integral part of this Trust Indenture.

#### **1.9 Currency**

Unless otherwise specified, all references herein to currency shall be references to currency of Canada.

## **ARTICLE 2 DECLARATION OF TRUST**

#### **2.1 Settlement of Trust**

The Settlor has deposited, with the Trustees, the sum of \$10.00 for the purpose of creating and settling the Trust and the Settlor has been issued one (1) Class A Trust Unit. Receipt of such \$10.00 bill has been acknowledged by the Trustees.

## **2.2 Declaration of Trust**

The Trustees hereby agree to act as Trustees on behalf of, and to hold, use and administer the Trust Property in trust for the benefit of, the Unitholders and their permitted assigns and personal representatives in accordance with and subject to the terms and conditions hereinafter declared and set forth, such trust to constitute the Trust hereunder.

## **2.3 Name of Trust**

The Trust shall be known and designated as "Pacific Landing @ Havenwood Trust" and, whenever lawful and convenient, the Trust Property shall be held and the affairs of the Trust shall be conducted and transacted under that name. The Trust, with the consent of the Trustees, may use such other designation or may adopt such other name as the Trustees deem appropriate, and the Trust may hold property and conduct and transact its affairs under such other designation or name.

## **2.4 Office**

The principal office and centre of administration of the Trust shall be located at Calgary, Alberta, or such other place or places in Canada as the Trustees may from time to time designate and will initially be located at Suite 208, 6025 12th Street SE, Calgary, Alberta T2H 2K1.

## **2.5 Fiscal Year**

The fiscal year of the Trust shall end on the last day of December in each year and the first fiscal year of the Trust shall end on December 31, 2013.

## **2.6 Nature of the Trust**

The Trust is an open-end, unincorporated trust, established for the purpose specified in Section 4.1. The Trust is not, is not intended to be, shall not be deemed to be and shall not be treated as, a general partnership, limited partnership, syndicate, association, joint venture, company, corporation or joint stock company; further, neither the Trustees, nor the Unitholders, nor any of them, shall be, or be deemed to be, treated in any way whatsoever as liable or responsible hereunder as partners or joint venturers. The Trustees shall not be, or be deemed to be, agents of the Unitholders. The relationship of the Unitholders to the Trustees shall be solely that of beneficiaries of the Trust, and their rights shall be limited to those expressly conferred upon them by this Trust Indenture.

## **2.7 Mutual Fund Trust Election**

In filing a return of income for the Trust's first taxation year, the Trust shall elect to be deemed to be a "mutual fund trust" for purposes of the Tax Act from the beginning of its first taxation year until the particular time, provided that the Trust has become a "mutual fund trust" for the purposes of the Tax Act at any particular time before the 91<sup>st</sup> day after the end of the Trust's first taxation year.

## **2.8 Rights of Unitholders and Ownership of Trust Property**

- (a) Except as otherwise expressly provided for herein, no Unitholder shall be entitled to interfere with, or give any direction to, the Trustees with respect to the affairs of the Trust or in connection with the exercise of any powers or authorities conferred upon the Trustees under this Trust Indenture.
- (b) The legal ownership of the Trust Property and the right to conduct the affairs of the Trust are vested exclusively in the Trustees, or such other persons as the Trustees may determine or as are permitted in accordance with the terms hereof, and the Unitholders shall have no interest therein other than the interest specifically set forth in this Trust Indenture and they shall have no right to compel or call for any

redemption of Trust Units or any partition, division, dividend or distribution of the Trust Property, except as specifically provided herein.

- (c) Trust Units shall be personal property and shall confer upon the holders thereof only the interest and rights as specifically set forth in this Trust Indenture.

## **2.9 Unitholders Bound**

This Trust Indenture shall be binding upon all persons who become Unitholders from time to time. By acceptance of a Unit Certificate representing any Trust Units upon completion of a purchase of any such Trust Units, the Unitholder thereof shall be deemed to agree to be bound, and shall be so bound, by this Trust Indenture. Furthermore, where applicable, this Trust Indenture shall be binding upon all persons who from time to time hold Other Trust Securities, and acceptance of a certificate or confirmation of purchase of such Other Trust Securities in whatever manner shall result in such holder of Other Trust Securities being deemed to agree to be bound, and shall be so bound, by the applicable provisions of this Trust Indenture.

## **ARTICLE 3 CREATION, ISSUE AND SALE OF TRUST UNITS**

### **3.1 Nature of Trust Units**

- (a) All of the beneficial interest in the Trust shall be divided into interests of multiple classes of Trust Units, but initially there shall be one class referred to as Class A Trust Units. Each Class A Trust Unit shall entitle the holder or holders thereof to one vote at a Meeting of the Unitholders. All Trust Units in a Class shall rank among themselves equally and rateably without discrimination, preference or priority. The Trustees may, in their discretion, determine the designation, priority and attributes of a Class, which may include: the initial closing date and offering price for the first issuance of Trust Units, any minimum initial or subsequent investment thresholds, minimum aggregate net asset value balances to be maintained by Unitholders, and procedures in connection therewith (including a requirement to redeem Trust Units), the fees payable to the Trustees, if any, as management, performance, or other fees, the organization, sales and redemption fees to be paid upon the acquisition, over time or on redemption of Trust Units, the frequency of subscriptions or redemptions, the period of time Trust Units must be held before they may be redeemed, the period of notice required for redemption of Trust Units, minimum redemption amounts and any other limits on redemption, convertibility among Classes, voting rights, entitlements to distributions and such additional Class specific attributes as the Trustees may in their discretion specify. The Trustees may prescribe in their discretion the maximum number of Trust Units or maximum dollar amount of Trust Units that may be sold in the Trust. Class attributes may be prescribed by the Trustees from time to time.
- (b) Class attributes of Trust Units may be amended from time to time in accordance with the provision of this Trust Indenture.
- (c) Trust Units and fractions thereof shall be issued only as fully paid and once issued, shall be non-assessable. There shall be no limit to the number of Trust Units that may be issued, subject to any determination to the contrary made by the Trustees in their sole discretion. No Trust Unit or fraction thereof of the same Class shall have any rights, preference or priorities over any other Trust Unit of the same Class and each Trust Unit of the same Class will represent an equal undivided interest in the net assets of the Trust attributable to the Class of Trust Unit.
- (d) The Trustees may add additional Classes of Trust Units at any time, without the prior approval of Unitholders.
- (e) At any time and from time to time after providing a Unitholder with thirty (30) days' prior written notice, the Trustees may redesignate outstanding Trust Units of a Class issued to the Unitholder as Trust Units of another Class having an aggregate equivalent value per Trust Unit.

### **3.2 Authorized Number of Securities**

The aggregate number of Trust Units that are authorized and may be issued hereunder is unlimited. The aggregate number of Other Trust Securities which are authorized and may be issued hereunder is unlimited.

### **3.3 Issue of Trust Units**

Trust Units may be issued at the times, to the Unitholders, for the consideration and on the terms and conditions that the Trustees determine in their absolute discretion. The Trustees may provide for the payment by the Trust of commissions or may allow discounts to Unitholders in consideration of their subscribing or agreeing to subscribe, whether absolutely or conditionally, for Trust Units or of their agreeing to produce subscriptions therefor, whether absolute or conditional.

### **3.4 Subdivision of Trust Units**

The Trustees may, at any time or times and on not less than 14 days' notice in writing, give to each Unitholder a notice that each Trust Unit shall be subdivided into additional Trust Units whereupon each Trust Unit shall stand subdivided accordingly. The Trustees shall thereupon send or cause to be sent to each Unitholder a written confirmation indicating the number of additional Trust Units to which the Unitholder has become entitled by reason of the subdivision. The Trustees shall also take such steps as may be necessary to update the Register of Unitholders of the Trust.

### **3.5 Consolidation of Trust Units**

The Trustees may, at any time or times and on not less than 14 days' notice in writing, give to each Unitholder a notice that each Trust Unit shall be consolidated into a fraction of a Trust Unit whereupon each Trust Unit shall stand consolidated accordingly. The Trustees shall thereupon send or cause to be sent to each Unitholder a written confirmation indicating the basis of consolidation and the number of Trust Units which the Unitholder then owns. The Trustees shall also take such steps as may be necessary to update the Register of Unitholders of the Trust.

### **3.6 Rights, Warrants and Options**

The Trustees may create and issue rights, warrants or options to subscribe for fully paid Trust Units and may issue Trust Units on an installment receipt basis. Such rights, warrants or options may be exercisable, and such installment receipts may be issued, at such subscription price or prices and at such time or times as the Trustees may determine. The rights, warrants or options so created may be issued for such consideration or for no consideration, all as the Trustees may determine. A right, warrant or option is not a Trust Unit and a holder thereof is not a Unitholder.

### **3.7 Trust Units Fully Paid and Non-Assessable**

- (a) Subject to allowable discounts (if any) as referred to in Section 3.3, Trust Units are only to be issued when fully paid and are not subject to future calls or assessments.
- (b) The consideration for any Trust Unit issued by the Trust shall be paid in money or in property or in past services that are not less in value than the fair equivalent of the money that the Trust would have received if the Trust Unit had been issued for money.

### **3.8 No Conversion, Retraction, Redemption or Pre-Emptive Rights**

No person shall be entitled, as a matter of right, to subscribe for or purchase any Trust Unit, and except as otherwise set forth herein, there are no conversion, retraction, redemption or pre-emptive rights attaching to the Trust Units.

### 3.9 Non-Resident Ownership Constraints

- (a) It is in the best interest of the Unitholders that the Trust always qualifies as a "mutual fund trust" under the Tax Act and this requires, among other things, that the Trust shall not be established or maintained primarily for the benefit of Non-residents. In addition, it is in the best interest of the Unitholders that the Trust not be considered an "investment company", if possible, required to register as an "investment company" or controlled by an "investment company" for the purposes of the United States *Investment Company Act of 1940*, as amended. Accordingly, for so long as it is required by the Tax Act for the Trust to maintain its status as a "mutual fund trust" at no time may Non-residents be the beneficial owners of more than 49% of the outstanding Trust Units, on both a non-diluted and fully-diluted basis, and, if necessary, at no time may more than 100 persons resident in the United States (as determined by the Trustees) be the beneficial owners of Trust Units. It shall be the responsibility of the Trustees to monitor compliance by the Trust with these Non-resident restrictions (collectively, the "**Non-resident Restriction**") in accordance with the published policies of the relevant taxation authority and otherwise in relation to the United States *Investment Company Act of 1940*, as amended.
- (b) Notwithstanding anything herein contained, the Trustees (or any delegate thereof) may (at the expense of the Trust), at any time and from time to time, take all such actions as they determine in their discretion is reasonable and practicable in the circumstances in order to ensure compliance by the Trust with the Non-resident Restriction, including (i) obtaining declarations from Unitholders as to whether such securities held thereby are held by or for the benefit of Non-residents, or declarations from Unitholders or others as to the jurisdictions in which beneficial owners of securities of the Trust are resident in Canada for Canadian income tax purposes, (ii) performing residency searches of Unitholder and beneficial holder mailing address lists to determine or estimate, to the extent practicable, the residence for Canadian income tax purposes of beneficial holders of Trust Units, and (iii) placing such other limits on ownership of securities by the Trust by Non-residents as the Trustees may deem necessary in their sole discretion to maintain the Trust's status as a "mutual fund trust" and ensure that the Trust is not an "investment company" required to be registered under United States *Investment Company Act of 1940*, as amended.
- (c) If at any time the Trustees, in their sole discretion, determines that it is in the best interest of the Trust, the Trustees, may:
- (i) require the Trust to refuse to accept a subscription for securities of the Trust from, or issue or register a transfer of securities of the Trust to, a person unless the person provides a declaration to the Trustees that the securities of the Trust to be issued or transferred to such person will not when issued or transferred be beneficially owned by a Non-resident;
  - (ii) send a notice to registered holders of securities of the Trust which are beneficially owned by Non-residents, chosen in inverse order to the order of acquisition or registration of such securities beneficially owned by Non-residents, or chosen in such other manner as the Trustees may consider equitable and practicable, requiring such Non-resident holders to sell their securities of the Trust, or a specified portion thereof, within a specified period of not less than 60 days or such shorter period as may be required to preserve the status of the Trust as a "mutual fund trust" under the Tax Act or ensure the Trust is not an "investment company" required to be registered under United States *Investment Company Act of 1940*, as amended. If the holders of securities of the Trust receiving such notice have not, within such period, sold the specified number of such securities or provided the Trustees with evidence satisfactory to the Trustees that such securities are not beneficially owned by Non-residents, the Trustees may, on behalf of such registered Unitholder, sell such securities and, in the interim and to the extent applicable, suspend the voting and distribution rights attached to such securities of the Trust. Any such sale shall be made in such manner in which the Trustees shall determine, and upon such sale, the affected securityholders shall cease to be holders of such securities so disposed of and their rights shall be limited to receiving the net proceeds of sale (net of applicable taxes and costs of sale) upon surrender of the certificates representing such securities; and

- (iii) take such other actions as the Trustees determine, in their sole discretion, may be appropriate in the circumstances that will reduce or limit the number of securities of the Trust held by Non-residents to ensure that the Trust is not established or maintained primarily for the benefit of Non-residents and is not considered an "investment company" required to be registered under United States *Investment Company Act of 1940*, as amended.
- (d) The Trustees shall not have any liability in connection with sales of securities of the Trust made pursuant to Section 3.9(c)(ii), including in respect of the amounts received upon such sales and the costs incurred in connection with such sales.
- (e) None of the Trustees or any holder of Trust Units, shall be liable for a determination that the Trust is an "investment company" or is an "investment company" required to be registered under United States *Investment Company Act of 1940*, as amended, or that the Trust is established or maintained primarily for the benefit of Non-residents as a result of an excess number of securities of the Trust being held by Non-residents during the term of the Trust.
- (f) It is acknowledged that at any time that Trust Units are registered in the name of depositories or other non-beneficial holders, the ability of the Trustees to monitor compliance by the Trust with the Non-resident Restriction will be limited, and in this regard the Trustees shall be entitled to rely on information respecting the residency of Unitholders provided in any Subscription Agreement or directly by the depositories or other non-beneficial holders to the Trustees and the Trustees may exercise their discretion in making any determination under this Section 3.9, and any reasonable and bona fide exercise of such discretion shall be binding for the purpose of this Section 3.9.
- (g) Notwithstanding any other provision of this Trust Indenture, unless determined otherwise by the Trustees, Non-residents, whether registered holders or beneficial holders of securities of the Trust, shall not be entitled to vote in respect of any Special Resolution to amend this Section 3.9.

### **3.10 Declaration as to Beneficial Ownership**

The Trustees may require any Unitholder as shown on the Register of Unitholders to provide a declaration, in form prescribed by the Trustees, as to the beneficial owner of Trust Units registered in such Unitholder's name and as to the jurisdiction in which such beneficial owner is resident for Canadian income tax purposes or for the purposes of the United States *Investment Company Act of 1940*, as amended, and the Unitholders shall comply with any such request.

### **3.11 Unit Certificates**

The Trustees may determine not to issue any Unit Certificates, in which case the Register shall be a conclusive record of the Unitholders of the Trust. In the absence of a determination by the Trustees not to issue any Unit Certificates, each Unitholder, with respect to each class of Trust Units held thereby, shall be entitled to a Unit Certificate bearing an identifying certificate number in respect of the Trust Units of such class(es) held by it, signed in the manner hereinafter prescribed.

The Trust is not bound to issue more than one Unit Certificate in respect of any Trust Unit(s) held jointly or in common by two or more persons, and delivery of a Unit Certificate to one of them shall be sufficient delivery to all.

### **3.12 Execution of Unit Certificates**

Unit Certificates for Trust Units shall be signed on behalf of the Trust by any one of the Trustees in respect of the particular class of Trust Units in question. The signature of any one of the Trustees required on Unit Certificates may be printed or otherwise mechanically reproduced thereon and Unit Certificates so signed are as valid as if they had been signed manually. If a Unit Certificate contains a printed or mechanically reproduced signature of a person, then the Trust may issue the Unit Certificate even though the person has ceased to be an

authorized representative of the Trustees and such Unit Certificate is as valid as if the person continued to be an authorized representative of the Trustees at the date of its issue.

### **3.13 Certificate Fee**

The Trustees may establish a reasonable fee to be charged for every Unit Certificate issued.

### **3.14 Form of Unit Certificate**

Unit Certificates shall be in such form as is from time to time authorized by the Trustees. The definitive form(s) of the Unit Certificates for each class of Trust Units may be in English only or, in the discretion of the Trustees, in the English and French languages. Unit Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Trustees may determine and may have such letter, numbers or other marks of identification and such legends or endorsements placed thereon as may be required hereunder or as may be necessary to comply with Applicable Law and the rules of any securities regulatory authority or exchange, or as may be determined by the Trustees. In connection with any removal, or request for removal, of any legend or endorsement on the Unit Certificates the Trustees shall be entitled to require, among other things, such declarations as to residency and such opinions, from appropriate persons (including Unitholders), as it considers prudent or necessary.

### **3.15 Fractional Trust Units**

If as a result of any act of the Trustees hereunder any person becomes entitled to a fraction of a Trust Unit, such person shall not be entitled to receive a Unit Certificate therefor. Fractional Trust Units of a class which entitle the holders thereof to vote at a Meeting of Unitholders shall not, except to the extent that they may represent in the aggregate one or more whole Trust Units held by the same holder, entitle the holders thereof to notice of, or to attend or to vote at, a Meeting of Unitholders. Subject to the foregoing, fractional Trust Units of a particular class shall have attached thereto the rights, restrictions, conditions and limitations attaching to whole Trust Units of such class in the proportion that they bear to a whole Trust Unit.

### **3.16 Trust Unit Register**

A register (the "**Register**" and where more than one, the "**Registers**") shall be kept by, or on behalf and under the direction of, the Trustees in respect of each class of Trust Units, and each Register shall contain the names and addresses of Unitholders, the respective numbers of Trust Units held by such Unitholders, the certificate numbers of the Unit Certificates held by them, and a record of all transfers thereof.

Except as may otherwise be provided in this Trust Indenture, only persons whose Trust Units are recorded on the Registers shall be entitled to vote or to receive distributions, as the case may be, or otherwise exercise or enjoy the rights of Unitholders.

### **3.17 Entry on Register**

Upon any issue of Trust Units, the name of the subscriber or other person entitled to such Trust Units shall be promptly entered on the Register as the owner of the number of Trust Units issued to such subscriber or other person, or if the subscriber is already a Unitholder, the Register shall be amended to include such subscriber's additional Trust Units.

### **3.18 Transfer of Trust Units**

- (a) Subject to the provisions of this Article 3, no transfer of Trust Units shall be effective as against the Trustees or shall be in any way binding upon the Trustees, until the following has occurred:
  - (i) the details concerning the transfer, including name, address and country of residence of the transferee, as well as the price per Trust Unit at which the sale and transfer has occurred, have

been reported to the Trust; unless the Trustees determine that such information need not be provided;

- (ii) the Trustees have received a form of transfer acceptable to the Trustees which shall include such representations and/or opinions or other assurance regarding compliance with applicable securities laws; and
  - (iii) the transfer has been recorded on the applicable Register.
- (b) In the case of Unit Certificates bearing a legend restricting the transfer of the Trust Units under applicable United States federal and state securities laws, the Trustees shall not register such transfer unless the transferor has provided the certificate representing the Trust Units and the transfer is being made (i) to the Trust, (ii) outside the United States in compliance with the requirements of Rule 904 of Regulation S promulgated under the United States *Securities Act of 1933*, as amended, and in compliance with applicable local laws and regulations, (iii) in compliance with the exemption from registration under the United States *Securities Act of 1933*, as amended, provided by Rule 144 or Rule 144A thereunder, if available, and in accordance with applicable state securities laws, or (iv) in another transaction that does not require registration under the United States *Securities Act of 1933*, as amended, or any applicable state securities laws, and the holder has prior to such sale furnished to the Trust an opinion of counsel of recognized standing in form and substance satisfactory to the Trust to such effect.
- (c) No transfer of a Trust Unit shall be recognized unless such transfer is of a whole Trust Unit unless such Trust Unit already exists as a fraction.
- (d) Subject to the provisions of this Article 3, Trust Units shall be transferable on the applicable Register or one of the branch transfer registers of Unitholders of the Trust only by the Unitholders of record thereof or their executors, administrators or other legal representatives or by their agents hereunto duly authorized in writing, and only upon delivery to the Trustees, of the Unit Certificate therefore (if certificates representing such Class of Trust Units have been issued) properly endorsed or accompanied by a duly executed instrument of transfer and accompanied by all necessary transfer or other taxes imposed by law, together with such evidence of the genuineness of such endorsement, execution and authorization and other matters that may reasonably be required by the Trustees. Subject to the foregoing, such transfers shall be recorded on the applicable Registers and a new Unit Certificate for the Trust Units so transferred shall be issued to the transferee and, in case of a transfer of only part of the Trust Units represented by any Unit Certificate, a new Unit Certificate for the remaining Trust Units shall be issued to the transferor.

### **3.19 Successors in Interest to Unitholders**

Subject to Section 3.9, upon a person becoming entitled to any Trust Units as a consequence of the death, bankruptcy or incapacity of any Unitholder or otherwise by operation of law, and upon production by such person of such documentation as the Trustees may reasonably require in order to evidence such entitlement of such person, such person shall be recorded in the Registers as the holder of such Trust Units and shall receive a new Unit Certificate therefor upon production of evidence of such entitlement satisfactory to the Trustees and delivery of the existing Unit Certificate to the Trustees, but until such record is made, the Unitholder of record shall continue to be and be deemed to be the holder of such Trust Units for all purposes whether or not the Trust or the Trustees shall have actual or other notice of such death, bankruptcy, incapacity or other event.

### **3.20 Trust Units Held Jointly or in Fiduciary Capacity**

The Trust may treat two or more persons holding any Trust Unit as joint owners of the entire interest therein unless the ownership is expressly otherwise recorded on the Registers, but no entry shall be made in the Registers or on any Unit Certificate that any person is in any other manner entitled to any future, limited or contingent interest in any Trust Unit; provided, however, that any person recorded in the Registers as a Unitholder may, subject to the provisions herein contained, be described in the Registers or on any Unit Certificate as a fiduciary of any kind and any customary words may be added to the description of the holder to identify the nature

of such fiduciary relationship; provided further that none of the Trust or the Trustees shall be required to recognize a person as having any interest in the Trust Unit, other than the person recorded in the Registers as the holder of such Trust Unit.

### **3.21 Performance of Trust**

None of the Trustees, the Unitholders, or other agent of the Trust shall have a duty to inquire into any claim that a transfer of a Trust Unit was or would be wrongful or that a particular adverse person is the owner of or has an interest in the Trust Unit or any other adverse claim, or be bound to see to the performance of any trust, express or implied or of any charge, pledge or equity to which any of the Trust Units or any interest therein are or may be subject, or to ascertain or inquire whether any sale or transfer of any such Trust Units or interest therein by any Unitholder or their personal representatives is authorized by such trust, charge, pledge or equity, or to recognize any person as having any interest therein, except for the person recorded as Unitholder of such Trust Unit.

### **3.22 Lost Unit Certificates**

In the event that any Unit Certificate is lost, stolen, destroyed or mutilated, the Trustees may authorize the issuance of a new Unit Certificate for the same number and class of Trust Units in lieu thereof and the Trustees may in their discretion, before the issuance of such new Unit Certificate, require the owner of the lost, stolen, destroyed or mutilated Unit Certificate, or the legal representative of the owner, to make such affidavit or statutory declaration, setting forth such facts as to the loss, theft, destruction or mutilation as the Trustees deem necessary and may require the applicant to supply to the Trust a "lost certificate" or similar bond in such reasonable amount as the Trustees direct indemnifying the Trustees for so doing. The Trustees shall have the power to acquire from an insurer or insurers a blanket lost certificate security bond or bonds in respect of the replacement of lost, stolen, destroyed or mutilated Unit Certificates. The Trust shall pay all premiums and other sums of money payable for such purpose out of the Trust Property with such contribution, if any, by those insured as may be determined by the Trustees. If such blanket lost certificate security bond is acquired, the Trustees may authorize and direct (upon such terms and conditions as it may from time to time impose) the Trustees or others to whom the indemnity of such bond extends, to take such action to replace such lost, stolen, destroyed or mutilated Unit Certificates without further action or approval by the Trustees.

### **3.23 Death of Unitholders**

The death of a Unitholder during the continuance of the Trust shall not terminate the Trust or any of the mutual or respective rights and obligations created by or arising under this Trust Indenture nor give such Unitholder's personal representative, or the heirs of the estate of the deceased Unitholder, a right to an accounting or to take any action in court or otherwise against other Unitholders or the Trustees or the Trust Property, but shall only entitle the personal representatives or heirs of the deceased Unitholder, in accordance and upon compliance with the provisions of Section 3.19, to succeed to all rights of the deceased Unitholder under this Trust Indenture.

### **3.24 Unclaimed Payments**

In the event that the Trustees shall hold any amount of return of capital or other distributable amount which is unclaimed or which cannot be paid for any reason, none of the Trustees or any distribution disbursing agent shall be under any obligation to invest or reinvest the same and they shall only be obliged to hold the same in a current non-interest-bearing account pending payment to the person or persons entitled thereto. The Trustees shall, as and when required by law, and may at any time prior to such required time, pay all or part of such return of capital or other distributable amount so held, net of any amount required to be withheld by the Tax Act, to the public trustees or a court in the province where the Trust has its head office (or other appropriate government official or agency) whose receipt shall be a good release, acquittance and discharge of the obligations of the Trustees with respect thereto.

### 3.25 Exchanges of Trust Certificates

Unit Certificates representing any number of Trust Units may be exchanged for Unit Certificates representing an equivalent number of Trust Units of the same class, in the aggregate. Any exchange of Unit Certificates may be made at the office of the Trust where the Registers are maintained for the Unit Certificates pursuant to the provisions of this Article 3. Any Unit Certificates tendered for exchange shall be surrendered to the Trustees and shall be cancelled. The Unitholder shall be responsible for all transfer and exchange fees associated with any such exchange.

### 3.26 Repurchase of Securities

The Trust shall be entitled to offer, and upon acceptance of such offer, to purchase for cancellation, at any time, by private agreement or otherwise, the whole or from time to time any part of the outstanding Trust Units, or Other Trust Securities, in respect of which the offer was accepted, at a price per security and on a basis as determined by the Trustees in their discretion but in compliance with all Applicable Laws, rules, regulations or policies governing same. For greater certainty, the Trust has the right to undertake and complete all purchases as may be necessitated as a result of subscribers exercising, in connection with any Offering, their statutory or contractual (as the case may be) rights of withdrawal or rescission. Trust Units purchased by the Trust will be cancelled.

In conjunction with any offering of any additional Class A Trust Units, the Trust will repurchase the initial Class A Trust Unit from the Settlor and the Settlor shall sell the initial Class A Trust Unit to the Trust for an aggregate purchase price of \$10.00 and, upon the completion of such purchase and sale, the initial Class A Trust Unit shall be cancelled and shall no longer be outstanding for any of the purposes of this Indenture.

### 3.27 Take-Over Bids

- (a) If there is a take-over bid for all of the outstanding Trust Units and, within 120 days after the date of such take-over bid, the bid is accepted by holders holding not less than 90% of the Trust Units (collectively such Trust Units subject to the bid are herein referred to as the "**Bid Trust Units**"), other than Bid Trust Units held by or on behalf of, or issuable to, the Offeror or an Affiliate or Associate of the Offeror on the date of the take-over-bid, the Offeror is entitled, on complying with this Section 3.27, to acquire the Bid Trust Units held by the Non-Tendering Offerees.
- (b) An Offeror may acquire Bid Trust Units held by a Non-Tendering Offeree by sending by registered mail within 60 days after the date of termination of the take-over bid and in any event within 180 days after the date of the take-over bid, an Offeror's notice to each Non-Tendering Offeree stating that:
- (i) Offerees holding not less than 90% of the Bid Trust Units accepted the take-over bid;
  - (ii) the Offeror has taken up and paid for the Bid Trust Units of the Offerees who accepted the take-over bid;
  - (iii) a Non-Tendering Offeree is required to transfer his Bid Trust Units to the Offeror on the terms on which the Offeror acquired the Bid Trust Units of the Offerees who accepted the take-over bid; and
  - (iv) a Non-Tendering Offeree who is a Unitholder and who does not transfer his Bid Trust Units within 20 days after it receives the Offeror's notice hereunder is deemed to have elected to transfer, and to have transferred, his Bid Trust Units on the same terms that the Offeror acquired Bid Trust Units from the Offerees who accepted the take-over bid.
- (c) Concurrent with sending the Offeror's notice under Section 3.27(b), the Offeror shall send to the Trust a notice of adverse claim disclosing the name and address of the Offeror and the name of the Non-Tendering Offeree with respect to each Bid Trust Unit held by a Non-Tendering Offeree.

- (d) A Non-Tendering Offeree to whom an Offeror's notice is sent under Section 3.27(b) shall, within 20 days after it receives that notice, send its Bid Trust Units, or cause same to be sent, to the Trust.
- (e) Within 20 days after the Offeror sends an Offeror's notice under Section 3.27(b), the Offeror shall pay or transfer to the Trust the amount of money or other consideration that the Offeror would have had to pay or transfer to a Non-Tendering Offeree if the Non-Tendering Offeree had tendered under the take-over bid.
- (f) The Trust is deemed to hold on behalf of the Non-Tendering Offeree the money or other consideration it receives under Section 3.27(e), and the Trust shall deposit the money in a separate account in a bank or other body corporate any of whose deposits are insured by the Canada Deposit Insurance Corporation (or any successor thereof), and shall place the other consideration in the custody of a bank or such other body corporate. No such monies or other consideration shall form any part of the Trust Property.
- (g) If the money or other consideration is deposited with the Trust as required by Section 3.27(e) above, then:
  - (i) with respect to each of those Non-Tendering Offerees who have complied with Section 3.27(d), Bid Trust Units held by a Non-Tendering Offeree shall be deemed to be cancelled and the Trust shall, without delay upon being satisfied that the Bid Trust Units have been received by or transferred to the Trust in accordance with Section 3.27(d), send to such Non-Tendering Offeree the portion of the money or other consideration deposited with the Trust as required by Section 3.27(e) above and to which such Non-Tendering Offeree is entitled; and
  - (ii) with respect to each of those Non-Tendering Offerees who have not complied with Section 3.27(d), send to each such Non-Tendering Offeree a notice stating that:
    - (A) his or her Bid Trust Units have been transferred to the Offeror;
    - (B) the Trustees or some other person designated in such notice are holding in trust the consideration for such Bid Trust Units; and
    - (C) the Trustees, or such other person, will send the consideration to such Non-Tendering Offeree as soon as practicable after receiving such Non-Tendering Offeree's Bid Trust Units which are convertible, exercisable or exchangeable for Bid Trust Units, together with such other documents as the Trustees or such other person may require;

and the Trustees are hereby appointed the agent and attorney of the Non-Tendering Offerees for the purposes of giving effect to the foregoing provisions.

### **3.28 Power of Attorney**

Each Unitholder hereby grants to the Trustees, their successors and assigns, a power of attorney constituting the Trustees, with full power of substitution, as his true and lawful attorneys to act on his behalf, with full power and authority in his name, place and stead, to execute, under seal or otherwise, swear to, acknowledge, deliver, make, file or record (and to take all requisite actions in connection with such matters), when, as and where required:

- (a) this Trust Indenture and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a mutual fund trust in all jurisdictions that the Trustees deem appropriate;
- (b) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in this Trust Indenture, including all conveyances, transfers and other documents required to facilitate any sale of Trust Units or in connection with any disposition of Trust Units required under Section 3.9 or 6.9;

- (c) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust in accordance with the terms of this Trust Indenture;
- (d) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a Unitholder's interest in the Trust;
- (e) any instrument, certificate and other documents necessary or appropriate to reflect and give effect to any amendment to this Trust Indenture which is authorized from time to time as contemplated by Article 9; and
- (f) all transfers, conveyances and other documents required to facilitate the acquisition of Trust Units of Non-Tendering Offerees pursuant Section 3.27.

The power of attorney granted herein is, to the extent permitted by Applicable Law, irrevocable, is a power coupled with an interest, and shall survive the death, mental incompetence, disability and any subsequent legal incapacity of the Unitholder and shall survive the assignment by the Unitholder of all or part of the Unitholder's interest in the Trust and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Unitholder. Without limiting any other manner in which this power of attorney may be exercised by the Trustees on behalf of one or more Unitholders, the Trustees may, in executing any instrument on behalf of all Unitholders collectively, execute such instrument with a single signature and indicating such execution is as attorney and agent for all of such Unitholders. Each Unitholder agrees to be bound by any representations or actions made or taken by the Trustees pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm any actions taken by the Trustees in good faith under this power of attorney.

#### **ARTICLE 4 UNDERTAKING OF THE TRUST**

##### **4.1 Undertaking of the Trust**

The activities and undertaking of the Trust are restricted to:

- (a) the holding of limited partnership units in the Partnership;
- (b) acquiring, holding, transferring, disposing of and investing in securities (whether debt or equity and including for greater certainty rights, warrants and other securities convertible into or exercisable for debt or equity securities) and other interests issued by any person;
- (c) temporarily holding cash and other investments in connection with and for the purposes of the Trust's activities, including paying liabilities of the Trust (including administration and trust expenses), paying any amounts required in connection with the redemption of Trust Units, and making distributions to Unitholders;
- (d) disposing of any part of the Trust Property or mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of the Trust Property;
- (e) issuing Trust Units, installment receipts, and Other Trust Securities (including securities convertible into or exchangeable for Trust Units or other securities of the Trust, or warrants, options or other rights to acquire Trust Units or other securities of the Trust), for the purposes of (i) conducting, or facilitating the conduct of, the activities and undertaking of the Trust (including for the purpose of raising funds for further acquisitions); (ii) repayment of any indebtedness or borrowings of the Trust or any Affiliate thereof; (iii) establishing and implementing Unitholder rights plans, distribution reinvestment plans, Trust Unit purchase plans, and incentive option and other compensation plans of the Trust, if any; (iv) satisfying obligations to deliver securities of the Trust, including Trust Units, pursuant to the terms of securities convertible into or exchangeable for such securities of the Trust, whether or not such convertible or exchangeable securities

have been issued by the Trust; (v) carrying out any of the transactions contemplated by any Offering Documents and satisfying all obligations in connection with such transactions; and (vi) making non-cash distributions to Unitholders, including in specie redemptions as well as distributions pursuant to distribution reinvestment plans, if any, established by the Trust;

- (f) repurchasing or redeeming Trust Units or Other Trust Securities, subject to the provisions of this Trust Indenture and Applicable Law;
- (g) the guaranteeing of any obligations or liabilities, present or future, direct or indirect, absolute or contingent, matured or not of any person for, or in pursuit of, any of the purposes set forth in this Section 4.1, and pledging securities and other Trust Property as security for any obligations of the Trust, including obligations under any such guarantees;
- (h) carrying out any of the transactions, and entering into and exercising and performing any of the rights and obligations of the Trust under any agreements, entered into in connection with pursuing the business and purposes of the Trust;
- (i) borrowing and issuing debt securities, at any time and from time to time, for any of the purposes set forth in this Section 4.1; and
- (j) engaging in all activities ancillary or incidental to any of those activities set forth in this Section 4.1.

#### **4.2 Use of Funds**

Money or other property received by the Trust or the Trustees on behalf of the Trust, including the net proceeds of any Offering, may be used at any time and from time to time for any purpose not inconsistent with this Trust Indenture and the purposes of the Trust set out in Section 4.1 (including making distributions and redemptions under Article 5 and Article 6, respectively).

#### **4.3 Investment Restrictions**

The Trustees shall exercise commercially reasonable efforts to: (a) ensure that the Trust complies at all times with the requirements of paragraph 108(2) and subsection 132(6) of the Tax Act, (b) ensure that the Trust does not take any action, or acquire or retain any investment, that would result in the Trust not being considered either a "unit trust" or a "mutual fund trust", or being a "SIFT trust", all for purposes of the Tax Act.

### **ARTICLE 5 DISTRIBUTIONS**

#### **5.1 Distributions**

The Trustees shall declare a distribution to be payable, to Unitholders of record as at the close of business on the Distribution Record Date for such distribution period, out of the Net Income of the Trust, the Net Realized Capital Gains of the Trust, the capital of the Trust or otherwise, in any year, in such amount or amounts, and on such dates as the Trustee may determine. The share of each Unitholder in the amount so payable shall be the pro rata Share of such Unitholder determined as at that Distribution Record Date; and such amount shall be payable on that Distribution Record Date.

Distributions which become payable to Unitholders shall be paid by the Trust in cash, unless they are paid in accordance with Section 5.2. Distributions which become payable may be invested in additional Trust Units pursuant to any distribution reinvestment plan or unit purchase plan adopted by the Trustees.

Each year the Trust shall declare an aggregate amount of distributions to be payable to Unitholders that allows the Trust to deduct, in computing its income for purposes of the Tax Act, such amount as is necessary to ensure that the Trust is not liable for income tax under Part I of the Tax Act for that taxation year. For further

certainty, the total amount that the Trust shall declare to be payable as a distribution to Unitholders on December 31 of each year shall not be less than the amount necessary to ensure that the Trust shall not be liable to pay income tax under Part I of the Tax Act for that taxation year, after taking into account any entitlement to a capital gains refund, and:

- (a) the amount, if any, by which the Net Income of the Trust for such year exceeds the aggregate of the portions, if any, of each distribution made by the Trust pursuant to this Section 5.1 which have been determined by the Trustees, pursuant to Section 5.3, to have been payable by the Trust out of Net Income of the Trust for such year and the amount of income treated as having been paid in the year pursuant to Subsection 6.12; and
- (b) the amount, if any, by which the Net Realized Capital Gains of the Trust for such year exceeds the aggregate of the portions, if any, of each distribution made by the Trust pursuant to this Section 5.1 which has been determined by the Trustees, pursuant to Section 5.3, to have been payable by the Trust out of Net Realized Capital Gains of the Trust for such year and the amount of taxable capital gain treated as having been paid in the year pursuant to Subsection 6.12,

shall, without any further actions on the part of the Trustees, be due and payable ("**year-end distribution**") to the Unitholders that are Unitholders of record on December 31 of the taxation year.

In addition to the distributions which are declared to be payable to Unitholders, the Trustees may designate and make payable any particular income or capital gains realized by the Trust (including any income realized by the Trust on the redemption of Units in specie) to redeeming Unitholders.

This Section 5.1 may be amended only if authorized by an Ordinary Resolution at a Meeting of the Unitholders called for that purpose, except where an amendment is required to ensure that the Trust is not liable to pay income tax under Part I of the Tax Act.

## **5.2 Satisfaction of Distributions by Issuance of Trust Units**

Where the Trust does not have available cash, in an amount sufficient to make payment of the full amount of any distribution which has become payable to Unitholders, the payment may, to the extent necessary to ensure that the Trust does not have any income tax liability, be distributed to Unitholders in the form of additional Trust Units in satisfaction of all or part of such distribution. Those additional Trust Units will be issued under exemptions under applicable securities laws, discretionary exemptions granted by Governing Authorities or a prospectus or similar filing, none of which are currently contemplated.

Unless the Trustees determine otherwise, and subject to all necessary regulatory approvals, immediately after any pro rata non-cash distribution of additional Trust Units to all Unitholders, the number of the outstanding Trust Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Trust Units as the Unitholder held immediately before the non-cash distribution, except where tax was required to be withheld in respect of the Unitholder's share of the distribution. In this case, each Unit Certificate, if any, representing a number of Trust Units prior to the non-cash distribution is deemed to represent the same number of Trust Units after the non-cash distribution and the consolidation. Where amounts so distributed represent income, Non-resident Unitholders will be subject to withholding tax and the consolidation will not result in such Non-resident Unitholders holding the same number of Trust Units. Such Non-resident Unitholders will be required to surrender the Unit Certificates, if any, representing their original Trust Units in exchange for a Unit Certificate representing their post-consolidation Trust Units.

## **5.3 Tax Designations**

The Net Income of the Trust and Net Realized Capital Gains of the Trust for a taxation year ending in a fiscal year payable to Unitholders in the Fiscal year shall be allocated to Unitholders in the same proportion as the total distributions made to Unitholders in the fiscal year under Sections 5.1 and 5.2, subject to

adjustment in the case of Unitholders who did not hold their Trust Units for the entire fiscal year based upon the portion of the fiscal year during which such Trust Units were owned by such Unitholders.

In accordance with and to the extent permitted by the Tax Act, the Trustees in each year shall make designations in respect of amounts paid or payable to Unitholders as the Trustees deem to be reasonable in the circumstances, including designations relating to taxable dividends received by the Trust in the year on shares of taxable Canadian corporations, net capital gains realized by the Trust in the year and foreign source income received by the Trust in the year as well as elections under subsections 104(13.1) and/or (13.2) of the Tax Act that income be taxed to the Trust, rather than to such Unitholders. The Trustees may make certain adjustments to allocations to effect an equitable allocation of all amounts among the Unitholders. For greater certainty, the Trustees shall be entitled to make allocations of Net Income and Net Realized Capital Gains of the Trust for tax purposes in respect of a fiscal year to any person who has been a Unitholder at any time in the fiscal year. With respect to any distribution by the Trust in or in respect of a taxation year, the Trust shall mail to each Unitholder annually no later than March 31 of the following year information necessary for each Unitholder to complete an income tax return.

#### **5.4 Payment of Distributions**

All distributions payable to a Unitholder, less any amount required to be withheld therefrom under Applicable Law, shall be paid in Canadian funds or by the issuance of Trust Units, as applicable, by the mailing or delivery thereof to the Unitholder at his last address as shown in the record of Unitholders or in such other manner as the Trustees determine. Any payment or delivery so made shall, unless a cheque is not honoured on presentation, discharge the Trust and the Trustees from all liability to the Unitholder in respect of the obligations thereof plus any amount required by law to be withheld.

#### **5.5 Enforcement of Payment**

Notwithstanding any other provision of this Article 5, a Unitholder shall be entitled to enforce payment of the amount of any distribution declared or otherwise made payable hereunder to and not yet received by the Unitholder not later than December 31 of the year in which such amount became payable.

#### **5.6 Encroachment on Capital**

For greater certainty, the Trustees may encroach on and pay from the capital of the Trust an amount payable under this Article 5 if the Net Income of the Trust, calculated without regard to the provisions of the Tax Act, is insufficient to permit payment of the amount so payable, and the Trustees determine not to satisfy the amount payable by the issuance of Trust Units under Section 5.2 hereof.

#### **5.7 Entitlement Default**

Where the Trustees, or any party appointed by the Trustees, has been unable, because of default on the part of any party to make payment of any distributions or dividends declared or return on capital accrued or any other amounts owing in respect of the securities of the Trust, to collect any amount which has been included in determining any amount paid or payable to any Unitholder, the Trustees, or any party appointed by the Trustees, shall have the right, where such amount has been paid to such Unitholder, to recover such amount from such Unitholder. Notwithstanding the foregoing, the Trustees, or any party appointed by the Trustees, shall not be required to exercise such right with respect to any particular amount or class of amounts where, in the judgment of the Trustees, or any party appointed by the Trustees, the anticipated costs and likelihood of recovery outweigh the anticipated benefit of such recovery.

## ARTICLE 6 REDEMPTION

### 6.1 Right of Redemption by Holders of Trust Units

Trust Units may be surrendered for redemption at any time at the demand of the Unitholder. All or any part of the Trust Units registered in the name of the Unitholder may be redeemed at the prices determined and payable in accordance with the conditions set forth in this Article 6.

### 6.2 Exercise of Redemption Right

To exercise a Unitholder's right to require redemption hereunder, a duly completed and properly executed notice requiring the Trust to redeem Trust Units, in a form approved by the Trustees, must be sent to the Trust, together with the Unit Certificates representing the Trust Units to be redeemed.

Upon receipt by the Trust of the notice to redeem Trust Units, the Unitholder shall thereafter cease to have any rights with respect to the Trust Units tendered for redemption (other than to receive the redemption payment therefore). Trust Units shall be considered to be tendered for redemption on the date that the Trust has, to the satisfaction of the Trustees, received the notice, Unit Certificates and other required documents or evidence (the "**Redemption Date**").

### 6.3 Cash Redemption

Subject to Section 6.5, upon receipt by the Trust of the notice to redeem Trust Units, the holder of the Trust Units tendered for redemption shall be entitled to receive a price per Trust Unit in cash (the "**Cash Redemption Price**") equal to the amount determined by the following provisions:

- (a) if the Redemption Date is on or before the date that is 365 days from the date such Trust Units were issued to the Unitholder (the "**First Redemption Period**"), an amount that is 90% of the price for which the Unitholder acquired such Trust Unit (the "**Subscription Price**");
- (b) if the Redemption Date is on or before the date that is 365 days from the last day of the First Redemption Period (the "**Second Redemption Period**"), an amount that is 92.5% of the Subscription Price; and
- (c) if the Redemption Date is any time after the end of the Second Redemption Period, an amount that is 95% of the Subscription Price.

### 6.4 Manner of Payment

- (a) Subject to Section 6.5, the Cash Redemption Price shall be made by cheque payable to or to the order of the Unitholder or by such other manner of payment, including electronic fund transfer, wire transfer or payment in kind, approved by the Trustees from time to time. The payment, if made by cheque, shall be conclusively deemed to have been made upon hand-delivery of a cheque to the Unitholder or to his agent duly authorized in writing or upon the mailing of a cheque by prepaid first-class mail addressed to the Unitholder at his address as it appears on the Register unless the cheque is not paid on presentation. Payments may be made to the Unitholder's account at a registered dealer, unless the Unitholder directs otherwise in writing. The Trustees may issue a replacement cheque if it is satisfied that the original cheque has not been received or has been lost or destroyed, upon being furnished with such evidence of loss, indemnity or other document in connection therewith that the Trustees in their discretion may consider necessary.
- (b) Any payment, unless not honoured, shall discharge the Trust, the Trustees and their delegates from all liability to such Unitholder in respect of the amount thereof and in respect of the Trust Units redeemed.

### **6.5 No Cash Redemption in Certain Circumstances**

Section 6.4(a) shall not be applicable to Trust Units tendered for redemption by a Unitholder, if:

- (a) the total amount payable by the Trust pursuant to this Article 6 in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar quarter exceeds \$50,000; provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Trust Units tendered for redemption; or
- (b) the redemption of Trust Units will result in the Trust losing its status as a "mutual fund trust" for the purposes of the Tax Act.

### **6.6 Redemption Notes or Priority in Next Quarter**

If, pursuant to Section 6.5(a), Section 6.4(a) is not applicable to the Trust Units tendered for redemption by a Unitholder, and the limitation in Section 6.5(a) is not waived by the Trustees, the Cash Redemption Price per Trust Unit payable in respect of the Trust Units tendered for redemption shall be paid within 60 days of the Redemption Date by the Trust issuing Redemption Notes to the Unitholders who exercise the right of redemption having an aggregate principal amount equal to the Cash Redemption Price per Trust Unit multiplied by the number of Trust Units to be redeemed. Upon issue of the Redemption Note, the Trust shall be discharged from all liability to the Unitholder in respect of the Trust Units so redeemed, provided that the Unitholder (the "**Deferring Unitholder**") shall have the one-time right, exercisable by delivery to the Trust of a duly completed and properly executed notice ("**Redemption Deferral Notice**") within three Business Days of receipt or deemed receipt of such Redemption Note by the Deferring Unitholder, together with such Redemption Note, to defer the Redemption Date in respect of all (but not less than all) the Trust Units tendered for redemption (the "**Deferred Redemption Units**") to the earliest time in the immediately following calendar quarter (the "**Deferred Redemption Date**"), subject to the terms provided in this Article 6, provided further that if, pursuant to Section 6.5(a), Section 6.4(a) is not applicable to the Deferred Redemption Units in such following calendar quarter, and the limitation in Section 6.5(a) is not waived by the Trustees, the Cash Redemption Price per Trust Unit payable in respect of the Deferred Redemption Units shall be paid within 60 days of the Deferred Redemption Date by the Trust issuing Redemption Notes to the Deferring Unitholder having an aggregate principal amount equal to the Cash Redemption Price per Trust Unit multiplied by the number of Deferred Redemption Units to be redeemed. Upon issue of the Redemption Note, the Trust shall be discharged from all liability to the Deferring Unitholder in respect of the Deferred Redemption Units so redeemed. The Deferring Unitholder will be deemed to have delivered the notice to redeem the Deferred Redemption Units to the Trust prior to any other notices delivered to the Trust in the following calendar quarter and if there is more than one Deferring Unitholder in respect of such calendar quarter, the Deferring Unitholders will be deemed to have delivered the notice to redeem the Deferred Redemption Units to the Trust in the order that their respective Redemption Deferral Notices were received by the Trust.

### **6.7 Transfer of Trust Units**

A Unitholder shall be entitled, subject to Applicable Law and the provisions hereof, if permitted by the Trustees, to transfer all or, subject to any minimum investment requirements prescribed by the Trustees, any part of the Trust Units registered in his name at any time by delivery to the Trustees a duly executed form of transfer (in the form approved by the Trustees), which shall (a) contain a clear request that a specified number of Trust Units (or fractions thereof) be transferred, (b) provide the full name and address of the transferee, (c) be irrevocable, (d) contain a guarantee by a Canadian chartered bank, a trust company or a registered broker or securities dealer acceptable to the Trustees of the signature of the transferor thereon, and (e) such other matters as may be prescribed by the Trustees; provided however that a Unitholder may not transfer any Trust Unit to any entity described in Section 3.9 of this Trust Indenture. The Trustees in their discretion may prescribe the minimum dollar value of Trust Units which may be transferred.

## 6.8 Bankruptcy or Insolvency of Unitholder

None of the Trust or any of the Trustees shall be affected by any notice of bankruptcy, insolvency or other event affecting a Unitholder but they may nonetheless, upon becoming aware of any such event, take such action as they may deem appropriate to ensure compliance with Applicable Laws to the extent each is obliged hereunder to ensure such compliance and they shall not become liable to a Unitholder for so doing. Any person becoming entitled to any Trust Units in consequence of the bankruptcy or insolvency of any Unitholder, the transfer of Trust Units, or otherwise by operation of law, shall be recorded as the holder of such Trust Units upon production to the record keeper of the proper evidence thereof provided that such person is not an entity described in Section 3.9 of this Trust Indenture. Until such production is made, the Unitholder of record shall be deemed to be the holder of such Trust Units for all purposes hereof and the Trustees shall not be affected by any notice of such bankruptcy, insolvency or other event. Notwithstanding the foregoing, upon receipt from a Unitholder of notice that his Trust Units have been pledged or otherwise encumbered, the Trustees may, but need not place such restrictions on transfer of the affected Trust Units as are deemed appropriate by the Trustees in their discretion.

## 6.9 Death of Unitholder

Notwithstanding Section 6.1, in the event of the death of a Unitholder, the Trust Units of such deceased Unitholder shall, upon the Trustees being advised in writing of the death of such Unitholder, not be dealt with until directions to redeem satisfactory in form to the Trustees and in accordance with instructions received from time to time from the Trustees as to payment of any applicable taxes (or a release therefrom), are received from the executor, administrator, survivor, successor or personal representative, as the case may be, of such Unitholder, whereupon the redemption of Trust Units will be processed. The Trustees shall not redeem the Trust Units of such deceased Unitholder until they have received such documentation as they deem necessary to make the payment. Notwithstanding the foregoing, until such directions are received, the Unitholder of record shall be deemed to be the holder of such Trust Units for all purposes hereof and the Trustees shall incur no liability to any person of any nature whatsoever by reason only that such Trust Units shall not be redeemed until such directions are so received. The death of a Unitholder during the continuance of the Trust shall not terminate this Trust Indenture nor give any such deceased Unitholder's legal representatives any right to an accounting or to take any action in the courts or otherwise against other Unitholders or to the Trust Property, but shall simply entitle the legal representatives of any such deceased Unitholder to succeed to all rights of the deceased Unitholder under this Trust Indenture. Upon the death of a Unitholder, prior to any transmission of the Trust Units to an heir or beneficiary of the deceased Unitholder, the Trustees shall require an affidavit or declaration of transmission ("**Affidavit**") from the personal representative of the deceased Unitholder ("**Personal Representative**"). Such Affidavit shall state whether or not the carrying out of the terms of the Unitholder's will or the application of the Applicable Laws of intestacy, if the Unitholder died without a will, ("**Transmission**"), will result in an entity described in Section 3.9 obtaining a beneficial interest in Trust Units. If the Affidavit indicates that the Transmission will result in an entity described in Section 3.9 obtaining a beneficial interest in Trust Units, then the Trustees shall cause the Trust to redeem all or such portion of the Trust Units at the original price paid for the Units minus any costs or commissions associated therewith, or on such other terms as the Trustees in their sole discretion deem equitable in the circumstances with the proceeds of such redemption being payable to the estate of the deceased Unitholder, subject to any Applicable Law relating to the collection of taxes. If the Affidavit indicates that the Transmission will not result in an entity described in Section 3.9 obtaining a beneficial interest in Trust Units, then the Personal Representative is entitled to become registered as the owner of the Trust Units or to designate a person to be registered as the owner, upon delivery to the Trustees of reasonable proof of governing laws of the deceased Unitholder's interest in the Trust Unit, and of the right of the Personal Representative or the designated person to become the registered Unitholder, with the form and content of such required documentation being in the sole discretion of the Trustees.

## 6.10 Withholdings by the Trustees

The Trustees shall deduct or withhold from all payments and distributions payable to any Unitholder all amounts required by law (or proposed law) to be withheld from such payment or such distribution, whether those distributions are in the form of cash, additional Trust Units or otherwise. For greater certainty, in the event of a distribution in the form of additional Trust Units, the Trustees may sell Trust Units on behalf of those Unitholders to pay those withholding taxes and to pay all of the Trustees' reasonable expenses with regard thereto and the Trustees shall have the power of attorney of the Unitholder to do so. Upon such sale, the affected Unitholder

shall cease to be the holder of those Trust Units. The Trustees shall have no liability whatsoever to any Unitholders and no resort shall be had to the Trust Property or the Trustees for satisfaction of any obligation or claim against the Trustees or the Trust in connection with the Trust's sale of Trust Units to comply with its statutory obligations to withhold and remit an amount otherwise payable to the Unitholders. Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Trust Units.

**6.11 Cancellation of Certificates for all Redeemed Trust Units**

All Unit Certificates representing Trust Units which are redeemed under this Article 6 shall be cancelled and such Trust Units shall no longer be outstanding.

**6.12 Payment in the Year**

Some or all of the Net Income of the Trust and the Net Realized Capital Gains of the Trust may, for purposes of computing the Net Income of the Trust and the Net Realized Capital Gains of the Trust under the Tax Act or other tax legislation be treated as having been paid in the year by the Trust to the Unitholders redeeming Units in such year. Any such amounts shall be determined at the discretion of the Trustees; however, in all cases, a redeeming Unitholder will only be treated as having been paid an amount to which the Unitholder of the Units redeemed would be entitled to receive.

**ARTICLE 7  
TRUSTEES**

**7.1 Number of Trustees and Trustees' Term of Office**

There shall be no fewer than one (1) and no more than fifteen (15) Trustees. The number of Trustees may be increased or decreased within such limits from time to time by an Ordinary Resolution of the Unitholders or by the Trustees, provided that the Trustees may not, between Meetings of Unitholders, appoint additional Trustees if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees required to have been elected at the last annual Meeting of Unitholders.

Subject to Sections 7.2 and 7.4, the Trustees are hereby appointed as the Trustees of the Trust. The term of office of any person holding office as a Trustee hereunder commences from the date on which their election or appointment becomes effective (which, in the case of the Trustees, is on the date of this Indenture) and shall continue until the earlier of the date of (i) the termination of the Trust; (ii) the death of the Trustee; (iii) the effective date of the Trustee's resignation in accordance with Section 7.3; (iv) the effective date of the removal of the Trustee by the Unitholders in accordance with Section 7.3; or (v) the effective date when the trustee ceases to meet the qualifications as provided in Section 7.2.

**7.2 Qualifications of Trustees**

The following persons are disqualified from being a trustee of the Trust:

- (a) anyone who is less than 18 years of age;
- (b) anyone who is of unsound mind and has been found so by a court anywhere in Canada or elsewhere;
- (c) a person who is not an individual;
- (d) a person who has the status of a bankrupt; and
- (e) any person who is defined as a Non-resident.

### **7.3 Resignation and Removal of a Trustee**

- (a) A Trustee may resign from an office of Trustee hereunder by giving to Unitholders not less than 90 days' prior written notice of such resignation.
- (b) A Trustee may be removed at any time with or without cause by Ordinary Resolution passed in favour of the removal of the Trustee.
- (c) Upon the taking effect of any resignation or removal of the Trustee under the terms of this Section 7.3, the Trustee shall:
  - (i) cease to have rights, privileges, powers and authorities of a Trustee hereunder;
  - (ii) execute and deliver such documents as the Trustee shall reasonably require for the conveyance, to a successor Trustee, of any Trust Property held in the Trustee's name, and provide for or facilitate the transition of the Trust's activities and affairs to such successor Trustee; and
  - (iii) account for all property, including the Trust Property, which the Trustee held or then holds as Trustee.
- (d) Upon a Trustee ceasing to hold office as such hereunder, the Trustee shall cease to be a party (as a Trustee) to this Trust Indenture provided, however, that such Trustee shall continue to be entitled to payment of any amounts owing by the Trust to the Trustee which accrued prior to its vacating of the office of Trustee; and provided further that such Trustee and each of its directors, officers, employees and agents shall continue to be entitled, in respect to all liabilities relating to the period of time when the Trustee held office as Trustee hereunder, to the benefit of any indemnity and limitation of liability provisions which are expressly set out herein and by their terms are for the benefit of the Trustee and its directors, officers, employees and agents (as the case may be).
- (e) The resignation or removal of the Trustee, or the Trustee otherwise ceasing to be the Trustee, shall not affect any liabilities of the Trustee in respect of or in any way arising under or out of the Trust Indenture which have accrued prior to such resignation, removal or termination.

### **7.4 Vacancies**

The term of office of a Trustee shall terminate and a vacancy shall occur in the event of the death, resignation, bankruptcy, adjudicated incompetence or other incapacity to exercise the duties of the office or removal of a Trustee. No such vacancy shall operate to annul this Trust Indenture or affect the continuity of the Trust. Until the vacancy is filled, the remaining Trustee or Trustees (even if less than a quorum) may exercise the powers of the Trustees hereunder. In the case of a vacancy, the Unitholders or a majority of the Trustees continuing in office may fill such vacancy. Any Trustee so elected by the Trustees shall hold office until the next annual Meeting of Unitholders.

### **7.5 Election of Trustees**

Election of Trustees shall be by the vote of Unitholders entitled to vote in such election. The election of any Trustee (other than an individual who is serving as a Trustee immediately prior to such election) shall not become effective unless and until such person shall have in writing accepted his election and agreed to be bound by the terms of this Trust Indenture in accordance with Section 7.6.

### **7.6 Successor and Additional Trustees**

The rights of the Trustees, subject to the terms hereof, to control and exclusively administer the Trust and to have the title to the Trust Property drawn up in their name and all other rights of the Trustees at law shall vest automatically in any person who may hereafter become a Trustee upon their due election or appointment

and qualification, in accordance with the terms hereof, without any further act and it shall thereupon have all the rights, privileges, powers, authorities, obligations and immunities of a Trustee hereunder. Such rights shall vest in the Trustee whether or not conveyancing or transfer documents have been executed and delivered pursuant to Section 7.3 or otherwise.

Notwithstanding anything herein contained, the election or appointment of a Trustee shall not become effective unless and until such person has, either before or after such election or appointment, executed and delivered to the Trust an acceptance substantially as follows:

"To: Pacific Landing @ Havenwood Trust (the "**Trust**")

And to: The Trustees of the Trust

The undersigned hereby accepts its election or appointment as a Trustee of the Trust and hereby agrees, upon the later of the date of this acceptance and the date of the undersigned's election or appointment as a Trustee of the Trust, to thereby become a party, as a Trustee, to the Amended and Restated Trust Indenture made as of September 17, 2013, as the same may be amended from time to time, governing the Trust (the "**Trust Indenture**"), and the undersigned further agrees to act as a Trustee of the Trust in accordance with the terms of the Trust Indenture.

Dated: \_\_\_\_\_

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

Upon the later of a person being elected or appointed as a Trustee hereunder and executing and delivering to the Trust an acceptance substantially as set forth above, such person shall become a Trustee hereunder and shall be deemed to be a party (as a Trustee) to this Trust Indenture, as amended from time to time.

#### **7.7 Compensation and Other Remuneration**

The Trustees shall be entitled to receive for their services as Trustees:

- (a) such reasonable compensation as shall be negotiated between the Settlor on behalf of the Trust and the Trustees;
- (b) reimbursement of the Trustee's reasonable out-of-pocket expenses incurred in acting as a Trustee, either directly or indirectly; and
- (c) fair and reasonable remuneration for services rendered to the Trust in any other capacity, which services may include, without limitation, services as the transfer agent.

The Trustees shall have a priority over distributions to holders of Trust Units pursuant to Article 5 or Section 11.6 in respect of amounts payable or reimbursable to the Trustees pursuant to this Section 7.7.

#### **7.8 Validity of Acts**

Any act of a Trustee is valid notwithstanding any irregularity in the appointment of a Trustee or a defect in the qualifications of a Trustee.

**ARTICLE 8  
TRUSTEES' POWERS AND DUTIES**

**8.1 General Powers**

The Trustees, subject only to the specific limitations and grant of powers to the Trustees contained in this Trust Indenture, shall have, without further or other action or consent, and free from any power of control on the part of the Unitholders, full, absolute and exclusive power, control and authority over the Trust Property and over the affairs of the Trust to the same extent as if the Trustees were the sole and absolute beneficial owners of the Trust Property in their own right, to do all such acts and things as in their sole judgement and discretion are necessary or incidental to, or desirable for, carrying out the trust created hereunder.

In construing the provisions of this Trust Indenture, presumption shall be in favour of the granted powers and authority to the Trustees. The enumeration of any specific power or authority herein (including pursuant to Section 8.2) shall not be construed as limiting the general powers or authority or any other specified power or authority conferred herein on the Trustees.

To the maximum extent permitted by law, the Trustees shall, in carrying out investment activities, not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by Trustees.

**8.2 Specific Powers and Authorities**

Subject only to the express limitations contained in this Trust Indenture, and in addition to any powers and authorities conferred by this Trust Indenture (including, without limitation, Section 8.1 hereof) or which the Trustees may have by virtue of any present or future statute or rule of law, the Trustees, without any action or consent by the Unitholders, shall have the following powers and authorities which may be exercised by them from time to time or delegated by them, as herein provided, in their sole judgment and discretion and in such manner and upon such terms and conditions as they may from time to time deem proper:

- (a) to open, operate and close accounts and other similar credit, deposit and banking arrangements and to negotiate and sign banking and financing contracts and agreements;
- (b) to borrow money and request the issuance of letters of credit upon the credit of the Trust and the Trust Property;
- (c) to temporarily hold cash and other short term investments in connection with and for the purposes of the Trust's activities, including paying management, administration and other expenses of the Trust, paying any amounts required in connection with the redemption of Trust Units and making distributions to Unitholders;
- (d) to issue, reissue, sell or pledge debt obligations of the Trust and to make, accept, endorse, negotiate or otherwise deal with bonds, debentures, cheques, drafts, notes, orders for the payment of money, bills of exchange, bills of lading, acceptances and other similar instruments and obligations as may be necessary or useful to carry out the purpose of the Trust;
- (e) to give a guarantee on behalf of the Trust to secure performance of an obligation of another person;
- (f) to mortgage, hypothecate, pledge or otherwise create a security interest in all or any movable or immovable, personal or real or other Trust Property, owned or subsequently acquired, to secure any obligation of the Trust;
- (g) to obtain security, including encumbrances on assets, to secure the full payment of money owed to the Trust and the performance of obligations in favour of the Trust, and to exercise all of the rights of the Trust, and to perform all of the obligations of the Trust, under such security;

- (h) to renew or extend or participate in the renewal or extension of any security, upon such terms as may be deemed advisable, and to agree to an increase or reduction in the rate of interest (or to agree to a waiver of interest) on any security or to any other modification or change in the terms of any security or of any guarantee pertaining thereto, in any manner and to any extent that it may deem advisable; and to waive any default whether in performance of any covenant or condition of any security, or in the performance of any guarantee or to enforce the rights in respect of any such default in such manner and to such extent that it may deem advisable;
- (i) to exercise and enforce any and all rights of foreclosure, to bid on property on sale or foreclosure, to take a conveyance in lieu of foreclosure with or without paying a consideration therefor and in connection therewith to revive the obligation on the covenants secured by such security and to exercise and enforce in any action, suit or proceeding at law or in equity any rights or remedies with respect to any such security or guarantee;
- (j) to obtain or render services for or on behalf of the Trust necessary or useful to carry out the purposes of the Trust;
- (k) to obtain, prepare, compose, design, print, publish, issue and distribute marketing and public relations materials in connection with the Trust;
- (l) to establish places of business of the Trust;
- (m) to manage the Trust Property;
- (n) to invest, hold shares, trust units, beneficial interests, partnership interests, joint venture interests or other interests in any person necessary or useful to carry out the purpose of the Trust;
- (o) to cause legal title to any of the Trust Property to be held in the name of any one of the Trustees or to be drawn up in the name of any one of the Trustees or, to the extent permitted by Applicable Law, in the name of the Trust or any other person;
- (p) to determine conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses and disbursements of the Trust;
- (q) to determine, among other things, the amount of distributable income, Net Income and Net Realized Capital Gains for the purposes of distributions hereunder and to arrange for distributions to Unitholders pursuant to Article 5 and for redemptions of Trust Units pursuant to Article 6;
- (r) to enter into any agreement or instrument to create or provide for the issue of Trust Units (including any firm or best efforts underwriting agreement), to cause such Trust Units to be issued for such consideration (in cash or property in kind) as the Trustees, in their discretion, may deem appropriate and to do such things and prepare and sign such documents, including any prospectus and any registration rights agreement, to qualify such Trust Units for sale in whatever jurisdictions they will be sold or offered for sale;
- (s) to enter into any agreement or instrument (including any firm or best efforts underwriting agreement, warrant agreement or other similar document) to create or provide for the issue of securities convertible into or exchangeable for any Trust Units or Other Trust Securities, or warrants, options or other rights to acquire any Trust Units or Other Trust Securities, and such agreements or instruments may provide for any matter determined by the Trustees to be necessary or useful including provisions pertaining to securities certificates (form, manner of execution, and certification), maintenance of registers, use of book-based versus certificated system, repurchases, redemptions and transfers;
- (t) to cause Other Trust Securities to be issued for such consideration as the Trustees, in their sole discretion, may deem appropriate and to do such things and prepare and sign such documents, including any

prospectus and any registration rights agreement, to qualify such Other Trust Securities for sale in whatever jurisdictions they are to be sold or offered for sale;

- (u) to issue or provide for the issuance of Trust Units on terms and conditions and at such time or times as the Trustees may determine, including issuances in accordance with Section 5.2 and issuances in connection with Unitholder rights plans, incentive plans, and other plans established under Section 4.1;
- (v) to redeem or repurchase Trust Units in accordance with the terms set forth in this Trust Indenture;
- (w) to determine conclusively the value of any or all of the Trust Property from time to time and, in determining such value, to consider such information and advice as the Trustees in their sole judgement, may deem material and reliable;
- (x) where reasonably required or determined desirable by the Trustees, to engage or employ on behalf of the Trust any persons as administrators, managers, trustees, agents, advisors, representatives, employees, independent contractors or subcontractors (including, without limitation, investment advisors, registrars, underwriters, accountants, lawyers, appraisers, brokers or otherwise) in one or more capacities, including to enter into an agreement with 536220 Alberta Ltd. (or its assignee to be named Eden Borough Properties Ltd.) to allow 536220 Alberta Ltd. to act as manager of the Trust;
- (y) to pay, out of the Trust Property, all reasonable fees, costs and expenses incurred, from time to time, in the management and administration of the Trust, including those in connection with any Offering and those payable to 536220 Alberta Ltd. in its capacity as manager of the Trust;
- (z) to the extent not prohibited by law, to delegate any of the powers and duties of the Trustees to any one or more agents, representatives, officers, employees, independent contractors, subcontractors or other persons without liability to the Trustees except as provided in this Trust Indenture;
- (aa) to appear and respond to all orders issued by a Governing Authority or claims made by another person, to make all affidavits, sworn declarations and solemn affirmations with respect to such matters, to put in default, sue for and receive all sums of money or obligations due to the Trust, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, disputes, claims, demands or other litigation or proceedings, regulatory or judicial, relating to the Trust, the Trust Property or the Trust's affairs, to enter into agreements therefor, whether or not any suit or proceeding is commenced or claim asserted and to enter into agreements regarding the arbitration, adjudication or settlement thereof;
- (bb) to arrange for insurance contracts and policies insuring the Trust, the Trust Property, and/or the Trustees or the Unitholders, including against any and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustees or Unitholders or otherwise, and to perform all of the obligations of the Trust under such insurance policies and contracts, the whole to the extent permitted by law;
- (cc) to do all such things and take all such action, and to negotiate, make, execute, acknowledge and deliver any and all deeds, instruments, contracts, waivers, releases or other documents, necessary or useful for the exercise or accomplishment of (i) any of the powers herein granted to the Trustees, (ii) the purposes of the Trust as set forth in Section 4.1, and (iii) all of the rights and obligations of the Trustees hereunder; including, without limitation, the negotiation and execution of agreements in connection with an Offering;
- (dd) to postpone and subordinate, in right of payment, all present and future indebtedness, liabilities and obligations of a person owed to the Trust to payment in full of all present and future indebtedness, liabilities and obligations of such person to lenders and other creditors of such person, and to enter into any agreement or instrument to create or provide for such postponement and subordination in favour of such lenders and creditors;

- (ee) to indemnify, out of the Trust Property, any person against any and all liabilities, claims, actions, causes of action, judgments, orders, damages (including foreseeable consequential damages), costs, expenses, fines, penalties and losses (including sums paid by such person in settlement of claims and all reasonable consultant, expert and legal fees and expenses) or any resulting damages, harm or injuries to such person or property of any third parties arising from the business carried on by the Trust;
- (ff) to provide or cause to be provided to any bank, creditor, financial institution or any other person such guarantees, indemnities, postponements and subordinations, acknowledgements, assurances or other credit support, in any form whatsoever, as the Trustees, in their sole discretion, deems necessary, useful or desirable in connection with the establishment or arrangement of any and all debt or equity financings of Affiliates and Associates of the Trust, including any extensions, renewals, refinancings or replacements thereof, and to enter into any agreement, indenture, instrument or other document on such terms and conditions as the Trustees, in their sole discretion, may deem appropriate in the circumstances in connection with such financings; and
- (gg) to do all such other acts and things as are necessary, useful, incidental or ancillary to the foregoing and to exercise all powers and authorities which are necessary, useful, incidental or ancillary to carry on the affairs of the Trust, to promote the purpose for which the Trust is formed and to carry out the provisions of this Trust Indenture.

The Trustees shall, except as may be prohibited by Applicable Law, have the right to delegate authority for the above referenced matters to a trustee, manager or administrator where the Trustees determine in their sole discretion that such delegation is desirable to effect the management or administration of the Trust, including the right to enter into an agreement with 536220 Alberta Ltd. (or its assignee to be named Eden Borough Properties Ltd.) to allow 536220 Alberta Ltd. to act as manager of the Trust.

### **8.3 Further Powers of the Trustees**

The Trustees shall have the power to prescribe any form of document or other instrument provided for or contemplated by this Trust Indenture and the Trustees may make, adopt, amend, or repeal regulations containing provisions relating to the conduct of the affairs of the Trust not inconsistent with law or with this Trust Indenture (the "**Trustees' Regulations**"). The Trustees shall also be entitled to make any reasonable decisions, designations or determinations not contrary to this Trust Indenture which they may determine are necessary or desirable in interpreting, applying or administering this Trust Indenture or in administering, managing or operating the Trust. Any Trustees' Regulations, decisions, designations or determinations made pursuant to this Section shall be conclusive and binding upon all persons affected thereby.

### **8.4 Restrictions on the Trustees' Powers and their Exercise**

In addition to any other provisions set forth herein requiring the approval of Unitholders in respect to certain matters, or as a condition precedent to taking certain actions, it is agreed that:

- (a) where an Auditor has been appointed, the Trustees shall not, without the approval of the Unitholders by Ordinary Resolution, appoint or change the Auditor except in the event of a voluntary resignation by the Auditor;
- (b) the Trustees shall not, without the approval of the Unitholders by Special Resolution:
  - (i) amend this Trust Indenture, except as permitted in Section 5.1 and Article 9;
  - (ii) authorize the termination, liquidation or winding up of the Trust, other than pursuant to a termination in accordance with Section 11.1; or
  - (iii) authorize any sale, lease or exchange of all or substantially all of the Trust Property.

## **8.5 Standard of Care**

The standard of care required of the Trustees in exercising their powers and carrying out their functions under this Trust Indenture shall be that the Trustees exercise their powers and carry out their functions hereunder as Trustees honestly, in good faith with a view to the best interests of the Trust and the Unitholders and that in connection therewith the Trustees exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. Unless otherwise required by law, the Trustees shall not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations hereunder. The Trustees shall not be required to devote their entire time to the affairs of the Trust.

## **8.6 Reliance Upon the Trustees**

Any person dealing with the Trust in respect of any matters pertaining to the Trust, the Trust Property or securities of the Trust shall be entitled to rely on a certificate or statutory declaration executed by any Trustee or, without limitation, such other person as may be authorized by the Trustees as to the capacity, power and authority of the Trustees or any other person, to act for and on behalf and in the name of the Trust. No person dealing with the Trustees shall be bound to see to the application of any money or property passing into the hands or control of the Trustees. The receipt by or on behalf of the Trustees of money or other consideration shall constitute receipt by the Trust and be binding thereon.

## **8.7 Determinations Binding**

All determinations of the Trustees and any agent to whom the Trustees have delegated duties, whether delegated hereunder or pursuant to any other agreement, including, without limitation 536220 Alberta Ltd., where such determinations are made in good faith with respect to any matters relating to the Trust, including, without limitation, whether any particular investment or disposition meets the requirements of this Trust Indenture, shall be final and conclusive and shall be binding upon the Trust and all Unitholders (and, where the Unitholder is a "registered retirement savings plan", "registered retirement income trust", "registered education savings plan", "deferred profit sharing plan", "registered disability savings plan", "tax-free savings account" (all within the meaning of the Tax Act), or such other trust or plan registered under the Tax Act, upon past, present or future trust or plan beneficiaries and trust or plan holders), and Trust Units shall be issued and sold on the condition and understanding that any and all such determinations shall be final, conclusive and binding as aforesaid.

## **8.8 Banking**

The banking activities of the Trust, or any part thereof, shall be transacted with such bank, trust company, or other firm or corporation carrying on a banking business as the Trustees may designate, appoint or authorize from time to time and all such banking activities, or any part thereof, shall be transacted on behalf of the Trust by the Trustees or such other persons as the Trustees may designate, appoint or authorize from time to time, including, without limitation, the following activities:

- (a) the operation of the accounts of the Trust;
- (b) the making, signing, drawing, accepting, endorsing, negotiation, lodging, depositing or transferring of any cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money;
- (c) the giving of receipts for orders relating to any Trust Property;
- (d) the execution of any agreement or instrument relating to any Trust Property; and
- (e) the execution of any agreement relating to any such banking activities and defining the rights and powers of the parties thereto, and the authorizing of any officer of such banker to do any act or thing on the Trust's behalf to facilitate such banking activities.

## **8.9 Conditions Precedent**

The obligation of the Trustees to commence or continue any act, action or proceeding for the purpose of performing their duties under this Trust Indenture or enforcing the rights of the Trustees and of the Unitholders shall, if required by notice in writing by the Trustees, be conditional upon the Trustees, Unitholders or any other person furnishing sufficient funds to commence or continue such act, action or proceeding and furnishing an indemnity (in each case only to the extent sufficient funds for such purpose are not available, or might reasonably be expected not to be available, in the Trust) satisfactory to the Trustees, acting reasonably, to protect and hold harmless the Trustees against the costs, charges, expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof. None of the provisions contained in this Trust Indenture shall require the Trustees to expend or risk their own funds or otherwise incur financial liability in the performance of any of their duties or in the exercise of any of their rights or powers unless they are indemnified as aforesaid.

## **8.10 Fees and Expenses**

As part of the expenses of the Trust, the Trustees may pay or cause to be paid reasonable fees, costs and expenses incurred in connection with the administration and management of the Trust and in connection with the discharge of any of the Trustees' duties herein, including, without limitation, fees, costs and expenses of auditors, accountants, lawyers, appraisers and other professional advisors employed by or on behalf of the Trust and the cost of reporting to and giving notices to Unitholders. All costs, charges and expenses properly incurred by the Trustees on behalf of the Trust shall be payable out of the Trust Property.

## **8.11 Payments to Unitholders**

Except as may be otherwise provided herein, any cash payment required under the terms of this Trust Indenture to be made to a Unitholder shall be paid in Canadian dollars, unless otherwise determined by the Trustees, with such payment to be by cheque or bank draft to the order of the registered Unitholder and may be mailed by ordinary mail to the last address appearing on the books of the Trust in respect of such Unitholder but may also be paid in such other manner as such Unitholder has designated to the Trustees and the Trustees have accepted. In the case of joint registered Unitholders, any cash payment required hereunder to be made to a Unitholder shall be deemed to be required to be made to such Unitholders jointly and shall be paid by cheque or bank draft but may also be paid in such other manner as the joint registered Unitholders or any one of the joint registered Unitholders has designated to the Trustees and the Trustees have accepted. For greater certainty, a Unitholder or any one of the joint Unitholders may designate and the Trustees may accept that any payment required to be made hereunder shall be made by deposit to an account of such Unitholder or to a joint account of such Unitholder and any other person or in the case of joint registered Unitholders to an account of joint registered Unitholders or to an account of any one of the joint registered Unitholders. A cheque or bank draft shall, unless the joint registered Unitholders otherwise direct, be made payable to the order of all of the said joint registered Unitholders, and if more than one address appears on the books of the Trust in respect of such joint registered Unitholders, the cheque or bank draft or payment in other acceptable manner as aforesaid may be sent to the address of any one of the joint registered Unitholders whose name and address appears on the books of the Trust. All payments made in the aforesaid manner shall satisfy and be a valid and binding discharge of all liability of the Trustees or the Trust for the amount so required to be paid unless the cheque or bank draft is not paid at par on presentation at Calgary, Alberta, or at any other place where it is by its terms payable. In the event of non-receipt of any such cheque or bank draft by the person to whom it was mailed, the Trustees on proof of the non-receipt and upon satisfactory indemnity being given to them and to the Trust, shall issue to the person a replacement cheque or bank draft for a like amount.

The receipt, by the registered Unitholder, of any payment not mailed or paid in accordance with this Section 8.11 shall nonetheless be a valid and binding discharge to the Trust and to the Trustees for any payment made in respect of the registered Trust Units, and if several persons are registered as joint registered Unitholders or, in consequence of the death, bankruptcy or incapacity of a Unitholder, one or several persons are entitled so to be registered in accordance with Sections 3.21 and 3.20, respectively, receipt of payment by any one of them shall be a valid and binding discharge to the Trust and to the Trustees for any such payment.

### **8.12 Trustees May Have Other Interests**

Subject to applicable securities laws, and without affecting or limiting the duties and responsibilities or the limitations and indemnities provided in this Trust Indenture, the Trustees are hereby expressly permitted to:

- (a) be an Associate or an Affiliate of or otherwise have an interest in a Person from or to whom Trust Property has been or are to be purchased or sold;
- (b) be, or be an Associate or an Affiliate of, or otherwise have an interest in, a Person with whom the Trust contracts or deals or which supplies services to the Trust;
- (c) acquire, hold and dispose of, either for their own account or the accounts of others, any assets not constituting part of the Trust Property, even if such assets are of a character which could be held by the Trust, and exercise all rights of an owner of such assets as if they were not Trustees;
- (d) carry on their respective businesses in the usual course while they are Trustees, including the rendering of funds or other services to other trusts and other persons for gain, including other trusts or persons with whom the Trust or any of their Affiliates may enter into any transaction or which may compete in any aspect of their respective businesses; and
- (e) derive direct or indirect benefit, profit or advantage from time to time as a result of dealing with the Trust or the relationships, matters, contracts, transactions, affiliations or other interests stated in this Section 8.12 without being liable to the Trust or any Unitholder or other Beneficiary for any such direct or indirect benefit, profit or advantage.

Subject to Applicable Laws, none of the relationships, matters, contracts, transactions, affiliations or other interests permitted above shall be, or shall be deemed to be or to create, a material conflict of interest with the Trustees' duties hereunder.

### **8.13 Trustees to Declare Interest**

Forthwith upon a Trustee becoming aware that it is a party to, or is a director or officer of or has a material interest in any person who is a party to, a material contract or proposed material contract with the Trust, that Trustee shall disclose in writing to the Trust and the Trustees the nature and extent of the interest, and, for greater certainty, upon a Trustee complying with this Section 8.13, neither that Trustee nor the subject officer or director of that Trustee (as the case may be) shall be subject to any liability to the other Trustees, the Trust or the Unitholders with respect to the Trust entering or having entered into such material contract or proposed material contract as aforesaid.

### **8.14 Acknowledgement and Consent of Conflict of Interest**

The Unitholders acknowledge that subject to the Trustees' general obligations under this Agreement:

- (a) the Trustees and their Associates and Affiliates may act as the investment adviser or in a similar capacity for other entities with responsibility for the management of the assets of those other entities at the same time as they are managing the Trust Property and may use the same or different information and trading or other strategies obtained, produced or utilized in managing the Trust Property and Affiliates of the Trustees and their respective officers, directors and employees may, at any time, engage in the promotion, management or investment management of any other trust fund, partnership or other person;
- (b) the Trustees and their Associates and Affiliates and their respective directors, officers and shareholders, if applicable, may be and are permitted to be engaged in and continue in the private investment or real estate business and other businesses in which the Trust may or may not have an interest and which may be

competitive with the activities of the Trust and, without limitation, the Trustees and their Associates and Affiliates may be and are permitted to act as a partner, shareholder, unitholder, officer, director, joint venturer, advisor, manager, administrator or in any other capacity or role whatsoever of, with or to other entities, including trusts and limited partnerships, which may be engaged in all or some of the aspects of the business of the Trust and may be in competition with the Trust; and

- (c) Trust activities may lead to the incidental result of providing additional information with respect to, or augmenting the value of, assets or properties in which the Trustees or other parties not at arm's length with the Trustees have or subsequently acquire either a direct or indirect interest.

Subject to the Trustees' general obligations hereunder, the Unitholders agree that the activities and facts as set forth in this Section 8.14, shall not constitute a conflict of interest or breach of fiduciary duty to the Trust or the Unitholders, the Unitholders hereby consent to such activities and the Unitholders waive, relinquish and renounce any right to participate in, and any other claim whatsoever with respect to, any such activities. The Unitholders further agree that none of the Trustees or any other party referred to in this Section 8.14 will be required to account to the Trust or any Unitholder for any benefit or profit derived from any such activities or from such similar or competing activity or any transactions relating thereto by reason of any conflict of interest or the fiduciary relationship created by virtue of the position of the Trustees hereunder unless such activity is contrary to the express terms of this Agreement.

#### **8.15 Documents Held by Trustees**

Any securities, documents of title or other instruments that may at any time be held by the Trustees subject to the trusts hereof may be placed in the deposit vaults of the Trustees or of any chartered bank in Canada, including an Affiliate of the Trustees, or deposited for safekeeping with any such bank.

### **ARTICLE 9 AMENDMENTS TO THE TRUST INDENTURE**

#### **9.1 Amendment**

The provisions of this Trust Indenture may only be amended by Special Resolution except where specifically otherwise provided herein, including pursuant to Sections 9.2 and 9.3.

#### **9.2 Amendment without Approval**

Notwithstanding anything herein contained (but subject to Section 9.3), the provisions of this Trust Indenture may be amended by the Trustees at any time and from time to time, without the consent, approval or ratification of the Unitholders or any other person at any time for the purpose of:

- (a) ensuring continuing compliance by the Trust with Applicable Laws, regulations, requirements or policies of any Governing Authority having jurisdiction over the Trustees or the Trust;
- (b) providing, in the opinion of the Trustees, additional protection for the Unitholders or to obtain, preserve or clarify the provision of desirable tax treatment to Unitholders;
- (c) making amendments hereto which, in the opinion of the Trustees, are necessary or desirable in the interests of the Unitholders as a result of changes in taxation laws or in their interpretation or administration;
- (d) making minor corrections, or removing or curing any conflicts or inconsistencies between the provisions of this Trust Indenture or any supplemental indenture and any other agreement of the Trust or any offering document with respect to the Trust, or any Applicable Law or regulation of any jurisdiction, provided that in the opinion of the Trustees the rights of the Unitholders are not materially prejudiced thereby;

- (e) providing for the electronic delivery by the Trust to Unitholders of documents relating to the Trust (including annual and quarterly reports, including financial statements, notices of Unitholder meetings and information circulars and proxy related materials) at such time as applicable securities laws have been amended to permit such electronic delivery in place of normal delivery procedures, provided that such amendments to this Indenture, based on the advice of counsel, are not contrary to or do not conflict with such laws;
- (f) curing, correcting or rectifying any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions, provided that, in the opinion of the Trustees, the rights of the Unitholders are not materially prejudiced thereby;
- (g) making amendments hereto as are required to undertake an Internal Reorganization;
- (h) making amendments hereto as are required to reclassify the outstanding Trust Units; and
- (i) making amendments hereto for any purpose (except one in respect of which a vote by Unitholders is expressly otherwise required), provided that, in the opinion of the Trustees, the rights of the Unitholders are not materially prejudiced thereby.

### **9.3 Further Restrictions on Amendments**

No amendment shall be made to this Trust Indenture:

- (a) to modify the voting rights attributable to any Trust Unit or reduce the fractional undivided beneficial interest in the Trust Property represented by any Trust Unit without the consent of the holder of such Trust Unit; and
- (b) to amend this Section 9.3, unless the consent of all Unitholders is obtained.

### **9.4 Notification of Amendment**

Following the making of any amendment pursuant to Section 9.2, the Trustees shall provide written notification of the substance of such amendment to each Unitholder and such notification shall be delivered concurrent with the next succeeding mailing of financial statements of the Trust (whether quarterly or annual financial statements), pursuant to Section 16.4.

### **9.5 Further Acts Regarding Amendment**

When a vote of the Unitholders approves an amendment to this Trust Indenture, then the Trustees shall sign such documents, on behalf of the Trust, as may be necessary to effect such amendment, provided that nothing herein contained shall be construed so as to obligate the Trustees to give effect to any amendment to this Trust Indenture which has an effect on any of the Trustee's rights, protections and obligations hereunder which is adverse to the Trustees.

## **ARTICLE 10 MEETINGS OF UNITHOLDERS**

### **10.1 Meetings**

- (a) At the discretion of the Trustees, there shall be a Meeting of Unitholders for the purpose of
  - (i) the appointment of the auditor of the Trust for the ensuing period;
  - (ii) transacting such other business as the Trustees may determine or as may properly be brought before the meeting.

A Meeting of Unitholders shall be held at a minimum of once every thirty–six (36) months from the date of this Trust Indenture.

## 10.2 Other Meetings

- (a) *Meetings of a Class of Unitholders:* The provisions of this Section 10.2 and the remainder of the provisions contained in Sections 10.3 to 10.10, inclusive, shall not only have application to a Meeting of Unitholders but shall be equally applicable, as the context requires, to meetings of a Class; and, accordingly, such provisions (including the use of the word "Unitholders" throughout) shall be so construed and applied, mutatis mutandis, so as to give effect to such interpretation.
- (b) *Called by the Trustees:* The Trustees shall have the power, at any time and for any purpose, to call a special Meeting of the Unitholders at such time and place as the Trustees may determine.
- (c) *Requisition by Unitholders:* Unitholders or Unitholders of a Class holding in the aggregate not less than 25% of all votes entitled to be voted at a Meeting of Unitholders or the Unitholders of a Class, as the case may be, may requisition the Trustees to call a special Meeting of Unitholders or of the Unitholders of that Class, as the case may be, for the purposes stated in the requisition. The requisition shall (A) be in writing, (B) set forth the name and address of, and number of Trust Units (which must not be less than 25% of all votes entitled to be voted at a Meeting of such Unitholders) held by, each person who is supporting the requisition, and (C) shall state in reasonable detail the business to be transacted at the meeting and shall be sent to the Trustees at the Trustees' principal place of business in Alberta. Upon receiving a requisition complying with the foregoing, the Trustees shall call a Meeting of such Unitholders to transact the business referred to in the requisition, unless:
- (i) the Trustees have called a Meeting of Unitholders and have given notice thereof pursuant to Section 10.3; or
  - (ii) in connection with the business as stated in the requisition:
    - (A) it clearly appears that a matter covered by the requisition is submitted by the Unitholder primarily for the purpose of enforcing a personal claim or redressing a personal grievance against the Trust, the Trustees, the Unitholders or primarily for the purpose of promoting general economic, political, religious, social or similar causes or primarily for a purpose that does not relate in a significant way to the business or affairs of the Trust;
    - (B) the Trust, at the Unitholder's request, had previously included a matter substantially the same as a matter covered by the requisition in an information circular relating to a Meeting of Unitholders held within 30 months preceding the receipt of such requisition and the Unitholder failed to present the matter, in person or by proxy, at the meeting;
    - (C) substantially the same matter covered by the requisition was submitted to Unitholders in an information circular relating to a Meeting of Unitholders held within 30 months preceding the receipt of such requisition and the matter covered by the requisition was defeated; or
    - (D) it appears that the rights conferred by this Section 10.2 are being abused to secure publicity.
  - (iii) *Failure to Call Meeting:* If there shall be no Trustees or if the Trustees do not, within 21 days after receiving the requisition, call a meeting (except where the grounds for not calling the meeting are one or more of those set forth in Section 10.2(b) above), any Unitholder who signed the requisition may call the meeting in accordance with the provisions of Article 10, mutatis mutandis.

### **10.3 Notice of Meeting of Unitholders**

Notice of all Meetings of the Unitholders shall be given or sent by unregistered mail postage prepaid addressed to each Unitholder entitled to vote at such Meeting at his registered address, mailed at least 21 days and not more than 60 days before the meeting (or within such other time periods as required or permitted by applicable securities laws). The attendance of a Unitholder at a meeting (whether in person or by proxy) shall constitute a waiver of notice, or defect therein, with respect to such meeting except where a Unitholder attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened. Such notice shall set out the time when, and the place where, such meeting is to be held, and shall state the purposes of the meeting. Any adjourned meeting may be held as adjourned without further notice. The accidental omission to give notice to or the non-receipt of such notice by the Unitholders shall not invalidate any resolution passed at any such meeting.

### **10.4 Quorum; Chairman**

A quorum for any Meeting of Unitholders shall be one or more persons present in person and being Unitholders or representing, by proxy, Unitholders, and who hold in the aggregate not less than 5% of all votes entitled to be voted at the meeting. In the event of such quorum not being present at the appointed place on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting, if convened on requisition of Unitholders, shall be terminated and, if otherwise called, shall stand adjourned to a day not less than seven days later and to such place and time as may be determined by the chairman of the meeting. If at such adjourned meeting a quorum as above defined is not present, the Unitholders entitled to vote at such meeting and present either personally or by proxy shall form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. Such individual as may be appointed by the Trustees shall be the chairman of any Meeting of Unitholders.

### **10.5 Voting**

- (a) Except for meetings of a particular Class, the holders of the Class A Trust Units and the holders of any other Class whose Class attributes entitle the holders thereof to vote at Meetings of the Unitholders shall be entitled to receive notice of and to attend all Meetings of the Unitholders of the Trust, either in person or by proxy, and shall in the case of the holders of Class A Trust Units be entitled to one (1) vote in respect of each Trust Unit held and in the case of the holders of any such other Class be entitled to such number of votes, if any, in respect of each Trust Unit held as may be specified in the Class attributes of such Trust Units, at all such meetings.
- (b) Every question submitted to a meeting, other than questions to be decided by Special Resolution, shall, unless a poll vote is demanded, be decided by a show of hands on which every person present and entitled to vote shall be entitled to one vote. On a poll vote at any Meeting of Unitholders, each Trust Unit shall be entitled to the number of votes set out in Section 10.5(a).
- (c) Any action taken or resolution passed in respect of any matter at a Meeting of Unitholders shall be by Ordinary Resolution, unless the contrary is otherwise expressly provided under any specific provision of this Trust Indenture.
- (d) The chairman of any Meeting of Unitholders shall not have a second or casting vote.

### **10.6 Record Dates**

For the purpose of determining the Unitholders who are entitled to receive notice of and vote at any meeting or any adjournment thereof, or who are entitled to receive any distribution, or for the purpose of any other action, the Trustees may from time to time, without notice to Unitholders, close the transfer books for such period, not exceeding 30 days, as the Trustees may determine. With or without closing the transfer books, the Trustees may fix a date not more than 60 days prior to the date of any Meeting of Unitholders or any distribution or

any other action to be taken by the Trust, as a record date for the determination of Unitholders entitled to receive notice of and to vote at such meeting or any adjournment thereof or to receive such distribution or to be treated as Unitholders of record for purposes of such other action, as the case may be. Any Unitholder who was a Unitholder (in respect of the class of Trust Units in respect of which such meeting has been called) at the record date so fixed shall be entitled to receive notice of and vote at such meeting or any adjournment thereof, or to receive such distribution, or to be treated as a Unitholder of record for purposes of such other action, even though he has since that date disposed of his Trust Units, and no person who becomes a Unitholder after that date shall be entitled to receive notice of and vote at such meeting or any adjournment thereof, or to receive such distribution, or to be treated as a Unitholder of record for purposes of such other action. In the event that the Trustees do not fix a record date for any Meeting of Unitholders, the record date for such meeting shall be the Business Day immediately preceding the date upon which notice of the meeting is given in accordance with Article 10.

#### **10.7 Proxies**

Whenever the vote or consent of Unitholders is required or permitted under this Trust Indenture, such vote or consent may be given either directly by the Unitholder or by a proxy in written form, electronic or other technologically enhanced form, or such other form as is acceptable to the Trustees acting reasonably. A proxy holder need not be a Unitholder. The Trustees may solicit such proxies from the Unitholders or any of them in respect of any matter requiring or permitting the Unitholders' vote, approval or consent in such manner as may be required or permitted by Applicable Law.

Provided not contrary to Applicable Law, the Trustees may adopt, amend or repeal such rules relating to proxies, including pertaining to the appointment of proxy holders and the solicitation, execution, validity, revocation and deposit of proxies, as it in their discretion from time to time determines and such rules may be contained in the Trustees' Regulations.

#### **10.8 Solicitation of Proxies**

The Trustees may solicit proxies from Unitholders in connection with all Meetings of Unitholders.

#### **10.9 Resolution in Lieu of Meeting**

A resolution signed in writing by Unitholders holding a proportion of all the outstanding votes entitled to be voted at a Meeting of Unitholders, where such proportion is equal to or greater than the proportion of votes required to be voted in favour of such resolution at a Meeting of Unitholders to approve that resolution, is as valid as if it had been passed at a Meeting of Unitholders duly called and convened for the purpose of approving that resolution.

#### **10.10 Binding Effect of Resolutions**

Every Ordinary Resolution and every Special Resolution passed in accordance with the provisions of this Trust Indenture at a Meeting of Unitholders shall be binding upon all the Unitholders whether present at or absent from such meeting, and each and every Unitholder shall be bound to give effect to every such Ordinary Resolution and Special Resolution.

#### **10.11 No Breach**

Notwithstanding any provisions of this Indenture, the Unitholders shall not have the power to effect any amendment hereto which would require the Trustees to take any action or conduct the affairs of the Trust in a manner which would constitute a breach or default by the Trust or the Trustees under any agreement binding on or obligation of the Trust or the Trustees.

## **10.12 Resolutions Binding the Trustees**

- (a) Unitholders shall be entitled to pass resolutions that will bind the Trustees only with respect to the following matters:
- (i) the election or removal of the Trustees;
  - (ii) the appointment or removal of the Auditor;
  - (iii) amendments of this Trust Indenture;
  - (iv) the termination or dissolution of the Trust; and
  - (v) any other matter referred to in Section 8.4 hereof.
- (b) Except with respect to the above matters set out in this Section 10.12, no action taken by the Unitholders or any resolution of the Unitholders at any meeting shall in any way bind the Trustees.

## **ARTICLE 11 TERMINATION**

### **11.1 Term of the Trust**

Subject to the other provisions of this Indenture, the Trust shall continue for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on June 3, 2013. For the purpose of terminating the Trust by such date, the Trustees shall commence to wind-up the affairs of the Trust on such date as may be determined by the Trustees, being not more than two years prior to the end of the term of the Trust.

### **11.2 Termination with the Approval of Unitholders**

The Trust shall be wound-up or terminated if the Unitholders pass a Special Resolution, authorizing such wind-up or termination, at a Meeting of Unitholders duly called for the purpose of considering the wind-up or termination of the Trust. Following the passage of such Special Resolution, the Trustees shall commence to wind-up or terminate (as the case may be) the affairs of the Trust. Such Special Resolution may contain such directions to the Trustees as the Unitholders determine.

### **11.3 Procedure Upon Termination**

Forthwith upon being required to commence to wind-up or terminate the affairs of the Trust, the Trustees shall give notice of such wind-up or termination to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Trust Units for cancellation and the date at which the Registers of Trust Units of the Trust shall be closed.

### **11.4 Powers of the Trustees Upon Termination**

After the date on which the Trustees are required to commence to wind-up or terminate the affairs of the Trust, the Trustees shall carry on no activities except for the purpose of winding-up or terminating (as the case may be) the affairs of the Trust as hereinafter provided and, for this purpose, the Trustees shall continue to be vested with and may exercise all or any of the powers conferred upon the Trustees under this Trust Indenture.

### **11.5 Sale of Investments**

After the date referred to in Section 11.4, the Trustees shall proceed to wind-up or terminate, as the case may be, the affairs of the Trust as soon as may be reasonably practicable and for such purpose shall, subject

to any direction to the contrary in respect of a wind-up or termination authorized under Section 11.2, sell and convert into money the Trust Property and do all other acts appropriate to liquidate the Trust, and shall in all respects act in accordance with the directions, if any, of the Unitholders (in respect of a wind-up or termination authorized under Section 11.2). If the Trustees are unable to sell all or any of the Trust Property or other assets which comprise part of the Trust by the date set for wind-up or termination, the Trustees may distribute undivided interests in the remaining Trust Property or other assets directly to the holders of Trust Units in accordance with their entitlements to the Trust Property on a wind-up or termination of the Trust, as such entitlements are determined in accordance with the rights, privileges, restrictions and conditions attaching to the Trust Units.

#### **11.6 Distribution of Proceeds**

After paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Trust, and, additionally after providing for an indemnity against any other outstanding liabilities and obligations, the Trustees shall distribute the remaining part of the proceeds of the sale of the Trust Property to the holders of the Trust Units in accordance with their entitlements to the Trust Property on a wind-up or termination of the Trust, as such entitlements are determined in accordance with the rights, privileges, restrictions and conditions attaching to the Trust Units.

#### **11.7 Further Notice to Unitholders**

In the event that less than all of the Unitholders have surrendered their Trust Units for cancellation within six (6) months after the time specified in the notice referred to in Section 11.3, the Trustees shall give further notice to the remaining Unitholders to surrender their Trust Units for cancellation and if, within one (1) year after the further notice, all the Trust Units shall not have been surrendered for cancellation, such remaining Trust Units shall be deemed to be cancelled without prejudice to the rights of the holders of such Trust Units to receive their proper entitlements to the Trust Property on a wind-up or termination of the Trust, as such entitlements are determined in accordance with the rights, privileges, restrictions and conditions attaching to the Trust Units, and the Trustees may either take appropriate steps, or appoint an agent to take appropriate steps, to contact such Unitholders (deducting all expenses thereby incurred from the amounts to which such Unitholders are entitled as aforesaid) or, in the discretion of the Trustees, the Trustees may pay such amounts into court in the province where the Trust has its head office (or to such other suitable government official or agency in the province where the Trust has its head office) whose receipt shall be a good release, acquittance and discharge of the obligations of the Trustees with respect to such amounts.

#### **11.8 Responsibility of the Trustees after Sale and Conversion**

The Trustees shall be under no obligation to invest the proceeds of any sale of investments or other assets or cash forming part of the Trust Property after the date referred to in Section 11.4 and, after such sale, the sole obligation of the Trustees under this Trust Indenture shall be to collect, distribute and hold such proceeds in trust for distribution under this Article 11.

### **ARTICLE 12**

#### **LIABILITY OF TRUSTEES, UNITHOLDERS AND OTHER MATTERS**

##### **12.1 Acting on Behalf of the Trust**

The Trustees and the directors, officers, employees, consultants and agents of the Trust and the Trustees, as the case may be, in incurring any debts, liabilities or obligations, or taking or omitting any other actions for or in connection with the affairs of the Trust are, and shall be conclusively deemed to be, acting for and on behalf of the Trust, and not in their own personal capacities.

##### **12.2 General Limitations of Liability**

- (a) *Reliance on Experts:* The Trustees shall be entitled to rely on, and shall not be liable for acting or failing to act, in good faith, in relation to any matter relating to this Trust where such action or failure to act is based

upon, statements from, the opinion or advice of, or information from the Auditor, legal counsel, valuator, engineer, surveyor, appraiser or other expert (herein, "**Experts**") where it is reasonable to conclude that the matter in respect of which such statements are made, or opinion or advice given, ought to be within the expertise of such Expert, provided that, with respect to Experts other than the Auditor and legal counsel, the Trustees have satisfied their standard of care in Section 8.5 in selecting such Expert.

- (b) *Good Faith Reliance*: No Trustee shall be liable to any Unitholder, beneficial Unitholder, holder of Other Trust Securities or annuitant (collectively, a "**Beneficiary**") or other persons in relying in good faith upon statements or information from, the opinion or advice of, or instruments or directions given by any employees or agents of the Trust or the Trustees or by a broker, a custodian or any Beneficiary, or by such other parties as may be authorized to give instructions or directions to the Trustees or the Trust. No Trustee and no employee or agent of the Trust or the Trustees shall be liable to any Beneficiary or other persons for, and shall each be fully protected from liability in respect to, acting upon any instrument, certificate or paper believed by it, in good faith, to be genuine and signed or presented by the proper person or persons.
- (c) *Tax Matters*: Neither the Trust nor any Trustee shall be accountable or liable to any Beneficiary by reason of any act or acts of any such person consistent with the carrying out of any obligations or responsibilities imposed upon any such person under the Tax Act.

### 12.3 Limitation of Liability of Trustees

- (a) *Limit on Liability*: The Trustees and each of their respective employees and agents, and any respective heirs, legal representatives and successors (each an "**Indemnified Party**") shall be indemnified and saved harmless by the Trust from and against all losses, claims, damages, liabilities, obligations, costs and expenses (including without limitation judgments, fines, penalties, amounts paid in settlement and legal fees on a solicitor–client basis, including disbursements) (collectively, "**Claims**") of whatsoever kind or nature incurred by, borne by or asserted against any of the Indemnified Parties and which in any way arise from or relate in any manner to this Trust Indenture, unless such Claims arise principally and directly from the gross negligence, willful default or gross negligence of an Indemnified Party. In addition to those limits on the liability of the Trustees set forth in Section 12.2, no Trustees, as a trustee of the Trust, shall have any liability whatsoever (whether direct or indirect, absolute or contingent) in tort, contract or otherwise to any Beneficiary and no resort shall be had to any Trustee's property or assets for satisfaction of any obligation, liability or claim against any Trustee or the Trust (and the Trust only shall be liable, and the Trust Property only subject to levy or execution in respect thereof), where such obligation, liability or claim arises out of or in connection with, directly or indirectly, the Trust Property or the conduct and undertaking of the activities and affairs of the Trust, including (i) the performance or lack of performance of the Trustees' duties, responsibilities, powers, authorities and discretion under this Indenture, and (ii) any depreciation of, or loss to, the Trust incurred by reason of the retention or sale of any Trust Property; unless any of the foregoing arises from the willful misconduct, bad faith or gross negligence by such Trustee or the breach by such Trustee of the standard of care and duty prescribed by Section 8.5.
- (b) *Indemnity*: If, in circumstances where there is to be no liability on a Trustee pursuant to the provisions of Sections 12.2 and 12.3(a), a Trustee is held liable to any person, or the Trustee's property or assets are subject to levy, execution or other enforcement resulting in loss to the Trustee, then the Trustee shall be entitled to indemnity and reimbursement out of the Trust Property, in accordance with Section 12.5, to the full extent of such liability and the costs of any action, suit or proceeding or threatened action, suit or proceeding, including without limitation, the fees and disbursements of legal counsel.

### 12.4 No Beneficiary Liability

- (a) *No Beneficiary Liability*: No Beneficiary, in its capacity as such, shall be subject to any liability whatsoever (whether direct or indirect, absolute or contingent) in tort, contract or otherwise, to any person and no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any Beneficiary for any liability whatsoever in connection with the following (collectively, "**Trust Liabilities**"): (i) the Trust Property or the ownership, use, operation, acquisition or disposition thereof or the exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom; (ii)

the obligations, liabilities, activities or affairs of the Trust; (iii) any actual or alleged act or omission of any of the Trustees or any other person in respect of the activities or affairs of the Trust (whether or not authorized by or pursuant to this Trust Indenture); or (iv) any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust or by any of the Trustees (on behalf of the Trust) in connection with the activities or affairs of the Trust, provided that each Beneficiary always remains responsible for (and shall not be indemnified from) any liability for taxes assessed against them by reason of or arising out of their ownership of Trust Units or Other Trust Securities. No Beneficiary, in its capacity as such, shall be liable to indemnify the Trustees or any other person with respect to any Trust Liabilities. The Trustees hereby waive to the maximum extent possible any right to indemnification which they may have against any Beneficiary under any Applicable Law.

- (b) *Indemnity*: If, in circumstances where there is to be no liability on a Beneficiary pursuant to the provisions of Section 12.4(a), a Beneficiary shall be held liable to any person, or its property or assets are subject to levy, execution or other enforcement resulting in loss to such Beneficiary, then the Beneficiary shall be entitled to indemnity and reimbursement out of the Trust Property, in accordance with Section 12.5, to the full extent of such liability and the costs of any action, suit or proceeding or threatened action, suit or proceeding, including without limitation, the reasonable legal fees and disbursements of its legal counsel.

## **12.5 Indemnification and Reimbursement**

- (a) Subject to being entitled to indemnification hereunder by virtue of Sections 12.3(b) and 12.4(b), each person who is, or shall have been a Trustee or a Beneficiary (collectively, an "**Indemnified Party**") shall be indemnified and reimbursed by the Trust out of the Trust Property in respect of any and all liabilities and expenses (including judgments, fines, penalties, amounts paid in settlement, and reasonable legal fees and disbursements) incurred in connection with or arising out of any action, suit or proceeding to which any such Indemnified Party may be made a party by reason of being or having been a Trustee or a Beneficiary (as the case may be). An Indemnified Party shall not be entitled to satisfaction of any right of indemnity or reimbursement granted herein, or otherwise existing at law, except out of the Trust Property, and no Beneficiary or Trustee or former Trustee shall be personally liable to any Indemnified Party with respect to any claim for such indemnity or reimbursement.
- (b) For purposes of this Article 12, (i) "action, suit or proceeding" shall include every action, suit or proceeding, civil, criminal or other, or other claim; (ii) the rights of indemnification conferred hereby shall extend to any threatened action, suit or proceeding; and (iii) advances in respect of the right to indemnification may be made by the Trustees, in their discretion, against costs, expenses and fees incurred in respect of the matter or matters as to which indemnification is claimed.
- (c) The foregoing right of indemnification shall not be exclusive of any other rights to which the Indemnified Party may be entitled as a matter of law or which may be lawfully granted to such person and the provisions of this Section 12.5 are severable, and if any provisions hereof shall for any reason be determined invalid or ineffective, the remaining provisions of this Indenture relating to indemnification and reimbursement shall not be affected thereby. This indemnity shall survive the resignation or replacement of any of the Trustees.

## **12.6 Further Limitation on Indemnification**

Notwithstanding any other provisions of this Indenture, the Trust shall have no liability to reimburse any person for transfer or other taxes or fees payable on the transfer of Trust Units or any income or other taxes assessed against any person by reason of ownership or disposition of Trust Units.

## **12.7 Extended Meanings**

For the purposes of Sections 12.2 to 12.5 (inclusive) references to the Trustees shall be deemed to include their respective directors, officers, agents and employees.

## **12.8 Exculpatory Clauses in Instruments**

In respect of any obligations or liabilities being incurred by the Trust or the Trustees on behalf of the Trust, the Trustees shall make all reasonable efforts to include as a specific term of such obligations or liabilities a contractual provision substantially to the following effect:

The parties hereto acknowledge that [the Trustees] are entering into this agreement solely [in their capacities as Trustees] on behalf of the Trust and the obligations of the Trust hereunder shall not be personally binding upon any of [the Trustees] or any of the unitholders of the Trust or any annuitant, subscriber or beneficiary under a plan of which a unitholder is a trustee or carrier (an "annuitant") and that any recourse against the Trust [, any of the Trustees] or any unitholder or annuitant in any manner in respect of any indebtedness, obligation or liability arising hereunder or arising in connection herewith or from the matters to which this agreement relates, if any, including without limitation claims based on negligence or otherwise tortious behaviour, shall be limited to, and satisfied only out of, the Trust Property as defined in the Amended and Restated Trust Indenture of the Trust dated as of September 17, 2013, as from time to time amended, restated or modified.

The omission of such statement from any such document or instrument shall not render the Trustees or a Beneficiary liable to any person, nor shall the Trustees or any Beneficiary be liable for such omission. If, notwithstanding this provision, the Trustees or any Beneficiary shall be held liable to any person by reason of the omission of such statement from any such agreement, undertaking or obligation such Trustees or Beneficiary shall be entitled to indemnity and reimbursement out of the Trust Property to the full extent of such liability.

## **12.9 Execution of Instruments and Apparent Authority**

Any instrument executed in the name of the Trust, or by or on behalf of the Trustees as trustees of the Trust, shall constitute and shall be deemed to constitute a valid obligation of the Trust enforceable in accordance with its terms as if executed by the Trustees.

## **12.10 Interests of Consultants and Agents**

Subject to any agreement to the contrary between the Trust and any consultant or agent of the Trust, a consultant or agent of the Trust may, while so engaged and so long as it complies with this Indenture and any other applicable agreements:

- (a) acquire, hold and dispose of any property, real or personal, for its account even if such property is of a character which could be held by the Trust, and may exercise all rights of an owner of such property as if it were not a consultant or agent, as the case may be;
- (b) have business interests of any nature and may continue such business interests for its own account including the rendering of professional or other services and advice to other persons for gain; and
- (c) acquire, hold and sell Trust Units in its own capacity or as an Affiliate of or fiduciary for any other person, or as an Affiliate of any person who acquires, holds or sells Trust Units, and may exercise all rights of a holder thereof as if it were not a consultant or agent of the Trust, provided that it may not make use of any specific confidential information for its own benefit or advantage that, if generally known, might reasonably be expected to significantly affect the value of any of the Trust Units;

and such activities shall be deemed not to conflict with its duties as a consultant or agent of or to the Trust. Except as otherwise specifically agreed with the Trust, no consultant or agent of the Trust shall have any duty to present to the Trust any investment opportunity which it may receive in any capacity other than as consultant or agent of the Trust, and its failure to present to the Trust any such investment opportunity shall not make such consultant or agent

liable in law or in equity, to pay, or account to the Trust, or to any Unitholder whether acting individually or on behalf of himself and other Unitholders as a class, for any benefit, profit or advantage derived therefrom.

**ARTICLE 13  
DELEGATION OF POWERS AND MANAGEMENT OF THE TRUST**

**13.1 Delegation**

Except as expressly prohibited by law, the Trustees may grant or delegate to any person such authority and such powers of the Trustees hereunder as the Trustees may in their sole discretion deem appropriate, necessary or desirable to carry out and effect the actual management and administration of the duties of the Trustees under this Trust Indenture, without regard to whether such authority is normally granted or delegated by trustees.

**ARTICLE 14  
SUPPLEMENTAL INDENTURES**

**14.1 Provision for Supplemental Indentures**

The Trustees may, subject to the provisions hereof, and the Trustees shall, when so directed in accordance with the provisions hereof, execute and deliver indentures or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

- (a) modifying or amending any provisions of this Trust Indenture in the circumstances set forth in Article 9 where the Trustees may do so without the consent, approval or ratification of the Unitholders or any other person; and
- (b) modifying or amending any provisions of this Trust Indenture where the modification or amendment has been consented to, approved or ratified by some or all of the Unitholders (as the case may be) to the extent required in accordance with the provisions of this Trust Indenture,

provided that the Trustees may in their sole discretion decline to enter into any such supplemental indenture which in their opinion may not afford adequate protection to the Trustees when the same shall become operative.

**ARTICLE 15  
NOTICES**

**15.1 Notices to Unitholders**

- (a) Any notice, communication or other document required to be given or sent to Unitholders under this Trust Indenture or by law, shall be given or sent by personal service or through ordinary post addressed to each registered holder at his or her last address appearing on the Registers or in any other manner from time to time permitted by Applicable Law (including Canadian securities legislation), including, without limitation, internet based or other electronic communications; provided that if any such notice or communication shall have been mailed and either prior to or subsequent to such mailing (but prior to delivery of such notice or communication) regular mail service shall have been interrupted by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, such notice or communication shall be deemed to have been received 48 hours after 12:01 a.m. on the day following the resumption of normal mail service; provided further that during the period that regular mail service shall be interrupted, notice may be given by personal service, or by internet based or other electronic communication, or by publication once in the Report on Business section of the National Edition of The Globe and Mail or similar section of any other newspaper having national circulation in Canada; provided further that if there is no newspaper having national circulation, then such notice may be given by publishing once in the business section of a newspaper in each city where the Register(s) or a branch register is maintained.

- (b) Any notice given in the manner provided in Section 15.1(a) shall be deemed to have been given and delivered (i) in the case of notice given by mail, on the day following that on which the letter or other document was mailed, or (ii) in the case of notice given by publication, after publication of such notice twice in the designated newspaper or newspapers, or (iii) in the case of notice given by internet based or other electronic communication, on the later of (A) the Business Day on which such notice is given and (B) the earliest day and at the earliest time (as applicable) as is permissible in accordance with the law permitting the giving of notice via such internet based or other electronic communication. In proving notice was mailed, it shall be sufficient to prove that such letter or other document was properly addressed, stamped and mailed.

**15.2 Notice to the Trustees:**

Any notice or other document or written communication to be given to the Trustees shall be addressed to the Trustees and sent to:

Pacific Landing @ Havenwood Trust  
 Suite 208, 6025 12<sup>th</sup> Street SE  
 Calgary, Alberta T2H 2K1  
 Fax: (403) 244-2123  
 Email: rbmroyer@gmail.com  
 Attention: Trustees

and shall be deemed to have been given on the date of delivery or, if mailed, five (5) days from the date of mailing or, if sent by facsimile or electronic transmission, shall be deemed to have been given on the first Business Day thereafter. If any such notice or communication shall have been mailed and if regular mail service shall be interrupted by reason of a strike, lockout or other work stoppage, actual or threatened, involving postal employees, such notice or communication shall be deemed to have been received 48 hours after 12:01 a.m. on the day following the resumption of normal mail service, provided that during the period that regular mail service shall be interrupted any notice or other communication shall be delivered or given by personal delivery, telegram, telex, facsimile transmission or other means of prepaid, transmitted or recorded communication.

**15.3 Failure to Give Notice**

The failure by the Trustees, by accident or omission or otherwise unintentionally, to give any Unitholder any notice provided for herein shall not affect the validity, effect or taking effect of any action referred to in such notice, and the Trustees shall not be liable to any Unitholder for any such failure.

**15.4 Joint Holders**

Service of a notice or document on any one of several joint holders of Trust Units shall be deemed effective service on the other joint holders.

**15.5 Service of Notice**

Any notice or document delivered to a Unitholder pursuant to this Article shall, notwithstanding the death or bankruptcy of such Unitholder, and whether or not the Trustees have notice of such death or bankruptcy, be deemed to have been fully served and such service shall be deemed sufficient service on all persons having an interest in the Trust Units concerned.

**ARTICLE 16**  
**RECORDS AND FINANCIAL INFORMATION**

**16.1 Trust Records**

The Trustees shall prepare and maintain or cause to be prepared and maintained records containing (a) this Trust Indenture; (b) minutes of meetings and resolutions of Unitholders; (c) minutes of meetings and resolutions of the Trustees; and (d) the Registers. The Trust shall also prepare and maintain adequate accounting records. All such records shall be kept at the head office of the Trust or at such other place as the Trustees think fit.

**16.2 Information Available to Unitholders**

Each Unitholder has the right to obtain, on demand and without fee, from the head office of the Trust (i) a copy of this Trust Indenture and any amendments thereto, and (ii) the minutes of the Meetings of Unitholders and any written resolutions of Unitholders passed in lieu of holding a Meeting of Unitholders, and will also be entitled to examine a list of the Unitholders, all to the same extent and upon the same conditions, mutatis mutandis, as those which apply to shareholders of a corporation governed by the *Business Corporations Act* (Alberta).

**16.3 Financial Disclosure**

- (a) The Trust will send to Unitholders within 120 days after the end of each fiscal year (or within such shorter time as may be required by applicable securities law), the financial statements of the Trust for that fiscal year, together with comparative financial statements for the preceding fiscal year, if any, and the report of the accountant thereon.
- (b) The Trust will send to Unitholders (or make available if sending is not required by law), within 60 days after the end of each fiscal quarter of the Trust (or within such shorter time as may be required by applicable securities law), unaudited quarterly financial statements of the Trust for such fiscal quarter, together with comparative financial statements for the same fiscal quarter in the preceding fiscal year, if any.

Such financial statements shall be prepared in accordance with IFRS; provided that such statements may vary from such principles to the extent required to comply with applicable securities laws or securities regulatory requirements or to the extent permitted by applicable securities regulatory authorities.

**16.4 Taxation Information**

On or before March 31 in each year, or such other date as may be required under Applicable Law, the Trust shall provide to Unitholders who received distributions from the Trust in the prior calendar year, such information regarding the Trust required by Canadian law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

**16.5 Income Tax: Obligations of the Trustees**

The Trustees shall satisfy, perform and discharge all obligations and responsibilities of the Trustees under the Tax Act and none of the Trustees or the Trust shall be accountable or liable to any Unitholder by reason of any act or acts of the Trustees consistent, or carried out in intended compliance, with any such obligations or responsibilities.

**ARTICLE 17  
AUDITOR**

**17.1 Qualification of Auditor**

If appointed, the Auditor shall be a recognized firm of chartered accountants which has an office in Canada and which is independent of the Trust and the Trustees.

**17.2 Appointment of Auditor**

The Trustees may appoint an Auditor of the Trust as the initial auditor of the Trust to hold such office until the first Meeting of Unitholders or otherwise as determined by the Trustees. The Auditor will be elected at each succeeding Meeting of Unitholders. The Auditor will receive such remuneration as may be approved by the Trustees.

**17.3 Change of Auditor**

If appointed, the Auditor may at any time be removed by the Trustees with the approval of Unitholders by way of Ordinary Resolution at a Meeting of Unitholders duly called for the purpose and, upon such removal of the Auditor as aforesaid, new auditor may be appointed by the Trustees with the approval of the Unitholders by means of an Ordinary Resolution at a meeting duly called for the purpose. A vacancy created by the removal of the Auditor as aforesaid may be filled at the Meeting of Unitholders at which the Auditor is removed or, if not so filled, may be filled under Section 17.4 below.

**17.4 Filling Vacancy**

The Auditor may at any time voluntarily resign, and in such event the Trustees shall forthwith fill the vacancy with a new auditor as is approved by the Trustees, and such new auditor shall act as auditor of the Trust for the unexpired term of the predecessor auditor of the Trust.

**17.5 Reports of Auditor**

If appointed, the Auditor shall audit the accounts of the Trust at least once in each year and a report of the Auditor with respect to the annual financial statements of the Trust shall be provided to each Unitholder as set out in Section 16.4.

**ARTICLE 18  
GENERAL**

**18.1 Trust Property to be Kept Separate**

The Trustees shall maintain the Trust Property separate from all other property in their possession and not commingled, and to the extent that all or part of the Trust Property is placed in the possession of any other person on behalf of the Trust, the Trustees shall take such reasonable steps to ensure that such persons shall also keep such Trust Property separate from all other property of such persons and not commingled.

**18.2 Trustees May Hold Trust Units**

The Trustees and any Affiliates and Associates of any of the Trustees may be Unitholders.

**18.3 Execution and Effect of Restated Trust Indenture**

A restated Trust Indenture, setting forth the terms of this Trust Indenture, as amended to the time of execution, may be executed at any time or from time to time by the Trustees and such restated Trust Indenture as so executed shall thereafter be effective and may thereafter be referred to in lieu of the original Trust Indenture as so

amended; provided, however, that no such execution of a restated Trust Indenture shall be deemed to constitute a termination of the Trust or this Trust Indenture.

#### **18.4 Consolidations**

The Trustees may prepare consolidated copies of the Trust Indenture as it may from time to time be amended or amended and restated and may certify the same to be a true consolidated copy of the Trust Indenture, as amended or amended and restated.

#### **18.5 Severability**

The provisions of this Trust Indenture are severable and if any provisions are in conflict with any Applicable Law, the conflicting provisions shall be deemed never to have constituted a part of this Trust Indenture and shall not affect or impair any of the remaining provisions thereof. If any provision of this Trust Indenture shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Trust Indenture in any jurisdiction.

#### **18.6 Successors and Assigns**

The provisions of this Trust Indenture shall enure to the benefit of, and be binding upon, the parties and their respective successors and assigns.

#### **18.7 Counterparts**

This Trust Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

*[Rest of Page Intentionally Left Blank]*

IN WITNESS WHEREOF this Trust Indenture is executed effective the 17<sup>th</sup> day of September, 2013.

(signed) "Jessica Brown"  
Witness

(signed) "Randy Royer"  
**RANDY ROYER (Trustee)**

(signed) "Kim E. Johnson"  
Witness

(signed) "Ray Parks"  
**RAY PARKS (Trustee)**

**SCHEDULE "B" TO THE  
AMENDED AND RESTATED OFFERING MEMORANDUM OF  
PACIFIC LANDING @ HAVENWOOD TRUST**

**Limited Partnership Agreement**

## LIMITED PARTNERSHIP AGREEMENT

**THIS AGREEMENT** made as of the 29<sup>th</sup> day November, 2012.

**BETWEEN:**

**Pacific Landing Project Ltd.** (PLGP) a corporation incorporated under the laws of the Province of British Columbia, having an office at 761 - 77 Street SW., Calgary, Alberta, T3H 3V6

(hereinafter called the "**General Partner**")

- and-

**536220 Alberta Ltd.**, a corporation incorporated under the laws of the Province of Alberta, having an office at 761 - 77 Street SW., Calgary, Alberta, T3H 3V6

(hereinafter called the "**Initial Limited Partner**")

- and -

Each party who from time to time executes this agreement or a counterpart thereof and who becomes a Limited Partner in accordance with the terms hereof

(hereinafter collectively called the "**Limited Partners**" and individually called a "**Limited Partner**"),

**WHEREAS** the General Partner and the Initial Limited Partner formed a Limited Partnership (the "Partnership") under the firm name and style of "Pacific Landing Limited Partnership" (PLL), by the entering into of this Agreement and the filing of the appropriate certificate on November 29, 2012;

**AND WHEREAS** the Partnership was formed for the purposes more particularly hereinafter set forth and the General Partner and the Initial Limited Partner desire to finance the continuing pursuit of such purposes by the sale of Units in the Partnership;

**AND WHEREAS** in order to facilitate the issuance of Units and the admission of Limited Partners, all the terms and provisions relating to the Partnership are set forth herein;

**NOW THEREFORE IN CONSIDERATION** of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged, the parties hereto agree as follows:

**ARTICLE I**  
**Definitions and Interpretation**

1.01 **Definitions.** In this agreement, in addition to any terms defined parenthetically herein, the following terms shall have the following meanings:

**“Acquisition Agreement”** means the agreement made as of February 19, 2013 with Heather Bell Lands Corporation to acquire the Land;

**“Affiliate”** of a person means (i) any person directly or indirectly controlling, controlled by or under common control with such person; (ii) any person owning or controlling 10% or more of the outstanding voting securities of such person; and (iii) any officer, director or partner of such person;

**“Authorized Cash Investments”** means deposits with or debt securities guaranteed by a Canadian chartered bank or a trust company registered under the laws of Canada or a province thereof whose debt securities are rated by Canadian Bond Rating Service as at least “A+” or by Dominion Bond Rating Service as at least “AA”, securities issued or guaranteed by the Government of Canada or a province or territory of Canada, and units of publicly traded money market mutual funds; provided that such amounts invested are not subject to any acquisition or redemption charge;

**“Bare Trustee”** means Heather Bell Lands Corporation, an Alberta corporation extra provincially registered in the Province of British Columbia;

**“Business of the Partnership”** means that business described in Section 2.07 below;

**“Capital Contribution”** means the gross amount of cash and other property contributed to the capital of the Partnership by all Partners;

**“Certificate”** means any certificate or amendment thereof concerning the Partnership filed with the Registrar of Corporations, British Columbia, pursuant to the *Partnership Act* (British Columbia);

**“Developer”** means PLLP;

**“Distributable Income”** means all income of the Partnership, less expenses incurred in earning such income including the development fee payable to the Developer as set out in Section 4.02 below;

**“Extraordinary Resolution”** means a resolution passed at a duly convened meeting of Partners or any adjournment thereof, or by written resolution in one or more counterparts, by Limited Partners holding in aggregate not less than 75% of the aggregate number of Units held by Limited Partners who are entitled to vote;

**“General Partner”** means Pacific Landing Project Ltd. a British Columbia corporation, or any other person or person who may from time to time succeed PLGP in the capacity of general partner of the Partnership;

**“Land”** means that land more specifically described in Section 2.07 below;

**“Limited Partners”** refers to the persons who are registered as holders of Units as shown on the register of Units maintained pursuant to Sections 3.11 and 8.02, but for greater certainty does not include an Initial Limited Partner in his capacity as such;

**“Ordinary Resolution”** means:

- (a) a resolution passed by Limited Partners holding, in the aggregate, not less than 50% of the aggregate number of Units held by those Limited Partners who, being entitled to do so, vote in person or by proxy at a duly convened meeting of Partners or any adjournment thereof; or
- (b) a written resolution in one or more counterparts consented to in writing by Limited Partners holding, in the aggregate, not less than 66% of the aggregate number of Units held by those Limited Partners who are entitled to vote;

**“Partners”** refers collectively to the General Partner, the Initial Limited Partner and the Limited Partners, and reference to a “Partner” shall be to any one of the Partners;

**“Partnership”** refers to the limited partnership created pursuant to this agreement;

**“Partnership Act”** means the *Partnership Act* (British Columbia) as amended from time to time;

**“Partnership Assets”** means all of the assets of the Partnership;

**“Person”** means a natural person, corporation, body corporate, partnership, joint venture, association, syndicate, trust or unincorporated organization or any trustee, executor, administrator or other legal representative or any legal entity, including without limitation, qualified pension and profit sharing trusts;

**“Phase I”** means that portion of the business of the Partnership that is comprised of the purchase of the Lands, subdivision, and development of up to 30 residential units;

**“Phase II and Beyond”** means all of the business of the Partnership arising after Phase I, including the development of the remaining portion of the Land;

**“Pro-Rata Share”** means, in relation to each Limited Partner, 1 divided by the total number of Units outstanding, multiplied by the number of Units held by such Limited Partner;

**“Registrar and Transfer Agent”** means the person from time to time acting as registrar and transfer agent for the Partnership pursuant to Section 3.11;

**“Special Resolution”** means:

- (a) a resolution passed by Limited Partners holding, in the aggregate, not less than 66% of the aggregate number of Units held by those Limited Partners who, being entitled to do so, vote in person or by proxy at a duly convened meeting of Partners or any adjournment thereof; or

- (b) a written resolution in one or more counterparts consented to in writing by Limited Partners holding, in the aggregate, not less than 75% of the aggregate number of Units held by those Partners who are entitled to vote;

“**Subscription Proceeds**” means the aggregate gross amount paid by investors to the Partnership to acquire Units;

“**Unit**” means a unit in the capital of the Partnership which entitles the registered holder thereof to the rights and benefits specified herein including, but not limited to, the right to receive a share of distributions to Limited Partners by way of income or return of Capital Contribution as herein provided. Units shall not be issued for less than \$1,000 per Unit unless approved by an Ordinary Resolution of the Partnership;

“**Unit Certificate**” means a certificate evidencing ownership of Units in the form approved from time to time by the General Partner pursuant to Section 3.08;

1.02 **Interpretation.** For all purposes of this agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) “**this agreement**” means this partnership agreement as it may from time to time be supplemented or amended by one or more agreements entered into pursuant to the applicable provisions hereof;
- (b) the table of contents, headings preceding the text, articles and sections hereof are for convenience only and do not form a part of this agreement and are not intended to interpret, define or limit the scope, extent or intent of this agreement or any provisions hereof;
- (c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles;
- (d) all references to currency herein are deemed to mean Canadian currency;
- (e) unless the context otherwise requires, any reference to a statute shall include and shall be deemed to be a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant thereto;
- (f) any reference to a person shall include and shall be deemed to be a reference to a person that is a successor of such person;
- (g) persons shall be deemed not to be dealing “**at arm’s length**” with one another if they would not be dealing at arm’s length with one another for the purposes of the *Income Tax Act* (Canada) in effect as of the date hereof; and
- (h) words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural and vice versa.

**ARTICLE II**  
**Relationship of Partners**

2.01 **Agreement.** All the terms and provisions relating to the Partnership are set forth herein.

2.02 **Formation of Limited Partnership.** The General Partner hereby warrants and represents that a Certificate was filed under the Partnership Act on the date first above written and the Partnership will be formed when the certificate is filed and recorded by the Registrar of Corporations for the Province of British Columbia. The Partnership shall continue until terminated in accordance with the provisions of this agreement.

2.03 **Name.** The Partnership shall carry on business under the name "**Pacific Landing Limited Partnership**" or such other name as the General Partner may determine from time to time, provided that the General Partner files a Certificate under the Partnership Act as required.

2.04 **Offices.** The office of the Partnership shall be located at 761 - 77 Street SW., Calgary, Alberta, T3H 3V6 or at such other location in Alberta as the General Partner may from time to time determine.

2.05 **Filing of Certificates.** As soon as practicable following the execution hereof by the parties hereto, the General Partner shall cause to be executed and filed such declarations, instruments and documents as may be required under the laws of British Columbia and the laws of any other jurisdiction where the Partnership may carry on business. The General Partner shall, in accordance with the provisions of this agreement, cause to be filed similar declarations as required under the Partnership Act. The General Partner and each Limited Partner shall execute and deliver as promptly as possible any documents that may be necessary or desirable to accomplish the purposes of this agreement or to give effect to the continuation of the Partnership under applicable laws. The General Partner shall take all necessary actions on the basis of information available to it in order to maintain the status of the Partnership as a limited partnership in British Columbia and any other jurisdictions in which the Partnership may from time to time be carrying on business.

2.06 **Year End.** The fiscal year of the Partnership shall end on December 31<sup>st</sup> of each year or as may otherwise be determined by the General Partner from time to time.

2.07 **Business of the Partnership.** The Partnership has been formed for and shall be limited to the following purposes:

- (a) To purchase, hold, develop, market and otherwise deal with land located in the City of Colwood, British Columbia and more particularly described as:

Amended Lot "A" (DD606821I) Section 33  
Esquimalt District  
Plan 2194  
PID 005 087 503

2.08 **Status of Each Limited Partner.** Each Limited Partner represents and warrants to each other Limited Partner and to the General Partner that such Limited Partner:

- (b) is not a “**non-resident**” of Canada within the meaning of the *Income Tax Act (Canada)*, except as otherwise specifically authorized by the General Partner and notice is given of such authorization to all Limited Partners; and
- (c) has the capacity and competence to enter into and be bound by this agreement.

Each Limited Partner covenants and agrees that he will not change his status or transfer or purport to transfer his Units to any person, firm or corporation if such change, transfer or purported transfer will have the effect of altering the status of the Partnership in relation to any of such statutes or any similar statute affecting such status. Each Limited Partner covenants and agrees that he will promptly provide evidence to the General Partner upon request of his status under such statutes or any similar statute affecting the status of the Partnership or of any other matter which affects or may from time to time affect such status.

**2.09 Representations, Warranties and Covenants of General Partner.** The General Partner represents, warrants and covenants that the General Partner:

- (a) is a corporation incorporated and in good standing under the laws of British Columbia and qualified to carry on business under the laws of British Columbia;
- (b) has the capacity and corporate authority to act as General Partner of the Partnership and to perform its obligations under this agreement, and such obligations do not and will not conflict with or breach its articles of incorporation, by-laws or any agreement by which it is bound;
- (c) will not borrow from the Partnership; and
- (d) will not allow any party not dealing with it at arm’s length to borrow from the Partnership except where such borrowing is on commercially competitive terms.

### **ARTICLE III Units and Capital Contributions**

**3.01 Capital.** The capital of the Partnership shall be the aggregate amount of the Capital Contributions of the Partners.

**3.02 Authorized Units.** The General Partner is hereby authorized to issue from time to time the following:

- 3.02.1 an unlimited number of Class “A” Units, which may be issued in series. The Class “A” Units shall be participating on a pari passu basis with the Class “B” Units, and each Class “A” Unit shall have one vote attached thereto; and,
- 3.02.2 an unlimited number of Class “B” Units, which may be issued in series. The Class “B” Units shall be participating on a pari passu basis with the Class “A” Units but Class “B” Units shall not have the right to vote. The Class “B” Units shall only be issued as partial consideration to unit holders of Heather Bell Limited Partnership. Any distributions to the

Class "B" units shall be accrued until such time as a valuation of the Land is conducted in accordance with the Acquisition Agreement.

**3.03 Nature of a Unit.** Each issued and outstanding Unit shall be equal to each other with respect to all matters including the right to receive distributions from the Partnership and no Unit shall have any preference or right in any circumstances over any other Unit, except as otherwise expressly provided herein. Limited Partners holding Class "A" Units shall have the right to vote each Class "A" Unit held by such Limited Partner irrespective of whether such Limited Partner or its Affiliates is associated, directly or indirectly, with the General Partner or its Affiliates.

**3.04 Sale of Units.** The General Partner is hereby authorized to raise capital for the Partnership from time to time by offering and selling Units by private or public offerings in any or all of the provinces of Canada or elsewhere outside of Canada in such amounts and under such terms as the General Partner may in its discretion determine and by admitting the purchasers of the Units as Limited Partners in the Partnership. Units shall not be issued for less than \$1,000 per Unit unless approved by an Ordinary Resolution of the Partnership. Each Unit shall represent a contribution to the capital of the Partnership in such amount as may be determined by the General Partner at the time of issuance.

**3.05 Admission of Limited Partners.** No action or consent by the Limited Partners shall be required for the admission at any time or from time to time of additional Limited Partners.

**3.06 Limited Liability.**

- (a) All Partnership property shall be available to creditors to satisfy the debts and obligations of the Partnership.
- (b) The Partnership shall, to the greatest extent possible, endeavor to maintain the limited liability of the Limited Partners under applicable laws and regulations of the jurisdictions in which it carries on business.
- (c) The General Partner will use its best efforts to ensure that all written contracts and other written instruments creating an obligation of the Partnership and executed on behalf of the Partnership by the General Partner shall contain or be accompanied by an acknowledgment that the Limited Partners or assignees of their interest in the Partnership as represented by Units shall have no personal liability thereunder.
- (d) The General Partner shall indemnify and save harmless the Limited Partners and assignees of their interests in the Partnership as represented by Units in respect of any loss, liability or damage incurred or suffered by the Limited Partners or such assignees or both by reason of the loss of limited liability by them for any reason whatever other than through any action by them.

**3.07 Contributions of the General Partner.** The General Partner may make a contribution to the capital of the Partnership through the purchase of Units. In respect of its ownership of Units, the General Partner shall to the extent permissible by applicable law be and be treated as a Limited Partner.

**3.08 Unit Certificates.** Unit Certificates shall be issued to the Limited Partners by the Partnership evidencing ownership of Units. The Unit Certificates shall be in such form as the General Partner may from time to time approve and shall be signed by the General Partner.

3.09 **Lien on Units.** The Partnership has a lien on a Unit registered in the name of a Limited Partner for any debt of that Partner owing to the Partnership.

3.10 **Receipt.** The receipt of any money, securities and other property from the Partnership by a person in whose name any Unit is recorded, or if such Unit is recorded in the names of more than one person, the receipt thereof by any one of such persons, or by the duly authorized agent of any such person in that regard, shall be a sufficient discharge for all money, securities and other property payable, issuable or deliverable in respect of such Unit and from all liability to see to the application thereof.

3.11 **Registrar and Transfer Agent.** The General Partner shall act as Registrar and Transfer Agent of the Units or, in its discretion, may appoint from time to time such other Registrar and Transfer Agent as the General Partner may consider appropriate. The Registrar and Transfer Agent shall maintain such books as are necessary to record the names and addresses of the Limited Partners, the numbers of Units held by each Limited Partner and particulars of transfers of Units. The Registrar and Transfer Agent shall perform all other duties usually performed by transfer agents and registrars of certificates of shares in a corporation, except as the same may be modified by reason of the nature of the Units.

3.12 **Inspection of Records.** The General Partner (and the Registrar and Transfer Agent if distinct from the General Partner) shall make the records relating to the Partnership available for inspection by any Limited Partner or his accountant or agent at the expense of the Limited Partner, in the same manner and to the same extent that comparable records of a corporation incorporated under the laws of British Columbia would be available for inspection by its shareholders.

3.13 **Prohibitions.** No Units of a Limited Partner shall be sold, transferred, assigned, pledged, hypothecated or encumbered by a Limited Partner without the consent of the General Partner, except in accordance with the terms of this Agreement. No transfer of Units that is not in accordance with the terms of this Agreement shall be registered by the General Partner.

3.14 **New Limited Partners.** Except for any transfer of Units otherwise authorized by this Agreement, no person shall be entitled to purchase or acquire Units in the Partnership or to be registered as the holder of Units whether in trust or in any other representative capacity.

3.15 **Transfer of Units.** Whole Units only may be transferred. No transfer of Units shall be effective unless:

- (a) the holder of record thereof or his agent duly authorized in writing shall deliver to the General Partner at the offices of the Partnership a properly endorsed Unit Certificate or Unit Certificates therefore, if not then in the custody of the General Partner, accompanied by a duly executed instrument of transfer in substantially the form annexed hereto as Schedule 1, together with such evidence of the genuineness of each such endorsement, execution and authorization and of other matters as may reasonably be required by the General Partner;
- (b) the transferee has executed a counterpart of this agreement or otherwise has agreed in writing to be bound by its terms;
- (c) the relevant requirements of the Partnership Act have been complied with and an amended Certificate has been filed under the Partnership Act, if required, (such

Certificate to be filed within 30 days after the end of the month in which such transfer is requested in accordance with this Section 3.15);

- (d) an affidavit or other evidence reasonably required satisfactory to the General Partner has been produced confirming that the status of the transferee is as set forth in Section 2.08 hereof;
- (e) the transferee and the transferor have paid such costs, expenses and disbursements including legal fees as are reasonably incurred by the Partnership by reason of the transfer;
- (f) the General Partner is reasonably satisfied that such transfer of the Unit or Units will not result in the dissolution of the Partnership; and
- (g) the consent of the General Partner pursuant to Section 3.13 has been obtained.

Upon such conditions having been met, the transfer shall be recorded in the books maintained by the Registrar and Transfer Agent and a new Unit Certificate for the Units so transferred shall be issued to the transferee. This agreement shall constitute the irrevocable consent in writing of the General Partner and the Limited Partners to any such transfer and any such transfer, when complete, shall constitute the transferee a substituted Limited Partner. In no event shall any further consent of any Limited Partner (other than the transferor) be required to effect such transfer or the filing of a Certificate under the Partnership Act, and any such transfer shall not cause a dissolution of the Partnership. In case of a transfer of less than all of the Units represented by any Unit Certificate, a new Unit Certificate for the balance of Units retained by the transferor shall be issued to the transferor. Except where specific provisions have been made therefore in this agreement, neither the General Partner nor the Registrar and Transfer Agent shall be bound to see to the execution of any trust, express, implied or constructive, or any charge, pledge or equity to which any of the Units or any interest therein are subject, or to ascertain or inquire whether any sale or transfer of any such Units or interest therein by any Limited Partner or his personal representatives is authorized by such trust, charge, pledge or equity, or to recognize any person having any interest therein except for the person recorded as such Limited Partner. No transfer shall relieve the transferor from any obligations to the Partnership incurred prior to the transfer becoming effective.

**3.16 Successors in Interest of Limited Partners.** The Partnership shall continue notwithstanding the withdrawal, expulsion, death, mental incompetence or similar disability or insolvency of any Limited Partner and no Limited Partner may require dissolution of the Partnership, the intent being that the Partnership shall be dissolved only in the manner provided for in this agreement. Any person becoming entitled to any Units in consequence of the death or insolvency of any Limited Partner, or otherwise by operation of law, subject to Sections 3.13 and 3.16, shall be recorded as the holder of such Units and shall receive a new Unit Certificate therefore only upon production of the proper evidence of such entitlement, upon delivery of the existing Unit Certificate and upon execution of a counterpart of this agreement (or other written agreement to be bound by the terms of this agreement), upon compliance with the other provisions of Section 3.15 hereof and upon delivery of such other evidence as may be required by law.

**3.17 Lost Unit Certificates.** Where a Limited Partner claims that the Unit Certificate for his Units have been defaced, lost, apparently destroyed or wrongfully taken, the General Partner shall cause a new Unit Certificate to be issued in substitution for the original Unit Certificate if the Limited Partner filed with the General Partner material which may include a bond in form and amount satisfactory to protect the General Partner and the Partnership from any loss, cost or damage that they may incur or

suffer by complying with the request to issue a new Unit Certificate, provided that no such bond shall be required if such Unit Certificate was in the custody of the General Partner.

**3.18 No Additional Capital Contributions.** A Limited Partner shall not be required to make any additional contribution to the capital of the Partnership in excess of that made for the purchase of his Units unless an additional Capital Contribution is authorized by Extraordinary Resolution of the holders of the Units.

**3.19 Individual Capital Accounts.** An individual capital account shall be maintained for each Limited Partner and shall be credited with the amount of his Capital Contribution to the Partnership. No Limited Partner shall be entitled to withdraw any part of his capital account or to receive any distribution except as provided in this agreement.

**3.20 Interest on Capital Contributions.** No Limited Partner shall be entitled to interest on the amount of his Capital Contribution to the Partnership.

#### **ARTICLE IV Distribution of Proceeds, Income and Loss**

**4.01 Allocation of Income and Loss.** The net income and net loss of the Partnership for each financial year both for accounting and for tax purposes shall be allocated among the Limited Partners of record at the end of each such financial year. Net income and net loss shall be determined in accordance with generally accepted accounting principles consistently applied.

**4.02 Development Fee.** The General Partner will enter into an agreement with EdenBorough Properties Limited (Eden) to act as manager of the General Partner in exchange for payments as follows:

4.02.1 an amount equal to One (1%) percent of the total Capital Contributions contributed or agreed to be contributed to the Partnership ; and

4.02.2 an amount equal to Three (3%) percent of all costs associated with construction and development of the project will go to Eden.

**4.03 Distributable Income.** The General Partner, in its absolute discretion, may distribute Distributable Income to the Partners from time to time, provided that any Distributable Income distributed by the General Partner shall be distributed as follows: first, to Limited Partners until they have received payments equal to their Subscription Proceeds for Units; second to Limited Partners until they have received an accumulated 8% annual return on their Subscription Proceeds for Units (Commencing on January 1st of the year immediately following subscription); third 80% to Limited Partners and 20% to Eden until such time as Limited Partners have received an accumulated return of 150% of their Subscription Proceeds; and fourth after which the distributions will be 60% to Limited Partners and 40% to Eden.

**4.04 Tax Consequences.** Nothing contained in this agreement and nothing provided by the General Partner or its Affiliates to the Partnership or Limited Partners shall be construed as tax advice to any of

the Limited Partners, and all of the Limited Partners acknowledge and agree that they shall consult their respective tax advisors with respect to their particular tax circumstances.

## **ARTICLE V**

### **The General Partner**

**5.01 General Powers and Duties of the General Partner.** The General Partner shall report to the Limited Partners from time to time and at least semi-annually with respect to the status of the Partnership's business. Subject to any delegation of its powers properly authorized hereunder, the General Partner will control and have responsibility for the business of the Partnership and do or cause to be done in a prudent and reasonable manner any and all acts necessary, appropriate or incidental to the business of the Partnership. The General Partner shall have full authority in its sole discretion, to carry on the business of the Partnership as set out in Section 2.07 and as otherwise determined by the General Partner. The General Partner shall exercise its powers and discharge its duties honestly, in good faith and with a view to the best interests of the Limited Partners.

**5.02 Authority of the General Partner.** No person dealing with the Partnership is required to inquire into the authority of the General Partner to take any action or make any decision on behalf of and in the name of the Partnership.

**5.03 Limitations on Authority of the Limited Partners.** No Limited Partner as such may take part in the control of the business of the Partnership nor may any Limited Partner as such have the power to sign for or to bind the Partnership; however, a Limited Partner may from time to time examine into the state and progress of the business of the Partnership and may advise as to its management. Limited Partners shall comply with the provisions of the Partnership Act in force or in effect from time to time and shall not take any action which will jeopardize or eliminate the status of the Partnership as a limited partnership.

**5.04 Specific Powers.** Without limiting the generality of the foregoing, but subject to the express provisions set forth above including Section 2.07 above, it is acknowledged and agreed that the General Partner is authorized, at the appropriate time, on behalf of and without further authority from the Limited Partners:

- (a) to enter into an agreement with the Bare Trustee for the Bare Trustee to hold the Land in trust for the Partnership;
- (b) to enter into management agreements in respect of the development and operation of the Land and receive compensation in accordance with Article IV hereof;
- (c) to sell or lease the Land, and any condominiums developed thereon;
- (d) to borrow money and to grant such security as is reasonably required for such borrowing;
- (e) to act as Registrar and Transfer Agent of the Partnership;
- (f) to incur all reasonable expenditures in carrying on the Business of the Partnership;

- (g) to employ and dismiss from employment any and all employees, agents, independent contractors, real estate managers, brokers, solicitors, accountants and auditors as the General Partner considers advisable in order to perform its duties hereunder;
- (h) to open bank accounts for the Partnership, to designate and from time to time change the signatories to such accounts and to execute loan and credit agreement on behalf of the Partnership;
- (i) to attend to all matters relating to the distribution of Units;
- (j) to invest funds not immediately required for the operations of the Partnership or otherwise in any of the Authorized Cash Investments;
- (k) to submit the Partnership to binding arbitration with respect to any matters pertaining to the assets and undertakings of the Partnership;
- (l) to act on behalf of the Partnership with respect to any and all actions and other proceedings brought by or against the Partnership; and,
- (m) to execute, acknowledge and deliver any and all other deeds, documents and instruments and to do all acts as may be necessary or desirable to carry out the intent and purpose of this agreement.

**5.05 Administration of the General Partner.** The General Partner is entitled to reimbursement by the Partnership for all costs and expenses that are incurred by the General Partner on behalf of the Partnership, and to such compensation as may be reasonably charged by the General Partner from time to time by agreement between the Partnership and the General Partner.

**5.06 Limitation of Liability.** None of the officers, directors or employees of the General Partner shall be liable, responsible or accountable in damages or otherwise to the Partnership or any Limited Partner for any action taken or failure to act on behalf of the Partnership within the scope of the authority conferred on the General Partner and its officers, directors or employees by this agreement or by law if the General Partner has acted honestly, in good faith and in a manner that is in the best interests of the Limited Partners and in accordance with its fiduciary obligations to the Limited Partners and such action or omission was not performed or omitted fraudulently or in bad faith or did not constitute wanton and willful misconduct or negligence.

**5.07 Insurance.** The General Partner, at the expense of the Partnership, shall at all times maintain for and in the name of the Partnership comprehensive insurance in respect of assets of the Partnership of such types and coverages as may be customary in Canada for similar assets.

**5.08 Amendment of the Agreement.** Unless otherwise provided for herein, this agreement may be amended with the consent of the Limited Partners given by Special Resolution, or if concurred in by the General Partner, by Ordinary Resolution. Limited Partners shall not, without the consent of all the Partners, change the Partnership to a general partnership, remove the Limited Partners' power and right to dissolve the Partnership, or amend the provisions of Section 6.04 or this Section 5.08.

The General Partner may, without prior notice to or consent from any Limited Partner, amend any provision of this agreement from time to time:

- (a) for the purpose of adding to this agreement any further covenants, restrictions, deletions or provisions which in the opinion of the General Partner are necessary for the protection of or do not detrimentally affect the Limited Partners;
- (b) to cure an ambiguity or to correct or supplement any provisions contained herein which in the opinion of counsel to the Partnership may be defective or inconsistent with any other provisions contained herein provided that such cure, correction or supplemental provision does not and will not, in the opinion of such counsel, adversely affect the interests of the Limited Partners;
- (c) to reflect the admission, resignation, withdrawal or removal of any Partner or the assignment by any Limited Partner of the whole or any part of his interest in the Partnership under or pursuant to the terms hereof or the Partnership Act;
- (d) to conform to the requirements of any relevant securities regulators or other governmental authority; and
- (e) to make such other provisions in regard to matters or questions arising under this agreement which in the opinion of counsel to the Partnership do not and will not adversely affect the interests of the Limited Partners.

Limited Partners will be notified of full details of any amendments to this agreement made pursuant to this Section, other than an amendment under (c) above, within 90 days of the effective date of the amendment.

**5.09 Power of Attorney.** Each Limited Partner hereby agrees to deliver to the General Partner a power of attorney constituting the General Partner with full power of substitution, as his true and lawful attorney and agent, with full power and authority, in his name, place and stead to execute, swear to, acknowledge, deliver and record or file as and where required:

- (a) this agreement, all declarations, amendments to declarations and other instruments necessary to form, qualify or continue the Partnership as a limited partnership in British Columbia and such other jurisdictions in which the Partnership may from time to time conduct its business and keep the Partnership in good standing as a Canadian partnership within the meaning of the *Income Tax Act (Canada)*;
- (b) all instruments and declarations necessary to reflect any amendment to this agreement;
- (c) all conveyances and other instruments necessary to reflect the dissolution and termination of the Partnership including declarations of dissolution and further including the signing of any elections under the *Income Tax Act (Canada)*, as such Act may be amended or re-enacted from time to time, and any analogous provincial legislation;
- (d) the documents necessary to be filed with the appropriate governmental body or authority in connection with the business, property, assets and undertaking of the Partnership;
- (e) the documents on behalf of and in the name of the Partnership as may be necessary to give effect to the Business of the Partnership as described in Section 2.07 hereof;

- (f) the documents on his behalf and in his name as may be necessary to give effect to the sale or retirement of a Unit under Article III, Article VIII or Sections 3.15 or 8.09 of this agreement; and
- (g) all other instruments and documents on behalf of and in the name of the Partnership, including without limitation, all debt instruments as may be deemed necessary by the General Partner to carry out fully this agreement in accordance with its terms.

**5.10 Informing Creditors.** The General Partner shall use its best efforts to inform each creditor of the Partnership, prior to conducting any transaction with such creditor, that the Partnership is a limited partnership within the meaning of the *Partnership Act*.

**5.11 Duty of General Partner and Directors.** The General Partner shall exercise the powers and discharge the duties of its office hereunder honestly, in good faith, and in the best interests of the Limited Partners. The General Partner shall be entitled to retain advisers, experts or consultants to assist in the exercise of its powers and the performance of its duties hereunder. The directors of the General Partner shall be responsible for ensuring that the General Partner exercises its powers and discharges its duties under this agreement honestly, in good faith, with utmost fairness and in the best interests of the Limited Partners and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The General Partner shall be responsible for ensuring that no Partner, or their respective Affiliates uses any of the Capital Contributions or assets of the Partnership or receives any other benefit from the Partnership or its assets, except as otherwise specifically set out in this Agreement.

**5.12 Income Tax Claims and Deductions.** The General Partner shall cause the Partnership to claim such amount in each year allowable for income tax purposes in respect of capital cost allowance and expenses incurred by the Partnership, as may be determined by the General Partner.

**5.13 Removal of General Partner.** The General Partner may be required to withdraw (the “removal”) from the Partnership by Extraordinary Resolution. Such Extraordinary Resolution shall state the date of the removal, shall appoint a substitute general partner to assume the General Partner’s responsibilities and rights as general partner as of the removal. The removal shall be effective only upon the filing of documents necessary to amend the Certificate to evidence the appointment of the substitute general partner. Removal by Ordinary Resolution at any time may occur without any payment or liability whatsoever by the Partnership to the General Partner if such removal is occasioned by the General Partner’s fraud, malfeasance or improper withdrawal or retirement from the Partnership or if the General Partner shall have filed a petition in bankruptcy, been adjudicated a bankrupt, made an assignment for the benefit of its creditors, consented to the appointment of a receiver and manager of itself, had a receiver or receiver and manager of it appointed by order of a court of competent jurisdiction or committed a material breach or abandonment of any of its duties, obligations, covenants or agreements hereunder or under any then existing management agreement.

**5.14 Transfer of Management and Title.** Upon the admission of a substitute general partner, the previous general partner will do all things and take all steps to effect the transfer to the substitute general partner of the administration, management, control and operation of the business of the Partnership, the books, records and accounts of the Partnership, and will execute and deliver all deeds, certificates, declarations and other documents necessary or desirable to effect such transfer.

**5.15 Execution of Agreement by Substitute General Partner.** A substitute general partner shall become a party to this agreement by signing a counterpart hereof and shall agree to be bound by all of

the provisions hereof and to assume the obligations, duties and liabilities of the general partner hereunder as and from the date the substitute general partner becomes the general partner.

**5.16 Retirement or Withdrawal of General Partner.** The General Partner shall have the right to retire or withdraw voluntarily from the Partnership or to sell, transfer or assign its interest in the Partnership, provided Sections 5.14 and 5.15 have been complied with.

## **ARTICLE VI Meetings**

### **6.01 Annual and General Meetings of the Partners and Scope of Meetings.**

- (a) Annual meetings of the Partners shall be held in each year, within seven (7) months of the fiscal year end, commencing in 2013, in such place within Canada as the General Partner may reasonably designate, on a day, at a time and place set by the General Partner. The business transacted at such annual meeting shall include receiving the annual financial statements, receiving the report of the General Partner with respect to the affairs of the Partnership, and the transaction of such other business as may be properly contained in the notice calling the meeting.
- (b) Meetings of the Partners may be called at any time by the General Partner and shall be called upon written request of Limited Partners holding in the aggregate not less than 10% of the outstanding Units. Such request shall specify the purpose or purposes for which such meeting is to be called and shall include sufficient information to enable other Limited Partners to make a reasoned judgment on each matter to be considered at the meeting. Any such meeting shall be held in such place within Canada as the General Partner shall reasonably designate if the meeting was called by the General Partner, or such place within Canada as the requesting Limited Partners shall reasonably designate if the meeting was called at the request of Limited Partners. If the General Partner fails to call a meeting upon such request of Limited Partners within a period of ten days after the giving of such request, the requesting Limited Partners may call such meeting and the notice calling such meeting shall be signed by such requesting Limited Partners or by any person as such requesting Limited Partners may specify in writing. Any meeting called by such requesting Limited Partners shall be conducted in accordance with the provisions of this agreement.
- (c) Limited Partners may not take part in the conduct of the business of the Partnership. Meetings of the Partners will be held in order to permit the Limited Partners to:
  - (i) receive periodic reports from the General Partner as to the state and progress of the Partnership business;
  - (ii) make suggestions as to the management of the Partnership;
  - (iii) subject to Section 5.13, require by Extraordinary Resolution or Ordinary Resolution, as the case may be, the removal of the General Partner as general partner and by such Resolution to appoint its successor;
  - (iv) approve by Special Resolution the dissolution of the Partnership; and

- (v) approve by Ordinary Resolution any action which the General Partner, in its absolute discretion, acting in the best interests of the Partners, considers to be desirable, but nothing contained in this paragraph shall oblige the General Partner to seek the approval of the Limited Partners on any matter or to act or to fail to act in accordance with the vote of the Limited Partners on any matter.

**6.02 Quorum.** The presence in person or by proxy of Limited Partners representing 5% of the outstanding Units with a right to vote at such meeting shall be necessary to constitute a quorum for the transaction of business at all Partners' meetings. If a quorum shall not be present the General Partner shall have the power to adjourn the meeting to another day, which shall be not less than 14 days nor more than 30 days from the meeting first held, and notice shall forthwith be given to the Limited Partners with a right to vote at such meeting of such adjourned meeting. The Limited Partners present at any adjourned meeting shall constitute a quorum for the transaction of business and at such adjourned meeting any business may be transacted which might have been transacted at the meeting first held, had a quorum been present.

**6.03 Notice of Meeting or Signed Resolution.** Notice of all meetings, other than adjourned meetings, of the Partners, stating the time, place and purpose of the meeting, shall be given by the General Partner to each Limited Partner holding Units with a right to vote at his registered address and to the accountants of the Partnership, mailed at least 14 days and not more than 45 days before the meeting. All notices of meetings will provide sufficient information to enable Limited Partners to make a reasoned judgment on each matter to be considered at the meeting. No business other than the specific business stated in the notice of meeting shall be considered at such meeting. Notice of adjourned meetings shall be given forthwith and otherwise in accordance with the provisions for notice contained in this Section and Section 6.01 hereof. In the event any resolution is passed by the Limited Partners in writing as herein contemplated, a copy thereof shall as soon as reasonably possible be sent to all Limited Partners by the General Partner.

**6.04 Voting.** At all meetings of Partners each Limited Partner holding a valid and outstanding Unit shall be entitled to cast one vote, for each such Unit owned by such Limited Partner upon each matter presented for vote. Only Limited Partners of record shall be entitled to vote. Every question submitted to a meeting, except for those matters which require a vote by Extraordinary or Special Resolution, shall be decided by Ordinary Resolution on a show of hands unless a poll is demanded in which case a poll shall be taken. In the case of an equality of votes, the chairman of the meeting shall have a casting vote. A poll shall be taken on every Extraordinary or Special Resolution at a meeting and, when requested by any Partner, on any Ordinary Resolution. For any poll taken at a meeting of the Partners, each Limited Partner shall have one vote for each Unit owned by such Limited Partner. Votes may be given in person or by proxy and a person appointed by proxy need not be a Limited Partner. No person other than a Limited Partner or a person appointed by proxy by a Limited Partner is entitled to vote at a meeting of Partners. At any meeting of the Partners in a matter voted upon for which no poll is required or requested, a declaration made by the chairman of the meeting as to the voting on any particular resolution shall be conclusive evidence thereof.

**6.05 Voting by Proxy.** At any meeting of Partners any Limited Partner entitled to vote thereat may vote by proxy, provided that no proxy shall be voted at any meeting unless it shall have been placed on file with the Registrar and Transfer Agent or the chairman at the meeting for verification prior to the time at which such vote shall be taken. When any Unit is held jointly by several persons, any one of them may vote at any meeting in person or by proxy in respect of such Unit, but if more than one of them shall be present at such meeting in person or by proxy, and such joint tenants or their proxies so present disagree as to any vote to be cast, such vote shall not be received in respect of such Unit. A

proxy purporting to be executed by or on behalf of a Limited Partner shall be deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest on the challenger.

**6.06 Record Dates.** For the purpose of determining the Limited Partners who are entitled to vote or act at any meeting or any adjournment thereof, or who are entitled to participate in any distribution, or for the purpose of any other action, the General Partner may from time to time cause the transfer books to be closed for such period, not exceeding 30 days, as the General Partner may determine; or without causing the transfer books to be closed the General Partner may fix a date not more than 60 days prior to the date of any meeting of Limited Partners, distribution or other action as a record date for the determination of Limited Partners entitled to vote at such meeting or any adjournment thereof or to receive such distribution or to be treated as Limited Partners of record for purposes of such other action and any Limited Partner who was a Limited Partner at the time so fixed shall be entitled to vote at such meeting or any adjournment thereof or to receive any distribution even though he has since that date disposed of his units, and no Limited Partner becoming such after that date shall be a Limited Partner of record for purposes of such action.

**6.07 Form of Proxy.** Every proxy shall, as nearly as circumstances permit be in the form or to the effect as determined by the General Partner from time to time, subject to the requirements, where applicable, of Section 6.09.

**6.08 Notice of Revocation of Proxy.** A vote cast in accordance with the terms of a proxy shall be valid notwithstanding the previous death or insanity of the Limited Partner or revocation of the proxy or transfer of the Unit in respect of which the proxy was given, provided that no notice in writing of such death, insanity, revocation or transfer shall have been received by the Registrar and Transfer Agent prior to the time fixed for the holding of the meeting.

**6.09 Proxy Solicitation.** Except for any solicitation by a registered Limited Partner in respect of Units that are not owned beneficially by such registered Limited Partner, neither the General Partner nor any other person shall solicit proxies unless the person making the solicitation, concurrently with or prior thereto, delivers or sends an information circular to each Limited Partner whose proxy is solicited. For the purposes of this Section, "solicit" and "solicitation" include any request for a proxy whether or not accompanied by or included in a form of proxy, any request to execute or not to execute a form of proxy or to revoke a proxy, and the sending or delivery of a form of proxy or other communication to a Limited Partner under circumstances reasonably calculated to result in the procurement, withholding or revocation of a proxy but do not include the sending or delivery of a form of proxy to a Limited Partner in response to an unsolicited request made by him or on his behalf. Subject to the provisions of this agreement, the information circular and proxy required hereunder shall conform, insofar as is applicable, to the form and content prescribed for information circulars and proxies by the *Securities Act* (British Columbia) and the regulations thereunder.

**6.10 Chairman.** The chairman at any meeting of Partners shall be nominated as such by the General Partner or in the absence of such nomination, by Ordinary Resolution at the outset of the meeting.

**6.11 Conduct of Meetings.** To the extent that the rules and procedures for the conduct of a meeting of the Partners are not prescribed in this agreement, such rules and procedures shall be in conformity with "**Roberts Rules of Order**".

**6.12 Persons Entitled to Attend.** The General Partner shall have the right to authorize the presence of any person at any meeting of Partners regardless of whether such person is a Partner.

With the approval of the General Partner, such persons shall be entitled to address the meeting. Any legal advisor of a Partner, any other person authorizing in writing by such a Partner and the accountants of the Partnership may attend any meeting of Partners and shall be entitled to address the meeting and to move resolutions thereat on behalf of a Partner. Officers and directors of the General Partner shall have the right to attend in their capacity as such at any meeting of Partners and shall be entitled to address the meeting on the matters properly before it, but the General Partner in its capacity as a general partner shall not have a vote at any such meeting.

6.13 **Effect of Resolutions.** An Ordinary Resolution, Special Resolution or Extraordinary Resolution passed at a meeting of the Partners or in writing as herein contemplated shall be binding on all the Partners and upon each and every Partner and his respective heirs, executors, administrators, successors and assigns.

6.14 **Minute Book.** All proceedings at all meetings of Partners shall be recorded in a minute book by the General Partner, which minute book shall be available for the inspection of the Partners at all meetings of Partners and all other reasonable times during normal business hours at the offices of the Partnership.

## **ARTICLE VII Accounting and Reporting**

7.01 **Accountants.** The General Partner shall, from time to time, appoint a qualified firm of chartered accountants to review or audit the financial statements of the Partnership as directed by the General Partner.

7.02 **Books and Records.** The General Partner will keep or cause to be kept on behalf of the Partnership books and records reflecting the assets, liabilities, income and expenditures of the Partnership and a register listing of all Limited Partners and the Units held by them. Such books, records and register will be kept available for inspection and audit by any Limited Partner or his duly authorized representatives (at the expense of such Limited Partner) during business hours at the offices of the General Partner or in the case of the register, at the office of the Registrar and Transfer Agent. Any Limited Partner may obtain a copy of the register listing all Limited Partners and the Units held by them from the General Partner for a fee to be set by the General Partner from time to time.

7.03 **Annual Financial Information.** Annual financial statements of the Partnership consisting of a balance sheet and statements of income and statements of changes in financial position, and such other information which the General Partner may from time to time request in advance, or as may be required of the Partnership as a reporting issuer under applicable securities legislation, including an update of financial forecasts or a statement that there have been no material changes in such forecasts, shall be prepared at the end of each fiscal year. A copy of such annual financial statements together with the report of the accountants thereon and necessary tax information shall be given to the Limited Partners within 120 days after the end of each fiscal year.

7.04 **Semi-Annual Financial Statements.** Semi-annual unaudited statements of the Partnership, and if required by applicable securities legislation, quarterly unaudited statements for which an exempting order has not been obtained therefore, shall be prepared by or upon the instructions of the General Partner, consisting of an unaudited statement of income and cash flow and containing such other information as may be required under applicable securities legislation. A copy of such unaudited

financial statements shall be given to each Limited Partner within 90 days after the end of the relevant period to which it relates.

## **ARTICLE VIII Termination of Agreement**

**8.01 Termination.** The Partnership created hereby shall terminate and be dissolved when, pursuant to a Special Resolution of the Limited Partners to that effect, all of the assets of the Partnership have been sold or otherwise disposed of and the Partnership funds have been distributed. Notwithstanding any rule of law or equity to the contrary, the Partnership shall not be terminated and dissolved except in the manner provided in this agreement.

**8.02 Events Giving Rise to Dissolution.** The Partnership shall terminate and be dissolved upon the occurrence of any one of the following events:

- (a) the bankruptcy, making of an assignment for the benefit of creditors generally, dissolution or winding-up of the General Partner, unless the General Partner is replaced, pursuant to Section 5.13 or 5.16, within 90 days of such bankruptcy, dissolution or winding-up; or
- (b) the passage of a Special Resolution approving the dissolution and winding-up of the Partnership; or
- (c) the Land has been developed and 95% sold, subject to an Ordinary Resolution not to terminate and dissolve the Partnership; and,
- (d) in any event no later than Fifty (50) years from the date first above written, subject to extension by Extraordinary Resolution.

Other than as set out above, the Partnership shall not be dissolved or terminated by the admission of any new Partner or by the withdrawal, removal, death, mental incompetence or other similar disability, insolvency, bankruptcy or other disability of a Partner.

**8.03 Liquidation of Partnership Assets.** In the event of the dissolution of the Partnership for any reason, the General Partner (or in the event that the General Partner has become bankrupt or is otherwise incapable of acting, a receiver selected by an Ordinary Resolution) shall commence to wind up the affairs of the Partnership and to liquidate its assets. Distributions shall continue to be made during the period of liquidation in the same proportion as before the dissolution. The General Partner (or such receiver) shall have full right and unlimited discretion to determine the time, manner and terms of any sale or sales of Partnership assets pursuant to such liquidation having due regard to the activity and condition of the relevant market and general financial and economic conditions.

**8.04 Distributions.** Following the payment and discharge of all debts and liabilities of the Partnership and all expenses of liquidation, and subject to the right of the General Partner (or receiver) to set up such cash reserves as it may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership, the proceeds of the liquidation and any other funds of the Partnership will be distributed as follows: first to Limited Partners until they have received an accumulated 8% annual return on their subscription proceeds for Units, then 80% to Limited Partners and 20% to Eden until such time as Limited Partners have received an accumulated return of 150% of

their original subscription proceeds for Units, after which the distributions will be 60% to Limited Partners and 40% to Eden.

**8.05 Statement.** Within a reasonable time following the completion of the liquidation of the Partnership's assets, the General Partner shall supply to each of the Limited Partners a statement, prepared by the accountants of the Partnership, which shall set forth the assets and the liabilities of the Partnership as of the date of complete liquidation, and each Partner's Pro Rata Share of distributions pursuant to Section 8.04

**8.06 Cash Distributions.** No Partner shall have any right to demand or receive property other than cash upon dissolution and termination of the Partnership or to demand the return of his Capital Contribution to the Partnership, except as provided in this Article VIII.

**8.07 Termination.** Upon completion of the liquidation of the Partnership and the distribution of all Partnership funds, the Partnership shall terminate and the General Partner shall have the authority to execute and record a declaration of dissolution as well as any and all other documents required to effectuate the dissolution and termination of the Partnership.

**8.08 Income Tax Election.** The Limited Partners may elect, by Ordinary Resolution, that, upon the sale of the assets of and/or the dissolution of the Partnership, the deemed disposition by the Partnership of its assets for income tax purposes shall take place at the cost amount of the assets rather than the fair market value thereof. Such election shall be binding upon all Partners.

**8.09 Non-Residents.** In the event of a dissolution pursuant to Section 8.02 hereof, or in the event of the passing of a Resolution approving a tax free rollover of the Units, the General Partner may require Limited Partners who are not residents of Canada for the purpose of the *Income Tax Act* (Canada) to sell their Units at fair market value to a sole purpose Canadian corporation designated by the General Partner in exchange for shares in the capital of such corporation. If any Limited Partner shall fail to transfer his Unit as aforesaid within 30 days after the receipt of a notice requiring such sale, the General Partner may cause his Unit or Units to be transferred to a Canadian corporation as aforesaid, and the Limited Partners do hereby nominate, constitute and appoint the General Partner as their attorney for the said purpose.

## **ARTICLE IX Miscellaneous**

**9.01 Competing Interests.** Each Limited Partner is entitled, without the consent of the other Limited Partners, to carry on any business of the same nature as, or competing with that of, the Partnership, and is not liable to account to the other Limited Partners or the Partnership therefore.

**9.02 Transactions Involving Affiliates.** An Affiliate of the General Partner may be employed by or retained by the Partnership to provide goods and services to the Partnership, provided that the goods and services are provided on terms no less favorable than could be obtained in an arm's length transaction. Such transactions, where they are material, shall be reported to the Limited Partners with the next following semi-annual or annual financial statement. The validity of any transaction, agreement or payment involving the Partnership and any Affiliate of the General Partner otherwise permitted by the terms of this agreement shall not be affected by reason of the relationship between the General Partner and such Affiliate or the approval of the said transaction, agreement or payment

by directors of the General Partner all or some of whom may be officers or directors of or may be otherwise interested in or related to such Affiliate.

9.03 **Notice.** Any notice, direction or request required or permitted to be given to the Partnership, the General Partner, or the Limited Partners hereunder shall be in writing and shall be given by personal service or by mailing the same in Canada by first class mail, with postage thereon fully prepaid, to be addressed as follows:

(a) to the Partnership or General Partner at:

761 77 Street SW,  
Calgary Alberta, T3H 3V6  
Fax: 403 685 1890  
Attn: Randy Royer

(b) to each Limited Partner at his last address as shown on the register of Limited Partners.

Any notice, direction or request mailed as aforesaid shall be deemed to have been given to the addressee on the third business day following the date of mailing, provided that for such purposes, no day during which there shall be a strike or other occurrence which shall interfere with normal mail services shall be considered a business day. The General Partner may change its address for receipt of notice by giving notice of its new address to each Limited Partner as herein contemplated.

9.04 **Counterparts.** This agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

9.05 **Severability.** Every provision of this agreement is intended to be severable. If the term or provision hereof is illegal or invalid for any reason whatsoever, such illegality shall not affect the validity of the remainder of this agreement.

9.06 **Further Acts.** The parties hereto agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effect to this agreement and every part thereof.

9.07 **Assignment.** Subject to the restrictions on assignment and transfer herein contained, this agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns.

9.08 **Governing Law.** This agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

## **ARTICLE X Dispute Resolution**

10.01 **Informal Negotiations.** The parties shall attempt to settle any claim, dispute or controversy (the "Dispute") arising in connection with this agreement or arising as a result of the relationship created by this agreement through consultation and negotiation in good faith and in the spirit of mutual co-operation.

10.02 **Mediation.** If those attempts set forth in Section 10.01 above fail, then except as otherwise specifically provided in this agreement, the Dispute shall be mediated by a mutually acceptable mediator to be chosen by the parties within fifteen (15) days after written notice is given by one party to the other demanding mediation and which sets out the event generating the Dispute (the “Dispute Notice”). No party may unreasonably withhold consent to the selection of a mediator. Such mediation will be non-binding.

10.03 **Arbitration.** Any Dispute which cannot be resolved within sixty (60) days of the date of Dispute Notice shall be referred to arbitration in accordance with the Commercial Arbitration Act of British Columbia. All arbitration procedures and hearings shall take place at Victoria, British Columbia, provided however that the arbitrator may hold some of the meetings elsewhere for the convenience of witnesses.

10.04 **Appointment of Arbitrator.** The parties shall appoint a single arbitrator provided that if the parties are unable to agree on a single arbitrator within Seventy-Five (75) days of the Dispute Notice then any party may apply to the Supreme Court of British Columbia, for an order appointing the single arbitrator, which appointment shall be final and binding upon all parties.

10.05 **Powers of the Arbitrator.** The arbitration shall be conducted in English. The arbitrator shall provide an arbitral award or decision with written reasons within Ninety (90) days of the appointment of the arbitrator, provided that the arbitrator may extend such time if the arbitrator feels such extension is required in order to provide a fair and appropriate arbitration.

10.06 **Award.** The award or decision of the arbitrator shall be final and have res judicata effect in any court, and each of the parties shall accept such award as final, binding and enforceable by any court.

10.07 **Costs of Arbitration.** In the absence of a decision of the arbitrator with respect to the costs of the arbitration, each party shall bear their own arbitration costs incurred.

10.08 **Laches, Injunctions.** The use of these alternative dispute resolution mechanisms shall not be construed under the doctrines of laches, waiver or estoppel to adversely affect the rights of any party. Nothing in this Article X shall prevent any party from resorting to judicial proceedings if interim relief from a court is necessary to prevent serious and irreparable injury to any party.

**IN WITNESS WHEREOF** the parties hereto have executed these presents as of the day and year first written above.

**Pacific Landing Project Ltd.**

PER: (signed) "Randy Royer"  
PRESIDENT

**536220 Alberta Ltd.** (Initial Limited Partner)

PER: (signed) "Randy Royer"  
President

SCHEDULE 1  
Transfer of Unit

The undersigned, a Limited Partner in Pacific Landing Limited Partnership (the "**Partnership**"), hereby transfers, assigns, and sells to \_\_\_\_\_ (the "**Transferee**") all right, title and interest of the undersigned in \_\_\_\_\_ Class \_\_\_\_\_ Units in the Partnership. The undersigned hereby agrees to execute or furnish such documents and to perform any other act as the General Partner and the Registrar and Transfer Agent of the Partnership may reasonably require to properly and legally effect a valid transfer of the Units.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
WITNESS

\_\_\_\_\_  
(SIGNATURE OF UNIT HOLDER)

\_\_\_\_\_  
(Residence Address)

\_\_\_\_\_  
(City, Province, Postal Code)

\_\_\_\_\_  
(Social Insurance Number)

The Transferee, by execution hereof, hereby accepts the within transfer and agrees to be bound as a party to and as a Limited Partner in Pacific Landing Limited Partnership (the "**Partnership**") by the terms of the agreement dated as of November 29, 2012 between Pacific Landing Project Ltd., the Initial Limited Partner and others as amended or supplemented from time to time (the "**Partnership Agreement**"), and to assume the obligations of the transferring Limited Partner under the Partnership Agreement.

The Transferee hereby agrees to pledge the Unit Certificate(s) evidencing his ownership of a Unit in the Partnership to and in favour of the Partnership as security for payment of any debt owing or which may hereafter be owing by the Transferee to the Partnership.

The Transferee hereby declares that:

- (a) he is not a "**non-resident**" of Canada within the meaning of the *Income Tax Act* (Canada), or if he is a 'non-resident' of Canada within the meaning of the *Income Tax Act* (Canada), then he has the written authorization of the General Partner to become a Limited Partner; and
- (b) he has the capacity and competence to enter into and be bound by the Partnership Agreement.

The undersigned hereby irrevocably constitutes and appoints the General Partner, with full power of substitution, as his true and lawful attorney and agent, with full power and authority in his name, place and stead to execute, swear to, acknowledge, deliver and record or file as and where required:

- (a) the Partnership Agreement, all declarations, amendments to declarations and other instruments necessary to form, qualify or continue the Partnership as a limited partnership in Alberta and such other jurisdictions in which the Partnership may from time to time conduct its business;
- (b) all instruments and certificates necessary to reflect any amendment to the Partnership Agreement;
- (c) all conveyances and other instruments necessary to reflect the dissolution and termination of the Partnership including declarations of dissolution and further including the signing of any elections under the *Income Tax Act* (Canada), as such Act may be amended or re-enacted from time to time, and any analogous provincial legislation;
- (d) the documents necessary to be filed with the appropriate governmental body or authority in connection with the business, property, assets and undertaking of the Partnership;
- (e) the documents on behalf of and in the name of the Partnership as may be necessary to give effect to the Business of the Partnership as described in Section 2.07 of the Partnership Agreement;
- (f) the documents on his behalf and in his name as may be necessary to give effect to the sale of a Unit under Article III, Article VIII or Section 3.15 or 8.09 of the Partnership Agreement;
- (g) all other instruments and documents on his behalf and in his name or in the name of the Partnership, including without limitation, all debt instruments as may be deemed necessary by the General Partner to carry out fully the Partnership Agreement in accordance with its terms.

The power of attorney granted herein is irrevocable, is a power coupled with an interest, shall survive the death or disability of the undersigned, shall, in accordance with the *Powers of Attorney Act* (British Columbia), be exercised during any subsequent incapacity of the undersigned and shall survive the assignment by the undersigned of the whole or any part of the interest of the undersigned in the Partnership and extends to the heirs, executors, administrators, successors and assigns of the undersigned and may be exercised by the General Partner on behalf of the undersigned in executing any instrument thereon and by listing all the Limited Partners executing such instrument with a single signature as attorney and agent for all of them.

The undersigned agrees to be bound by any representations and actions made or taken in good faith by the General Partner pursuant to this power of attorney in accordance with the terms hereof and hereby waives any and all defenses which may be available to him to contest, negate or disaffirm the action of the General Partner taken in good faith under this power or attorney.

The Unit(s) represented hereby is(are) not transferable solely by the execution or delivery of this instrument. Reference should be made to the Partnership Agreement for full particulars of the manner and conditions in which transferees of Units become Limited Partners.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

SIGNED & DELIVERED  
in the presence of:

\_\_\_\_\_  
WITNESS

\_\_\_\_\_  
(SIGNATURE OF TRANSFEREE) (C/S)

\_\_\_\_\_  
(NAME OF TRANSFEREE - Please Print)

\_\_\_\_\_  
(Social Insurance Number of Transferee)

\_\_\_\_\_  
(Residence Address)

\_\_\_\_\_

**SCHEDULE "C" TO THE  
AMENDED AND RESTATED OFFERING MEMORANDUM OF  
PACIFIC LANDING @ HAVENWOOD TRUST**

**Management Agreement**

## MANAGEMENT AGREEMENT

THIS AGREEMENT is made as of the 19th day of February, 2013

BETWEEN:

**536220 Alberta Ltd.** (or its assignee to be named Eden Borough Properties Ltd.) a Corporation formed pursuant to the laws of Alberta (hereinafter called "Eden")

OF THE FIRST PART

AND **Pacific Landing Limited Partnership**  
by its general partner,  
Pacific Landing Project Ltd.  
(hereinafter called "PLLP")

OF THE SECOND PART

AND **Heather Bell Lands Corporation,**  
a Corporation formed pursuant to the laws of Alberta  
(hereinafter called "HBLC")

OF THE THIRD PART

WHEREAS:

A. Heather Bell Limited Partnership through Heather Bell Lands Corporation and 1012361 Alberta Ltd. owns a real estate development site in Colwood, British Columbia adjacent to Royal Roads University, more particularly described in schedule "A" hereto attached (the "Property").

B. A new limited partnership, Pacific Landing Limited Partnership through its general partner, Pacific Landing Project Ltd., has been established to acquire the Property from the Heather Bell Limited Partnership.

C. It is proposed to establish the Pacific Landing at Havenwood Trust (“PLHT”) to raise additional funds to invest in PLLP if required.

D. Eden will manage all of the activities of the PLLP, HBLC and PLHT at such time as PLHT is formed and advances funds to the PLLP.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH that in consideration of the premises and of the covenants and agreements herein contained, the parties hereto do hereby covenant and agree as follows:

### **Article 1**

#### **DEFINITIONS**

1. In this Agreement, including the recitals and this Clause, unless there is something in the subject or context inconsistent therewith, words imparting the singular number shall include the plural and vice versa, words imparting the masculine gender shall include the feminine, and words imparting persons shall include firms, partnerships and corporations and vice versa, and the expressions following shall have the following meanings respectively, that is to say:

- (a) “Acquisition Agreement” means the agreement to acquire the Property from Heather Bell Limited Partnership by PLLP dated as of February 19, 2013.
- (b) “Currency” means all monetary values set out herein are expressed in Canadian Dollars.
- (c) “Disclosure Statement” means a disclosure statement prepared in accordance with the *Real Estate Development Marketing Act*.
- (d) “Manager” means Eden.

- (e) “Offering Memorandum” means an offering memorandum prepared in accordance with the *Securities Act*.
- (f) “Pacific Centre Mortgage Acquisition Agreement” means the agreement to be entered into to satisfy Pacific Centre’s charge against the Property.
- (g) “Project Plan” means the plan outlining the overall steps to develop the Property which will commence with 25 – 30 townhouses and which may change from time to time.
- (h) Use of Proceeds means the use of proceeds set forth in Schedule “B” hereto.

## **Article 2**

### **PURPOSE OF AGREEMENT**

- 2.1** The purpose of this Agreement is to pursue the Project Plan, and overseeing PLLP, HBLC and PLHT as the case may be.
- 2.2** Eden will participate to cause construction, marketing and sales in accordance with the Project Plan including:
  - (a) The matters set forth in Recitals A to D inclusive;
  - (b) Subdivision of the Property to, inter alia, create a lot on the west side for construction of the project;
  - (c) Obtain the necessary authorizations for the development and construction of the project;
  - (d) Obtain all necessary financing for the development and construction of the project;

- (e) Constructing the project in accordance with the Project Plan;
- (f) The preparation of the Disclosure Statement and all other necessary documents or appraisals for the marketing and sale of the project;
- (g) Obtain the necessary authorizations and financing for the development of the balance of the Property in due course; and
- (h) Spending the Use of Proceeds as set forth in Schedule "B" hereto.

### **Article 3**

#### **MANAGEMENT**

**3.1** Eden will have primary responsibility for the creation, documentation and on-going management of PLLP, HBLC and PLHT as the case may be, including overseeing costs and revenues of the project. Operations of the facilities as built and management of the strata councils will be conducted by Eden.

**3.2** PLLP shall be responsible to:

- (i) establish the contingency reserve fund pursuant to s. 12 of the Strata Property Act,
- (ii) pay all expenses incurred prior to first conveyance as provided in s. 7 of the Strata Property Act,
- (iii) prepare the interim budget pursuant to s. 13 of the Strata Property Act,
- (iv) provide documentation for first annual general meeting of the Strata Corporation pursuant to s. 20 of the Strata Property Act,
- (v) maintain financial records as provided for in s. 23 of the Strata Property Act.

**3.3** Eden shall cause PLLP, HBLC and PLHT as the case may be to account for and make all necessary elections in respect of Goods and Services Tax

and/or Harmonized Sales Tax permitted under the Excise Tax Act.

- 3.4** Legal Title to the Property will be held by HBLC beneficially for the Partnership and be managed by Eden, until such time as it is transferred to PLLP pursuant to the Acquisition Agreement.
- 3.5** Notwithstanding anything to the contrary contained herein including this Article 6 and Article 7 below, PLLP, HBLC and PLHT as the case may be shall not be entitled nor be required to vote on any management or contractual issue related to the Project and the consent of PLLP, HBLC and PLHT as the case may be shall not be required in order to comply with the requirement for unanimous consent of the parties unless otherwise expressly provided for herein. PLLP, HBLC and PLHT as the case may be shall not sign any document as it relates to the undertaking contemplated herein without the written consent of Eden.

#### **Article 4**

#### **EDEN'S COMPENSATION**

- 4.1** Eden shall be entitled to the compensation from PLLP as set forth in Article IV of the Pacific Landing Limited Partnership Agreement dated for reference November 29, 2012 which is as follows:
- (a) an amount equal to One (1%) percent of the total capital contributions contributed or agreed to be contributed to the Partnership ; and
  - (b) an amount equal to Three (3%) percent of all costs associated with construction and development of the project will go to Eden.
  - (c) Distributable Income (as defined in the Partnership Agreement) shall be distributed as follows: first, to Limited Partners until they have received payments equal to their Subscription Proceeds for Units; second to Limited Partners until they have received an accumulated 8% annual return on their Subscription Proceeds for Units (Commencing on February 1st of the year immediately following subscription); third 80% to Limited Partners and 20% to Eden until such time as Limited Partners have

received an accumulated return of 150% of their Subscription Proceeds; and fourth after which the distributions will be 60% to Limited Partners and 40% to Eden.

- 4.2** Eden shall have the right to re-allocate its share of compensation as it sees fit, and presently intends to allocate ten percent (10%) of its compensation described in section 4.1 (c) hereof to Privest Wealth Management Inc.

## **Article 5**

### **COSTS AND LIABILITIES AND DISTRIBUTION AND PAYMENTS**

- 5.1** Except as otherwise specifically set out in this Agreement; PLLP shall be responsible for the liabilities and obligations of the Project Plan, which shall be managed by Eden.

- 5.2** Eden will contribute to the creation of PLLP and PLHT as the case may be. Eden will contribute its time, effort and incidental expenses to the venture until such time as the PLLP and PLHT as the case may be are funded and have successfully achieved the first closing.

Eden also agrees that to the extent that there are deferred expenses Eden will carry those expenses to be paid out of future operations on the Project. As the fall back scenario the Property would be further subdivided and sold or developed piece by piece.

- 5.3** Eden shall cause Heatherbell Limited Partnership to enter into the Acquisition Agreement.

**Article 6**

**CONTRACTS WITH THIRD PARTIES**

- 6.1** Eden has the authority to enter into third party contracts on behalf of PLLP, HBLC and PLHT as the case may be.

**Article 7**

**TERM AND TERMINATION**

- 7.1** The term of this Agreement will begin on the date first above written and will terminate upon;

(a) the sale or other transfer of beneficial title to all of the Property to third parties or at such later time to be mutually determined by the parties hereto once all books of accounts of the Project have been finalized.

(b) the bankruptcy of Eden; or

(c) a vote of 75% or more of the issued and outstanding units of the PLLP and PLHT as the case may be.

- 7.2** In the event that the Manager is replaced, in no event shall payments to Eden be less than 25% of the amount payable to Eden as otherwise stipulated in this Agreement prior to replacement of Eden.

**Article 8**

**PROHIBITION AGAINST ENCUMBRANCES**

- 8.1** Eden shall not pledge, hypothecate, mortgage, or in any other manner encumber its interest in the Property, except as specifically provided in this Agreement without the written consent of PLLP and HBLC.

**Article 9**

**WARRANTIES AND REPRESENTATIONS OF EDEN**

- 9.1** Eden represents and warrants that it has the absolute right to enter into this Agreement without first obtaining the consent of any other person or body corporate and that no other person or body corporate has any agreement for the purchase of the Property or any interest therein.

**Article 10**

**PROJECT TERM**

- 10.1** The term (the “Project Term”) shall be that period of time beginning as of the date of this Agreement and ending as soon as possible following the sale of the last of the Property, and once all required accounting, administrative and legal matters have been properly completed or on such other date as the parties may otherwise mutually agree. At the end of the Term the parties shall review the results of the Project Plan and determine what, if any, further action should be taken.

## **Article 11**

### **FINANCIAL RECORDS**

- 11.1** Eden will cause PLLP, HBLC and PLHT as the case may be to keep complete and accurate books of account and other records in accordance with generally accepted accounting practices showing the assets, liabilities, costs, expenditures, receipts, profits and losses of the Project.
- 11.2** Such books and records shall be available for inspection by any Party or its designated representative during all normal business hours.
- 11.3** Any Party to the Agreement shall have the right to make copies of any such book or record and to extract therefrom such information as it may desire from time to time.
- 11.4** The parties may provide for an audit of the accounts of PLLP, HBLC and PLHT, if applicable. In addition, any party to the Agreement may cause an audit of the Project to be done at any time, at that party's own expense.
- 11.5** All monies from time to time received on account of PLLP and PLHT, if applicable shall forthwith be deposited in such bank as shall be the bank of PLLP and PLHT, if applicable from time to time and all withdrawals and expenses, apart from incidental minor disbursements normally made through petty cash, shall be made by cheque drawn on the bank of PLLP and PLHT and co-signed by a representative designated by each of the parties hereto, presently Randy Royer for Eden. Alternatively, either may sign off a cheque registry.

## **Article 12**

### **DISPUTE RESOLUTION**

- 12.1** The Parties shall attempt to settle any claim, dispute or controversy (the "Dispute") arising in connection with this Agreement or arising as a result of the

relationship created by this Agreement through consultation and negotiation in good faith and in the spirit of mutual co-operation.

- 12.2** If those attempts set forth in section 12.1 above fail, then except as otherwise specifically provided in this agreement, the Dispute shall be mediated by a mutually acceptable mediator to be chosen by the Parties within fifteen (15) days after written notice is given by one Party to the other demanding mediation and which sets out the event generating the Dispute (the “Dispute Notice”), the parties shall attend such mediation. In the event that the parties are unable to agree as to the appointment of a mediator, then at the request of either party the BC Mediator Roster Society may appoint a mediator in accordance with its standard practices and failing such request, the Dispute will be resolved by mediation conducted in accordance with Paragraph 12.3.
- 12.3** Any Dispute which cannot be resolved within sixty (60) days of the date of Dispute Notice shall be referred to arbitration. The arbitration shall be conducted in English, in accordance with the provisions of the Commercial Arbitration Act (as modified by this paragraph). The arbitrator shall provide an arbitral award within thirty days of the appointment of the arbitrator, provided that the arbitrator may extend such time if the arbitrator in his/her discretion determines such an extension is required in order to provide a fair and appropriate arbitration. The award of the arbitrator shall be final and have resjudicata effect in any court, and each of the Parties shall accept such award as final, binding and enforceable by any court.

### **Article 13**

#### **BANK ACCOUNTS**

- 13.** Upon commencement of this Agreement, the parties shall cause to be created the following bank accounts:

- (a) a capital account (hereinafter called the “Capital Account”) for the purpose of holding capital committed to the Project, which shall require the signature of Randy Royer of PLLP or PLHT, if applicable, for release of monies therein contained who shall have the right, power and authority to transfer the said funds; and
- (b) an operating account (hereinafter called the “Operating Account”) for the purpose of providing operating capital which shall require the signature of Randy Royer of PLLP or PHLT, if applicable for release of monies therein contained.

#### **Article 14**

#### **OBLIGATIONS OF MANAGER**

- 14.1** For greater certainty, the Manager shall perform the duties set forth in schedule “C” hereto.
- 14.2** The Manager shall make the following reports and such other reports as may be deemed advisable from time to time to keep each party informed of the operations hereunder:
- (a) a quarterly status report with respect to the progress of the Project; and
  - (b) each six months a report itemizing all expenditures during the preceding 6 months and the total amount of the expenditures

#### **Article 15**

#### **MISCELLANEOUS**

- 15.1** The data and information coming into the possession of a party by virtue of this Agreement shall be kept confidential and shall not be disclosed to third parties without the consent of the other party, except:

- (a) as required by law or the rules and regulations of any stock exchange or securities commission having jurisdiction over a party;
- (b) as may be required by a party in the prosecution or defence of a lawsuit or other proceedings; or
- (c) as required by a financial institution in connection with any loan contemplated as herein permitted,

and in any event the party making such required disclosure shall first deliver a copy thereof to the other party. Notwithstanding the foregoing, any party may at any time and without the consent of the other parties share all or any of such data and information with a consultant provided that such consultant shall agree with such party to preserve the confidential nature of such data and information.

- 15.2.** This Agreement represents the complete understanding of the parties and shall not be deviated from except by a further written agreement.
- 15.3.** A party hereto shall not grant, assign, alienate or otherwise dispose of any legal or equitable interest in this Agreement, without the consent of the other party, which consent will not be unreasonably withheld.
- 15.4.** The provisions of this Agreement shall be subject to all applicable laws, rules, regulations and orders of the governmental body having jurisdiction over the Property, and in the event that this Agreement, or any provisions hereof, or the operations contemplated hereby are found to be inconsistent with or contrary to such laws, rules, regulations or orders, the latter shall be deemed to control and this Agreement shall be regarded as modified accordingly, and as so modified shall continue in full force and effect.



expressed shall not limit or affect its rights with respect to any other future breach;

- (b) Time if of the essence of this Agreement; and
- (c) This Agreement shall enure to the benefit of and be binding upon the parties hereto, their successors and assigns.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the day and year first above written.

**536220 Alberta Ltd.**

Per: (signed) "*Randy Royer*"

**Pacific Landing Limited Partnership**  
by its general partner, Pacific Landing  
Project Ltd.

Per: (signed) "*Randy Royer*"

**Heather Bell Lands Corporation**

Per: (signed) "*Randy Royer*"

**SCHEDULE "A"**

**DESCRIPTION OF THE PROPERTY**

**Esquimalt District**

**Plan 2194**

**Amended Lot "A" (DD6068211) Section 33**

**PID 005-087-503**

**SCHEDULE "B"**

**USE OF PROCEEDS**

	<b><u>Land Closing</u></b>	<b><u>Maximum Offering</u></b>
Closing Amount	\$4,500,000	\$10,000,000
Cost of Issue	\$60,000	\$80,000
Commission	\$202,500	\$450,000
Legal and Issue costs	\$60,000	\$100,000
Initiation Fee (Eden Borough)	\$45,000	\$100,000
Land Acquisition	\$3,000,000	\$6,500,000
Working Capital	\$1,132,500	\$2,770,000

## **SCHEDULE “C”**

### **OBLIGATIONS OF MANAGER**

#### **Tasks**

##### **Development Process**

1. Hire the Architect
2. Create/ Admin Contract
3. Set out the Massing
4. Define style
5. Call/Chair design meetings
6. Hire engineers (Do we hire or Arch?)
7. Hire other designers (Direct?)
8. Hire Construction Manager
9. Define Phasing
10. Define the products (Housing etc)
11. Review Drawings
12. Review Working Drawings
13. Quantity take offs
14. Pricing
15. Run financial Models
16. Manage the design team
17. Value Engineering
18. Sustainability Design/Pricing
19. Illl

##### **Equity Financing**

1. Define the structure
2. Engage/Manage the Lawyer
3. Build the sales Group
4. Create the website
5. Create the promotional material
6. Put together the due-diligence
7. Manage the financial plan
8. Broker relations
9. Investor presentations
10. Monthly reporting
11. Cash Management
12. Tax reporting
13. Annual filing requirements
14. Corporate records and Accounting
15. Monthly meetings/management

16. Bank Accounts
17. Distributions
18. Inter Partnership Relations
19. Board Meetings
20. Partners Meetings
21. llll

### **Corporate Finance**

1. Bank relations
2. Line of credit
3. Cash Management
4. A/P
5. Closings on sales
6. Assignments of rent
7. LC's and bonding
8. Reporting
9. llll

### **Project Finance/ Accounting**

1. Engage brokers
2. Negotiate loans
3. Engage Lawyer
4. QS work
5. Corp requirements for closing
6. Posting security
7. Admin for monthly draws
8. Job Cost reports
9. Cost to complete details
10. PO system
11. lll

### **Construction**

1. Safety and Health surety
2. Site Progress meetings
3. Building checks
4. Managing the change order system
5. Insurance
6. Managing the consultants
7. Receiving the Invoices
8. Processing draws
9. Monthly QS work
10. Completion
11. Opening and occupancy
12. Fixes and warrantee
13. Setting up the maintenance team

14. Dealing with city inspectors
15. Change approvals
16. Budget change approvals
17. IIII

### **Sales and Marketing**

1. Hire sales team, residential
2. Engage operating experts (Seniors etc)
3. Engage Leasing agents (retail)
4. Engage Agents (medical)
5. Set out marketing programs
6. Set out project image and Storybook
7. Manage sales process
8. Manage Leasing process
9. Presentations (to medical etc)
10. Find Doctors etc for medical
11. Signing Leases
12. Tenant management
13. Pricing
14. Records Management
15. Coordinate with Operations Take-over
16. Closings/Transfers
17. II

### **Community Relations**

1. Design Charette
2. Discussions with neighbors
3. City relations/ approvals
4. Community Promotion (paper etc)
5. Coordination with Pacific Centre
6. Coordination with Art Collective
7. Ist Nations Relations
8. Relations with RRU
9. Community Events
10. Dev Permit Approvals
11. Building Approvals
12. Dealing with City Inspectors
13. Property Taxes
14. Utility Levies
15. Off site expenses
16. III

### **Operations**

1. FF&E Procurement
2. Pre-opening budget
3. Build support team for R/E Types

4. Marketing Strategies
5. Image/ Promotion
6. Training Programs
7. Hire GM
8. Hire Team
9. Budgets
10. Accounting
11. Bank Accts
12. GST/HST
13. Manage the site (access etc)
14. Relationship with RRU and neighbors
15. Festival development (tenants etc)
16. Arts Groups
17. Coordinate with Pacific Centre

**SCHEDULE "D" TO THE  
AMENDED AND RESTATED OFFERING MEMORANDUM OF  
PACIFIC LANDING @ HAVENWOOD TRUST**

**Subscription Agreement**

Dealing Representative Name: \_\_\_\_\_

Rep. Code: \_\_\_\_\_

**SUBSCRIPTION FOR CLASS A TRUST UNITS**

**TO: PACIFIC LANDING @ HAVENWOOD TRUST (the "Trust")**  
**AND TO: THE TRUSTEES OF THE TRUST (the "Trustees")**  
**AND TO: THE AGENTS (the "Agents")**

The undersigned (hereinafter referred to as the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the principal amount of Class A trust units (the "**Units**") of the Trust set forth below, for the aggregate consideration set forth below, representing a subscription price of Cdn. \$100 per Unit, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Units of Pacific Landing @ Havenwood Trust" attached hereto (the "**Subscription Agreement**") and on the terms and conditions set forth in the amended and restated trust indenture with respect to the Trust, as amended or supplemented from time to time (the "**Trust Indenture**"), all as described in the offering memorandum of the Trust dated March 9, 2016, all of which the undersigned acknowledges having received. **In addition to this face page, the Subscriber must also complete all applicable Schedules attached hereto.** By executing this Subscription Agreement, the Subscriber consents to the collection, use and disclosure of the Subscriber's personal information in the manner described at page 13 of this Subscription Agreement.

_____
Full Legal Name of Subscriber (please print)
By: _____
Signature of Subscriber or its Authorized Representative
_____
Official Title or Capacity (please print)
_____
Name of signatory (please print name of individual whose signature appears above if different than name of Subscriber)
_____
Subscriber's Address (including postal code, Must be Canadian)
_____
_____
(Social Insurance Number, Federal Corporate Tax Account Number or Tax Shelter ID Number)
_____
Telephone Number (including area code)
_____
E-mail Address
_____

Aggregate Subscription Amount: \$ _____
(Minimum \$1,000 and \$100 multiples thereof)

Number of Units subscribed for: _____
---------------------------------------

<b>Disclosed Beneficial Purchaser Information:</b>
If the Subscriber is signing as agent for a principal and is not deemed to be purchasing as principal pursuant to NI 45-106 (as defined herein) by virtue of being either (i) a trust company or trust corporation acting on behalf of a fully managed account managed by the trust company or trust corporation; or (ii) a person acting on behalf of a fully managed account managed by it, and in each case satisfying the criteria set forth in NI 45-106 or Section 73.3 of the <i>Securities Act</i> (Ontario), complete the following to ensure that the applicable Exhibits are completed in respect of such principal (the " <b>Principal</b> "):
_____
(Name of Principal)
_____
(Principal's address)
_____
_____
(Telephone Number) (E-mail Address)

<b>Register the Units (if different from above) as follows:</b>
_____
Name
_____
Account reference, if applicable
_____
Address (including postal code)
_____
_____

<b>Deliver the Units (if different from address given) as follows:</b>
_____
Name
_____
Account reference, if applicable
_____
Contact Name
_____
Address (including postal code)
_____
_____
Telephone Number (including area code)

**ACCEPTANCE:** The Trustees, on behalf of the Trust, hereby accept the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.

**PACIFIC LANDING @ HAVENWOOD TRUST by any one of its Trustees, RANDY ROYER or RAY PARKS**

Per: \_\_\_\_\_

\_\_\_\_\_, 201\_\_

**IMPORTANT INSTRUCTIONS – PLEASE READ CAREFULLY**

Please make sure that your subscription includes:

1. a signed copy of this Subscription Agreement; and
2. a certified cheque, bank draft or wire transfer in an amount equal to the Aggregate Subscription Amount (payable to "**Pacific Landing @ Havenwood Trust**"); and
3. if the Subscriber is purchasing Units as an "accredited investor" and is resident in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario or New Brunswick, a fully executed Schedule "A" and initialled Exhibit 1 to Schedule "A" and one (1) copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule "B" **and, if applicable**, a fully executed copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule "G"; and
4. if the Subscriber is purchasing the Units in reliance on the "offering memorandum exemption" and is resident in British Columbia, Alberta, Manitoba, Saskatchewan or New Brunswick, one (1) copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule "B" **and, if applicable**, a fully executed copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule "C"; and
5. if the Subscriber is purchasing the Units in reliance on the "offering memorandum exemption" and is resident in British Columbia, Alberta, Manitoba or New Brunswick, and the trade is based in whole or in part on a close personal friendship or close business association, one (1) copy of the Close Personal Friend/Close Business Associate Questionnaire attached as Schedule "E" to this Subscription Agreement, in addition to one (1) copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule "B" and a fully executed copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule "C"; and
6. if the Subscriber is purchasing the Units in reliance on the "offering memorandum exemption", is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, one (1) copy of the Risk Acknowledgement Form attached as Schedule "F" to this Subscription Agreement, in addition to one (1) copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule "B", one (1) copy of the Close Personal Friend/Close Business Associate Questionnaire attached as Schedule "E" to this Subscription Agreement and a fully executed copy of the Representation Letter in the form attached to this Subscription Agreement as Schedule "C"; and
7. a signed copy of the power of attorney attached to this Subscription Agreement as Schedule "D".

**TERMS AND CONDITIONS OF SUBSCRIPTION FOR UNITS OF  
PACIFIC LANDING @ HAVENWOOD TRUST**

1. **Definitions.** In this Subscription Agreement:
  - (a) "**Agents**" includes any eligible dealers and/or eligible persons retained as agents by the Trust in respect of the Offering and includes Privest Wealth Management Inc. and Portfolio Strategies Corporation;
  - (b) "**Aggregate Subscription Amount**" means the aggregate dollar amount of the subscription under this Subscription Agreement;
  - (c) "**Closing Date**" means such date as the Trust may determine;
  - (d) "**Offering**" shall have the meaning ascribed thereto in paragraph 2(b) hereof;
  - (e) "**Offering Memorandum**" means the amended and restated offering memorandum of the Trust dated March 9, 2016;
  - (f) "**Resident**" means a Person (other than a partnership) that is resident in Canada for the purposes of the Tax Act, and a "Canadian partnership" as defined in the Tax Act;
  - (g) "**Tax Act**" means the *Income Tax Act* (Canada), including the regulations thereunder, each as amended;
  - (h) "**Trust**" means Pacific Landing @ Havenwood Trust;
  - (i) "**Trustees**" means Randy Royer and Ray Parks in their capacities as initial trustees of the Trust, or as of any particular time, any successor trustees of the Trust in accordance with the provision of the Trust Indenture; and
  - (j) "**Units**" means Class A trust units of the Trust.
  
2. **Acknowledgements of the Subscriber.** The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that:
  - (a) this subscription is subject to rejection or acceptance by the Trustees, on behalf of the Trust, in whole or in part at any time prior to the Closing Date, and is effective only upon acceptance by the Trustees, on behalf of the Trust;
  - (b) if applicable, unless the context otherwise requires, references herein to the Subscriber shall include all Principals;
  - (c) the Units subscribed for by the Subscriber hereunder form part of a larger issue and sale by the Trust of a maximum of up to 100,000 Units at a subscription price of Cdn. \$100 per Unit (the "**Offering**") or such greater number of Units as may be agreed to by the Trustees, on behalf of the Trust, and the Agents;
  - (d) each Subscriber must purchase a minimum of 10 Units; however, there is no minimum offering; the Subscriber may be the only purchaser;
  - (e) the Agents shall be entitled in connection with the offering and sale of the Units to retain as sub-agents other registered dealers and/or registered persons and may receive (for delivery to the Corporation at the Closing Time) subscriptions for Units from Subscribers from other registered dealers and/or registered persons. The referral fees or commissions payable to such sub-agents shall not exceed the aggregate referral fees or commissions as described in Section 2(f);
  - (f) the Trust reserves the right to pay third parties who are eligible to receive the same, a referral fee or commission in the amount of up to 9% (up to 8% to eligible persons and up to an additional 1% to eligible dealers) of the gross subscription proceeds raised under the Offering;

- (g) **the Subscriber is responsible for obtaining such legal, tax and investment advice as it considers appropriate in connection with the execution, delivery and performance by it of this Subscription Agreement;**
- (h) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Units;
- (i) there is no government or other insurance scheme covering the Units;
- (j) pursuant to the Trust Indenture, **the assignment, transfer, hypothecation or pledge of a Unit is restricted;**
- (k) there are risks associated with the purchase of the Units;
- (l) **the investment in the Units is a risky investment and, as a result the Subscriber may lose its entire investment;** and
- (m) participation in the Trust is subject to acceptance of this Subscription Agreement by the Trustees, on behalf of the Trust, and to certain other considerations as set forth in the Trust Indenture.

3. **Representations, Warranties and Covenants of the Subscriber.** By executing this Subscription Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) represents, warrants and covenants to the Trust (and acknowledges that the Trust, the Trustees, the Agents and their respective counsel are relying thereon), as at the date hereof and the Closing Date, that:

- (a) if the Subscriber is an individual, the Subscriber is of the full age of majority in the jurisdiction in which this Subscription Agreement is executed and is legally competent to execute and deliver this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder;
- (b) if the Subscriber is not an individual, the Subscriber has the requisite power, authority, legal capacity and competence to execute and deliver and be bound by this Subscription Agreement, to perform all of its obligations hereunder, and to undertake all actions required of the Subscriber hereunder, and all necessary approvals of its directors, partners, shareholders, trustees or otherwise with respect to such matters have been given or obtained;
- (c) if the Subscriber is a body corporate, partnership, unincorporated association or other entity, the Subscriber has been duly incorporated or created and is validly subsisting under the laws of its jurisdiction of incorporation or creation;
- (d) if the Subscriber is not an individual, the Subscriber pre-existed the Offering and has a bona fide business other than the investment in the Units and was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in the Exhibit to Schedule "A" hereto;
- (e) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal valid, binding and enforceable obligation of the Subscriber;
- (f) if the Subscriber is acting as agent or trustee for a Principal, the Subscriber is duly authorized to execute and deliver this Subscription Agreement and all other necessary documents in connection with such subscription and on behalf of such Principal, and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable obligation of, such Principal;
- (g) the execution, delivery and performance by the Subscriber of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any law, regulation, order or ruling applicable to the Subscriber, and do not and will not constitute a breach of or

default under any of the Subscriber's constating documents (if the Subscriber is not an individual) or any agreement or covenant to which the Subscriber is a party or by which it is bound;

- (h) the Subscriber confirms that the Subscriber (and, if the Subscriber is not purchasing as principal, each beneficial purchaser for whom the Subscriber is acting):
  - (i) has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment in the Units;
  - (ii) is capable of assessing the proposed investment in the Units as a result of the Subscriber's own experience or as a result of advice received from a person registered under applicable securities legislation;
  - (iii) is aware of the characteristics of the Units and the risks relating to an investment therein; and
  - (iv) is able to bear the economic risk of loss of its investment in the Units;
- (i) the Subscriber acknowledges that no securities commission, stock exchange, governmental agency, regulatory body or similar authority has made any finding or determination, or expressed any opinion with respect to the merits of investing in the Units;
- (j) the Subscriber acknowledges that no prospectus or registration statement has been filed by the Trust with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Units and the issuance is exempted from the prospectus requirements available under the provisions of applicable securities laws and as a result:
  - (i) the Subscriber may be restricted from using some of the civil remedies otherwise available under applicable securities laws;
  - (ii) the Subscriber may not receive information that would otherwise be required to be provided to it under applicable securities laws; and
  - (iii) the Trust is relieved from certain obligations that would otherwise apply under applicable securities laws;
- (k) other than the Offering Memorandum, the Subscriber has not received or been provided with, nor has it requested, nor does it have any need to receive, any prospectus, offering memorandum, sales or advertising literature, or other document describing or purporting to describe the business and affairs of the Trust, which has been prepared for delivery to and review by, prospective purchasers in order to assist them in making an investment decision in respect of the purchase of Units pursuant to the Offering;
- (l) the Subscriber confirms that none of the Trust, any of its representative directors, employees, officers, agents, representatives or affiliates, the Trustees or any of their representative directors, employees, officers, agents, representatives or affiliates, the Agents, any of their representative directors, employees, officers, agents, representatives or affiliates, have made any representations (written or oral) to the Subscriber:
  - (i) regarding the future value of the Units;
  - (ii) that any person will resell or repurchase the Units;
  - (iii) that any of the Units will be listed on any stock exchange or traded on any market; or
  - (iv) that any person will refund the purchase price of the Units other than as provided in this Subscription Agreement;
- (m) the Subscriber confirms that it has been advised to consult its own legal and financial advisors with respect to the suitability of the Units as an investment for the Subscriber, the tax consequences of

purchasing and dealing with the Units, and the resale restrictions and "hold periods" to which the Units are or may be subject under applicable securities legislation or stock exchange rules, and has not relied upon any statements made by the Trust, the Trustees or the Agents or purporting to have been made on behalf of the Trust, the Trustees or the Agents with respect to such suitability, tax consequences, and resale restrictions;

- (n) except for the Subscriber's knowledge regarding its subscription for Units hereunder, the Subscriber has no knowledge of a "material fact" or a "material change" (as those terms are defined in the applicable Canadian securities laws) in the affairs of the Trust that has not been generally disclosed;
- (o) the Subscriber is resident in the jurisdiction indicated on the face page of this Subscription Agreement as the "Subscriber's Address" and the purchase by and sale to the Subscriber of the Units, and any act, solicitation, conduct or negotiation directly or indirectly in furtherance of such purchase and sale (whether with or with respect to the Subscriber or any beneficial purchaser) has occurred only in such jurisdiction;
- (p) the Subscriber acknowledges that it and/or the Trust or the Trustees or the Agents may be required to provide applicable securities regulatory authorities or stock exchanges with information concerning the identities of the beneficial purchasers of the Units and the Subscriber agrees that, notwithstanding that the Subscriber may be purchasing the Units as agent for an undisclosed principal, the Subscriber will provide to the Trust or the Trustees or the Agents, on request, particulars as to the identity of such undisclosed principal as may be required by the Trust in order to comply with the foregoing;
- (q) the Subscriber has not relied upon any verbal or written representation as to fact or otherwise made by or on behalf of the Trust, the Trustees or the Agents, other than pursuant to the Offering Memorandum delivered to the Subscriber and except as expressly set forth herein;
- (r) the Subscriber satisfies one of subsections (i), (ii), (iii), (iv) or (v) below:
  - (i) **if the Subscriber is resident in or otherwise subject to the applicable securities laws of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario or New Brunswick**, it is purchasing the Units as principal (or is deemed to be purchasing as principal) for its account and not for the benefit of any other person, and the Subscriber is an "accredited investor" as defined in National Instrument 45-106 entitled *Prospectus Exemptions* ("**NI 45-106**") (which definition is reproduced in the Exhibit to Schedule "A" attached hereto), the Subscriber was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in the Exhibit to Schedule "A" attached hereto, the Subscriber is not a trust company or trust corporation registered under the laws of Prince Edward Island that is not registered or authorized under the *Trust and Loan Companies Act* (Canada) and the Subscriber has executed and delivered to the Trust a Representation Letter in the form attached hereto as Schedule "A" indicating that the Subscriber fits within one of the categories of "accredited investor" set forth in such definition and, if applicable, a fully executed Schedule "G" attached hereto; **OR**
  - (ii) the Subscriber **is not an individual**, is purchasing the Units as principal for its own account, not for the benefit of any other person, and the aggregate acquisition cost of the Units to it is not less than Cdn. \$150,000 paid in cash and it was not created or used solely to purchase or hold securities in reliance on this section; **OR**
  - (iii) if the Subscriber is not an accredited investor and is resident in or otherwise subject to the applicable securities laws of Alberta, Saskatchewan or Manitoba, it is purchasing the Units as principal for its own account and not for the benefit of any other person, it has received or been provided with a copy of the Offering Memorandum, it is an eligible investor (in which case, it was not created or used solely to purchase or hold securities as an eligible investor as defined in paragraph (a) of the definition of "eligible investor" in NI 45-106), if the Subscriber is an investment fund, the investment fund is a non-redeemable investment fund or is a mutual fund that is a reporting issuer, and the Subscriber has executed and delivered to the Trust each of the

Representation Letters in the forms attached hereto as Schedule "B" and Schedule "C" and Schedules "E" and "F", if applicable; **OR**

- (iv) if the Subscriber is not an accredited investor and is resident in or otherwise subject to the applicable securities laws of British Columbia or New Brunswick, it is purchasing the Units as principal for its own account and not for the benefit of any other person and it has received or been provided with a copy of the Offering Memorandum and the Subscriber has executed and delivered to the Trust the Representation Letter in the form attached hereto as Schedule "B" and the Close Personal Friend/Close Business Associate Questionnaire attached hereto as Schedule "E", if applicable; **OR**
  - (v) if the Subscriber is not purchasing the Units as a principal (or as a deemed principal pursuant to NI 45-106), it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each beneficial purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable obligation of, such disclosing principal, it acknowledges that the Trust is required by law to disclose to certain regulatory authorities the identity of each beneficial purchaser of Units for whom it may be acting, it and each beneficial purchaser is resident in the jurisdiction set out as the "Subscriber's Address" on the face page hereof, and each beneficial purchaser complies with Sections 3(r)(i), (ii), (iii) or (iv) hereof by virtue of its place of residence or by virtue of the securities laws of such place being applicable to the Subscriber;
- (s) **if the Subscriber is resident in any jurisdiction in Canada not referred to in Section 3(r) above:**
- (i) the purchase of the Units does not contravene any of the applicable securities laws in the Subscriber's jurisdiction of residence and does not trigger,
    - (A) any obligation to prepare and file a prospectus, an offering memorandum or similar document, or any other ongoing reporting requirements with respect to such purchase or otherwise, or
    - (B) any registration or other obligation on the part of the Trust;
  - (ii) the sale of the Units as contemplated in this Subscription Agreement complies with or is exempt from the applicable securities legislation of the Subscriber and, if applicable, the Principal's jurisdiction of residence, and the Subscriber will provide such evidence of compliance with all such matters as the Trust may request;
  - (iii) the Subscriber is knowledgeable of, or has been independently advised as to, the applicable securities laws of the jurisdiction in which the Subscriber is resident and which would apply to the acquisition of the Units;
  - (iv) the applicable securities laws of the jurisdiction in which the Subscriber is resident do not require the Trust, the Trustees or the Agents to make any filings or seek any approvals of any kind whatsoever from any securities regulator of any kind whatsoever in such jurisdiction in connection with the issue and sale or resale of the Units; and
  - (v) **the Subscriber has completed a Representation Letter in the form attached hereto as Schedule "A" and the Exhibit thereto indicating that the Subscriber fits within one of the categories of "accredited investor" set forth in such definitions;**
- (t) the Subscriber is a Resident, and the Subscriber will maintain such status at all times that such Subscriber owns Units;
- (u) the Subscriber understands that it may not be able to resell the Units except in accordance with the Trust Indenture and with limited exemptions available under applicable securities legislation, regulatory policy

and stock exchange rules, and that the Subscriber is solely responsible for (and none of the Trust, the Trustees or the Agents are any way responsible for) the Subscriber's compliance with applicable resale restrictions;

- (v) the Subscriber acknowledges that it is aware that there is no market upon which the Units trade and there is no assurance that the Units will be listed and posted for trading on a stock exchange or dealer network in the future;
- (w) the Subscriber understands that any certificates representing the Units will bear a legend in accordance with applicable securities legislation indicating that the resale of such securities is restricted and the Subscriber will not resell any of the Units except in accordance with the provisions of applicable securities legislation;
- (x) the Subscriber has not become aware of or relied upon any advertisement in printed media of general and regular paid circulation or on radio, television or other form of telecommunication or any other form of advertisement (including electronic display such as the Internet) or sales literature with respect to the distribution of the Units;
- (y) the Subscriber is not a "U.S. Person" (as defined under Regulation S made under the United States *Securities Act of 1933* (the "**1933 Act**"), which definition includes an individual resident in the United States and an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person), is not purchasing the Units on behalf of, or for the account or benefit of, a person in the United States or a U.S. Person, and the Subscriber understands and acknowledges that the Units have not and will not be registered under the 1933 Act, and the Units will not be offered or sold within the United States, or other jurisdiction outside of Canada and acknowledges that the Trust has not and will not file a registration statement under the 1933 Act in respect of the Units;
- (z) the Subscriber represents and warrants that:
  - (i) the offer was not made to the Subscriber when the Subscriber was in the United States and, at the time the Subscriber's buy order was made, the Subscriber was outside the United States;
  - (ii) the Subscriber was outside the United States at the time this Subscription Agreement was executed and delivered;
  - (iii) the Subscriber is not and will not be purchasing the Units for the account or benefit of any person in the United States;
  - (iv) the current structure of this transaction and all transactions and activities contemplated hereunder is not a scheme to avoid the registration requirements of the U.S. Securities Act; and
  - (v) the Subscriber has no intention to distribute either directly or indirectly any of the Units in the United States;
- (aa) the Subscriber acknowledges that, in addition to any other requirements under applicable securities legislation to which a disposition of the Units by the Subscriber may be subject, the Subscriber may, depending on the nature of the disposition, be required to file a report of exempt trade within ten (10) days of a disposition by the Subscriber of the Units;
- (bb) if required by applicable securities legislation, regulations, rules, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Trust and/or the Agents in filing, such reports, undertakings and other documents with respect to the issue of the Units;
- (cc) the Subscriber does not act jointly or in concert with any other person or company for the purposes of acquiring securities of the Trust;

- (dd) the funds representing the Aggregate Subscription Amount which will be advanced by the Subscriber to the Agents, on behalf of the Trust, hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") and the Subscriber acknowledges that the Trust and/or the Agents may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of its knowledge:
- (i) none of the subscription funds to be provided by the Subscriber:
    - (A) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States, or any other jurisdiction; or
    - (B) are being tendered on behalf of a person or entity who has not been identified to the Subscriber;
  - (ii) it shall promptly notify the Trust, the Trustees and the Agents if the Subscriber discovers that any of such representations ceases to be true, and to provide the Trust, the Trustees and the Agents with appropriate information in connection therewith;
- (ee) the Subscriber acknowledges that the Trust may complete additional financings in the future in order to develop the proposed business of the Trust and to fund its ongoing development. There is no assurance that such financing will be available and if available, on reasonable terms. Any such future financings may have a dilutive effect on current securityholders, including the Subscriber;
- (ff) the Subscriber has relied solely upon publicly available information relating to the Trust and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Trust, the Trustees, the Agents or any other exempt market dealer engaged by the Trust, the Trustees, the Agents or their affiliates, such publicly available information having been delivered to the Subscriber without independent investigation or verification by any exempt market dealer engaged by the Trust, the Trustees, the Agents or their affiliates, and agrees that any exempt market dealer engaged by the Trust, the Trustees, the Agents or their affiliates and their respective counsel assume no responsibility or liability of any nature whatsoever for the accuracy, adequacy or completeness of the publicly available information or as to whether all information concerning the Trust required to be disclosed by the Trust or the Trustees has been generally disclosed;
- (gg) it is, and prepares income tax returns as, a resident, for income tax purposes, of Canada and will promptly advise the Trustees of any changes to its income tax residence;
- (hh) the Subscriber is not a "tax shelter" as defined in subsection 237.1(1) of the Tax Act and neither the Subscriber nor the holding of the Units by the Subscriber will at any time cause the Units to be a "tax shelter investment" for the purposes of section 143.2 of the Tax Act or result in the application of any analogous provisions of any provincial taxing legislation;
- (ii) the Subscriber has obtained independent legal and tax advice as to such Subscriber's liability under the Offering Memorandum, the Trust Indenture and this Subscription Agreement and, in particular, with respect to the representations and warranties given by it hereunder, acknowledges that the relevant provisions of the Tax Act and related statutes are complex and that the Subscriber has taken steps as it considers necessary to ensure that it understands the meaning and effect of such representations, warranties and indemnities; and
- (jj) **the Subscriber acknowledges that an investment in the Units is subject to a number of risk factors. In particular, the Subscriber acknowledges that the Trust is not a "reporting issuer" or equivalent in any province of Canada and, as such, the applicable hold period may never expire. Accordingly, there is currently no market for any of the Units, and one may never develop. It may be difficult or even impossible for a Subscriber to sell any of the Units. Resale of such Units will require the availability of exemptions from the prospectus requirements of applicable securities legislation, or the application for a discretionary order of the securities commission or similar regulatory**

**authority in the Subscriber's province of residence permitting the trade. The Subscriber covenants and agrees to comply with the securities legislation of Alberta and any other relevant securities legislation, orders or policies concerning the purchase, holding of, and resale of the Units.**

4. **Timeliness of Representations, etc.** The Subscriber agrees (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Date, and will survive the completion of the distribution of the Units and any subsequent disposition by the Subscriber of the Units.
5. **Indemnity.** The Subscriber acknowledges that the Trust, the Trustees, the Agents and their respective counsel are relying upon the representations, warranties and covenants of the Subscriber set forth herein in determining the eligibility (from a securities law perspective) of the Subscriber (or, if applicable, the eligibility or another on whose behalf the Subscriber is contracting hereunder to subscribe for Units) to purchase Units under the Offering, and hereby agrees to indemnify the Trust, the Trustees, the Agents and their respective partners, directors, officers, employees, advisers, affiliates, shareholders and agents (including their respective legal counsel), against all losses, claims, costs, expenses, damages or liabilities that they may suffer or incur as a result of or in connection with their reliance on such representations, warranties and covenants. The Subscriber undertakes to immediately notify the Trust and the Trust's counsel at Burnet, Duckworth & Palmer LLP, 2400, 525 – 8<sup>th</sup> Avenue SW, Calgary, Alberta T2P 1G1, Attention: William Maslechko of any change in any statement or other information relating to the Subscriber set forth herein that occurs prior to the Closing Time.
6. **Deliveries by Subscriber prior to Closing.** The Subscriber agrees to deliver to the Agents, on behalf of the Trust, or as the Trust may otherwise direct, not later than 5:00 p.m. (Calgary time) on the date which is two business days before the Closing Date (or two business days before any amended Closing Date of which the Subscriber receives notice):
  - (a) this duly completed and executed Subscription Agreement;
  - (b) a certified cheque, wire transfer or bank draft made payable to "**Pacific Landing @ Havenwood Trust**" in an amount equal to the Aggregate Subscription Amount, or payment of the same amount in such other manner as is acceptable to the Trust;
  - (c) a properly completed and duly executed copy of the appropriate investor qualification form(s) as described on page 2 of this Subscription Agreement; and
  - (d) such other documents as may be requested by the Trust and/or the Agents as contemplated by this Subscription Agreement.
7. **Partial Acceptance or Rejection of Subscription.** The Trust may, in its absolute discretion, accept or reject the Subscriber's subscription for Units as set forth in this Subscription Agreement, in whole or in part, and the Trust reserves the right to allot to the Subscriber less than the amount of the Units subscribed for under this Subscription Agreement.

Notwithstanding the foregoing, the Subscriber acknowledges and agrees that the acceptance of this Subscription Agreement will be conditional upon among other things, the sale of the Units to the Subscriber being exempt from any prospectus requirements of applicable securities laws. The Trust will be deemed to have accepted this Subscription Agreement upon the delivery on Closing Date of the certificates representing the Units to the Subscriber or upon the direction of the Subscriber in accordance with the provisions hereof.

If this Subscription Agreement is rejected in whole, any certified cheque(s) or bank draft(s) delivered by the Subscriber to the Trust on account of the Aggregate Subscription Amount for the Units subscribed for will be promptly returned to the Subscriber without interest. If this Subscription Agreement is accepted only in part, a cheque representing the amount by which the payment delivered by the Subscriber to the Trust exceeds the subscription price of the number of Units sold to the Subscriber pursuant to a partial acceptance of this Subscription Agreement will be promptly delivered to the Subscriber without interest.

8. **Time and Place of Closing.** The sale of the Units will be completed at the offices Burnet, Duckworth & Palmer LLP, the Trust's counsel, in Calgary, Alberta at 10:00 a.m. (Calgary time) or such other time as the Trust and the Agents may determine (the "**Closing Time**") on the Closing Date. The Trust and the Agents reserve the right to close the Offering in multiple tranches, so that one or more closings may occur after the initial closing.
9. **Representative.** The Subscriber acknowledges that the Agents have been appointed by the Trustees, on behalf of the Trust, to act as agent of the Trust to offer the Units on a "private placement" basis and, in connection therewith, the Trustees, on behalf of the Trust, and the Agents have entered into, or will enter into prior to the Closing Date, an agreement (the "**Agency Agreement**") pursuant to which the Agents, in connection with the issue and sale of the Units, will receive a fee from the Trust. The Subscriber hereby irrevocably authorizes the Agents: (a) to act as its representative at the closing and to execute in its name and on its behalf all closing receipts and documents required; (b) to complete or correct any errors or omissions in any form or document, including this Subscription Agreement, provided by the Subscriber; (c) to receive on its behalf certificates representing the Units purchased under this Subscription Agreement; and (d) to approve any opinions, certificates or other documents addressed to the Subscriber.
10. **Subject to Regulatory Approval.** The obligations of the parties hereunder are subject to all required regulatory approvals being obtained.
11. **Governing Law.** The contract arising out of acceptance of this Subscription Agreement by the Trust shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta.
12. **Time of Essence.** Time shall be of the essence of this Subscription Agreement.
13. **Entire Agreement.** This Subscription Agreement, including the Schedules and Exhibits attached hereto and forming a part thereof, and the Trust Indenture represents the entire agreement of the parties hereto relating to the subject matter hereof except as stated or referred to herein.
14. **Modification.** Subject to Section 9, neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.
15. **Facsimile Copies.** The Trust and the Agents shall be entitled to rely on delivery of a facsimile copy of executed subscriptions, and acceptance by the Trust of such facsimile or similar subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Trust in accordance with the terms hereof.
16. **Counterpart.** The Subscription Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.
17. **Severability.** The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.
18. **Survival.** The covenants, representations and warranties contained in this Subscription Agreement shall survive the closing of the transactions contemplated hereby, and shall be binding upon and enure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.
19. **Interpretation.** The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement, all references to money amounts are to Canadian dollars unless otherwise indicated.
20. **Amendment.** Except as otherwise provided herein, this Subscription Agreement may only be amended by the parties hereto in writing.

21. **Costs.** The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any special counsel retained by the Subscriber) relating to the sale of the Units to the Subscriber shall be borne by the Subscriber.
22. **Assignment.** Neither party may assign all or part of its interest in or to this Subscription Agreement without the consent of the other party in writing.
23. **Limitation of Liability.** The Subscriber acknowledges that the Trustees are entering into this Subscription Agreement solely in their capacities as Trustees on behalf of the Trust and the obligations of the Trust hereunder shall not be personally binding upon any of the Trustees or any of the unitholders of the Trust or any annuitant, subscriber or beneficiary under a plan of which a unitholder is a trustee or carrier (an "**annuitant**") and that any recourse against the Trust, any of the Trustees or any unitholder or annuitant in any manner in respect of any indebtedness, obligation or liability arising hereunder or arising in connection herewith or from the matters to which this agreement relates, if any, including without limitation claims based on negligence or otherwise tortious behaviour, shall be limited to, and satisfied only out of, the Trust Property as defined in the Trust Indenture. It is agreed by the Subscriber that the Trustees and each unitholder and annuitant shall have the benefit of this provision and, solely for that purpose, the Trustee has entered into this provision as agent and trustee for and on behalf of the Trustees and each unitholder and annuitant of the Trust. Unless otherwise expressly provided herein, where any reference is made in this Subscription Agreement to the Trust as a party to this agreement or any other agreement or to an act to be performed by or a covenant, representation or warranty given by the Trust, such reference shall be construed and applied for all purposes as if it referred to the Trustees, in their capacities as trustees of the Trust under the Trust Indenture.
24. **No Partnership.** Nothing herein shall constitute or be construed to constitute a partnership of any kind whatsoever between the Subscriber and the Trust.
25. **Language.** The Subscriber acknowledges that it has consented to and requested that all documents evidencing or relating in any way to the sale of the Units be drawn up in the English language only. **Le souscripteur reconnaît par les présents avoir consenti et exigé que tous les documents faisant foi ou se rapportant de quelque manière a la vente des unites soient rédigés en anglais seulement.**

## PRIVACY NOTICE

This Subscription Agreement and the Schedules hereto require the Subscriber to provide certain personal information (respecting the Subscriber and, if applicable, the beneficial purchaser for whom the Subscriber is contracting) to the Trust. Such information is being collected by the Trust for the purposes of completing the Offering, which includes, without limitation, determining the eligibility of the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting, to purchase the Units under applicable securities laws, preparing and registering certificates representing the Units to be issued hereunder and completing filings required under applicable securities legislation, regulations, rules, policies or orders or by any stock exchange or securities regulatory authority.

In addition, such personal information may be used or disclosed by the Trust for the purpose of administering the Trust's relationship with the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting. For example, such personal information may be used by the Trust to communicate with the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting (such as by providing annual or quarterly reports), to prepare tax filings and forms or to comply with its obligations under taxation, securities and other laws (such as maintaining a list of holders of shares).

Certain securities commissions have been granted the authority to indirectly collect this personal information pursuant to securities legislation and this personal information is also being collected for the purpose of administration and enforcement of securities legislation. If it is a resident of or otherwise subject to applicable securities laws of Ontario the Subscriber acknowledges that it has been notified by the Trust:

- (a) of the delivery to the Ontario Securities Commission (the "**OSC**") of the full name, residential address and telephone number of the Subscriber, the number and type of securities purchased, the total purchase price, the exemption relied upon and the date of distribution;
- (b) that this information is being collected indirectly by the OSC under the authority granted to it in securities legislation;
- (c) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and
- (d) that the Administrative Assistant to the Director of Corporate Finance can be contacted at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 or at (416) 593 8086 regarding any questions about the OSC's indirect collection of this information.

In connection with the foregoing, the personal information of the Subscriber or, if applicable, the beneficial purchaser for whom the Subscriber is contracting, may be disclosed by the Trust (if applicable) to:

- (a) any stock exchanges or securities regulatory or taxation authorities;
- (b) the Trust's registrar and transfer agent (if applicable); and
- (c) any of the other parties involved in the Offering, including legal counsel, and may be included in record books prepared in respect of the Offering.

By executing this Subscription Agreement, the Subscriber (on its own behalf and, if applicable, on behalf of the beneficial purchaser for whom the Subscriber is contracting) hereby consents to the collection, use and disclosure of such personal information. The Subscriber (on its own behalf and, if applicable, on behalf of the beneficial purchaser for whom the Subscriber is contracting) also consents to the filing of copies or originals of any of the documents provided to the Trust by or on behalf of the Subscriber with any securities regulatory authority in relation to the transactions contemplated by this Subscription Agreement.

**SCHEDULE "A"**  
**REPRESENTATION LETTER TO BE COMPLETED BY ACCREDITED INVESTORS**

**TO: PACIFIC LANDING @ HAVENWOOD TRUST (the "Trust")**  
**AND TO: THE TRUSTEES OF THE TRUST (the "Trustees")**  
**AND TO: THE AGENTS (the "Agents")**

In connection with the purchase of Class A trust units (the "Units") of the Trust by the undersigned subscriber or, if applicable, the principal on whose behalf is purchasing as agent (the "Subscriber", for the purposes of this Schedule "A"), the Subscriber hereby represents, warrants, covenants and certifies to the Trust, the Trustees and the Agents that:

1. The Subscriber is resident in or is otherwise subject to applicable securities laws of the province or the jurisdiction set forth in the "Subscriber's Address" opposite its signature on the face page of this Subscription Agreement;
2. The Subscriber is purchasing the Units as principal for its own account or complies with the provisions of Section 3(r) of the Subscription Agreement;
3. The Subscriber is and will be at the Closing Time (as defined in the Subscription Agreement) an "accredited investor" within the meaning of National Instrument 45-106 - *Prospectus Exemptions* ("**NI 45-106**") or Section 73.3 of the *Securities Act* (Ontario) by virtue of satisfying the indicated criterion as set out the Exhibit to this Schedule "A";
4. The Subscriber fully understands the meaning of the terms and conditions of the category of "accredited investor" applicable to it, has had an opportunity to discuss the meaning of the category of "accredited investor" applicable to it with a registered representative of an Agent or other member of the selling dealer group and confirms that it has reviewed and understands the definitions in the Exhibit to this Schedule "A" in respect of the category of "accredited investor" applicable to it and, in particular, if the Subscriber is an "accredited investor" by virtue of satisfying paragraph (j), (j.1), (k) or (l) of the Exhibit to this Schedule "A", it has reviewed and understands the definitions of "financial assets", "related liabilities" and "net assets", as applicable, contained in the Exhibit to this Schedule "A" hereto;
5. The Subscriber was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106 or Section 73.3 of the *Securities Act* (Ontario) (paragraph (m) of the Exhibit to this Schedule "A" hereto);
6. If the Subscriber is an "accredited investor" by virtue of satisfying paragraph (j), (k) or (l) on the Exhibit to this Schedule "A", it acknowledges that it needs to complete Schedule "G" to the Subscription Agreement and upon execution of Schedule "G" by the Subscriber, Schedule "G" shall be incorporated into and form a part of the Subscription Agreement and the Corporation and the Agents and their respective counsel shall be entitled to rely thereon; and
7. Upon execution of this Schedule "A" by the Subscriber, this Schedule "A" shall be incorporated into and form a part of the Subscription Agreement and the Corporation and the Agents and their respective counsel shall be entitled to rely thereon.

\_\_\_\_\_  
Name of Subscriber (please print)

By: \_\_\_\_\_

Authorized Signature

\_\_\_\_\_  
Official Title or Capacity (please print)

\_\_\_\_\_  
Name of Signatory (please print name of individual whose signature appears above if different than the name of Subscriber)

DATED at \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_ 201\_\_.

**IMPORTANT**

**PLEASE COMPLETE THE ATTACHED EXHIBIT TO THIS REPRESENTATION LETTER BY MARKING  
YOUR INITIALS BESIDE THE CATEGORY TO WHICH YOU BELONG**

**EXHIBIT TO SCHEDULE "A"****TO BE COMPLETED BY ACCREDITED INVESTORS**

<b>PLEASE MARK YOUR INITIALS BESIDE THE CATEGORY TO WHICH YOU BELONG</b>
--

Please complete the Representation Letter to the Trust by marking your initials beside the category or categories of "accredited investor" to which you belong:

**Meaning of "Accredited Investor"**

"Accredited investor" is defined in Section 1.1 of National Instrument 45-106 to mean any person who fits within any of the following categories at the time of the sale of securities to that person:

- |       |       |      |   |
|-------|-------|------|---|
| _____ | (a)   | (i)  | except in Ontario, a Canadian financial institution, or a Schedule III bank;  |
|       |       | (ii) | in Ontario, a financial institution described in section 73.1(1) of the <i>Securities Act</i> (Ontario) as described below;   |
| _____ | (b)   | (i)  | except in Ontario, the Business Development Bank of Canada incorporated under the <i>Business Development Bank of Canada Act</i> (Canada);  |
|       |       | (ii) | in Ontario, the Business Development Bank of Canada;  |
| _____ | (c)   | (i)  | except in Ontario, a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;  |
|       |       | (ii) | in Ontario, a subsidiary of any person or company referred to in paragraphs (a) or (b), if the person or company owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary;   |
| _____ | (d)   | (i)  | except in Ontario, a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer;  |
|       |       | (ii) | in Ontario, a person or company registered under the securities legislation of a province or territory in Canada as an adviser or dealer, except as otherwise prescribed by the regulations;  |
| _____ | (e)   |      | an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d);   |
| _____ | (e.1) |      | an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the <i>Securities Act</i> (Ontario) or the <i>Securities Act</i> (Newfoundland and Labrador); |
| _____ | (f)   | (i)  | except in Ontario, the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;   |
|       |       | (ii) | in Ontario, the Government of Canada, the government of a province or territory of Canada, or any Crown corporation, agency or wholly owned entity of the Government of Canada or the government of a province or territory of Canada;  |
| _____ | (g)   | (i)  | except in Ontario, a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;   |
|       |       | (ii) | in Ontario, a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;  |

- \_\_\_\_\_ (h) (i) except in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- (ii) in Ontario, any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
- \_\_\_\_\_ (i) (i) except in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada), a pension commission or similar regulatory authority of a jurisdiction of Canada;
- (ii) in Ontario, a pension fund that is regulated by the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a province or territory of Canada;
- \_\_\_\_\_ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that, before taxes, but net of any related liabilities, exceeds \$1,000,000;

*[Note: Financial assets include cash and securities, but do not include a personal residence – see the definition of "financial assets" below. Financial assets are generally liquid or relatively easy to liquidate. You must subtract any liabilities related to your financial assets to calculate your net financial assets—see the definition of "related liabilities" below. In the case where financial assets are held in a trust or in another type of investment vehicle for the benefit of an individual there may be questions as to whether the individual beneficially owns the financial assets. The following factors are indicative of beneficial ownership of financial assets: (i) physical or constructive possession of evidence of ownership of the financial asset; (ii) entitlement to receipt of any income generated by the financial asset; (iii) risk of loss of the value of the financial asset; and (iv) the ability to dispose of the financial asset or otherwise deal with it as you see fit. For example, securities held in a self-directed RRSP, for your sole benefit, are beneficially owned by you. In general, financial assets in a spousal RRSP would also be included for the purposes of the financial assets test in this paragraph (j); however, financial assets held in a group RRSP under which you do not have the ability to acquire the financial assets and deal with them directly are not considered to be beneficially owned by you. If you meet the higher financial asset threshold set out in paragraph (j.1) as an individual exclusive of your spouse, then initial paragraph (j.1) instead of this paragraph (j). If relying on this paragraph (j), you must deliver a completed Schedule "G".]*

*Please provide the following information to the best of your knowledge based on the most recent information available to you:*

Aggregate realizable value of financial assets before taxes \$ - \_\_\_\_\_

Related liabilities \$ - \_\_\_\_\_

- \_\_\_\_\_ (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000;

*[Note: See the definition of "financial assets" below and the guidance in paragraph (j) above. The financial assets of your spouse (including financial assets in a spousal RRSP) cannot be included in the calculation of net financial assets under this paragraph (j.1). If relying on this paragraph (j.1), you are not required to complete Schedule "G".]*

*Please provide the following information to the best of your knowledge based on the most recent information available to you:*

Aggregate realizable value of financial assets before taxes \$ - \_\_\_\_\_

Related liabilities \$ - \_\_\_\_\_

- \_\_\_\_\_ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;

[Note: If relying on this paragraph (k), you must deliver a completed Schedule "G".]

Please provide the following information (based on your two most recent notices of assessment from the Canada Revenue Agency or equivalent):

Net income before taxes	Last year	Range - > \$100,000 <input type="checkbox"/> State Amount: \$ _____ Range - \$100,000-200,000 <input type="checkbox"/> Range - \$201,000-300,000 <input type="checkbox"/> Range - \$301,000-400,000 <input type="checkbox"/> Range - Greater than \$401,000 <input type="checkbox"/>
	Year prior to last year	Range - > \$100,000 <input type="checkbox"/> State Amount: \$ _____ Range - \$100,000-200,000 <input type="checkbox"/> Range - \$201,000-300,000 <input type="checkbox"/> Range - \$301,000-400,000 <input type="checkbox"/> Range - Greater than \$401,000 <input type="checkbox"/>

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<u>If applicable</u> , net income before taxes of your spouse	Last year	Range - > \$100,000 <input type="checkbox"/> State Amount: \$ _____ Range - \$100,000-300,000 <input type="checkbox"/> Range - \$301,000-400,000 <input type="checkbox"/> Range - \$401,000-500,000 <input type="checkbox"/> Range - Greater than \$501,000 + <input type="checkbox"/>
	Year prior to last year	Range - > \$100,000 <input type="checkbox"/> State Amount: \$ _____ Range - \$100,000-300,000 <input type="checkbox"/> Range - \$301,000-400,000 <input type="checkbox"/> Range - \$401,000-500,000 <input type="checkbox"/> Range - Greater than \$501,000 + <input type="checkbox"/>

\_\_\_\_\_ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;

[Note: To calculate net assets, take the value of your total assets (which may include a personal residence) and subtract your total liabilities (which may include a mortgage). The value attributed to assets should reasonably reflect their estimated fair value. Income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution of these securities. If relying on this paragraph (l), you must deliver a completed Schedule "G".]

Please provide the following information by subtracting your total liabilities from your total assets (for example, the value your personal residence minus the related liabilities, such as a mortgage) and note that the value attributed to assets should reasonably reflect their estimated fair value and income tax should be considered a liability if the obligation to pay it is outstanding at the time of the distribution:

Total Assets	\$ - _____
Minus - Total Liabilities (including outstanding taxes)	\$ - _____
Equals = Net Assets	\$ - _____

[Note: If individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under either sections (t) or (w) below, which must be initialled and the applicable information indicated completed.]

\_\_\_\_\_ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;

- \_\_\_\_\_ (n) an investment fund that distributes or has distributed its securities only to
  - (i) a person that is or was an accredited investor at the time of the distribution,
  - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 and 2.19 of National Instrument 45-106, or
  - (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106;
- \_\_\_\_\_ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;
- \_\_\_\_\_ (p) a trust company or trust corporation registered or authorized to carry on business under the Trust and Loan Companies Act (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;
- \_\_\_\_\_ (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;
- \_\_\_\_\_ (r) a registered charity under the Income Tax Act (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;
- \_\_\_\_\_ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;
- \_\_\_\_\_ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;

*[Note: If you initialled (t), then indicate the name and category of accredited investor (by reference to the applicable letter above) of each of the owners of interests (attach additional pages if more than three):*

Name	Category of Accredited Investor
_____	_____
_____	_____
_____	_____

- \_\_\_\_\_ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;
- \_\_\_\_\_ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or
- \_\_\_\_\_ (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

*[Note: If you initialled (w), then indicate the name and category of accredited investor (by reference to the applicable letter above) of each of the following (attach additional pages if more than three trustees):*

	Name	Category of Accredited Investor
Individual who established trust:	_____	_____
Trustee	_____	_____
Trustee	_____	_____
Trustee	_____	_____

### Interpretative Aids

The following definitions relate to certain of the categories of National Instrument 45–106 set forth above:

- (a) "**affiliate**" means an issuer connected with another issuer because
- (i) one of them is the subsidiary of the other; or
  - (ii) each of them is controlled by the same person; or
  - (iii) for the purposes of Saskatchewan securities law, both are subsidiaries of the same issuer;
- (b) "**Canadian financial institution**" means
- (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
  - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (c) "**consultant**" means, for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that
- (i) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution;
  - (ii) provides the services under a written contract with the issuer or a related entity of the issuer; and
  - (iii) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer;
- and includes:
- (iv) for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner; and
  - (v) for a consultant that is not an individual, an employee, executive officer, or director of the consultant, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer;
- (d) "**director**" means
- (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and

- (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;
- (e) "**eligible investor**" means
- (i) a person whose
    - A. net assets, alone or with a spouse, in the case of an individual, exceed \$400,000,
    - B. net income before taxes exceeded \$75,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
    - C. net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the 2 most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,
  - (ii) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors,
  - (iii) a general partnership of which all of the partners are eligible investors,
  - (iv) a limited partnership of which the majority of the general partners are eligible investors,
  - (v) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors,
  - (vi) an accredited investor,
  - (vii) a person described in section 2.5 [*Family, friends and business associates*], or
  - (viii) a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser;
- (f) "**EVCC**" means:
- (i) an employee venture capital corporation that does not have a restricted constitution,
  - (ii) and is registered under Part 2 of the *Employee Investment Act* (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments
- (g) "**executive officer**" means, for an issuer, an individual who is
- (i) a chair, vice-chair or president,
  - (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or
  - (iii) performing a policy-making function in respect of the issuer;
- (h) "**financial assets**" means
- (i) cash,
  - (ii) securities, or

- (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (i) "**foreign jurisdiction**" means a country other than Canada or a political subdivision of a country other than Canada;
- (j) "**founder**" means, in respect of an issuer, a person who,
  - (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
  - (ii) at the time of the trade is actively involved in the business of the issuer;
- (k) "**fully managed account**" means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;
- (l) "**investment fund**" means a mutual fund or a non-redeemable investment fund, and for greater certainty in British Columbia, includes an EVCC and a VCC;
- (m) "**jurisdiction**" means a province or territory of Canada except when used in the term foreign jurisdiction;
- (n) "**local jurisdiction**" means the jurisdiction in which the Canadian securities regulatory authority is situate;
- (o) "**minimum amount investment**" means a trade in a security to a person where that person purchases as principal, the security has an acquisition cost to the purchaser of not less than \$150,000 paid in cash at the time of the trade, and the trade is in a security of a single issuer;
- (p) "**non-redeemable investment fund**" means an issuer,
  - (i) whose primary purpose is to invest money provided by its securityholders,
  - (ii) that does not invest,
    - A. for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund,
    - or
    - B. for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
  - (iii) that is not a mutual fund;
- (q) "**permitted assign**" means, for a person that is an employee, executive officer, director or consultant of an issuer or of a related entity of the issuer,
  - (i) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the person,
  - (ii) a holding entity of the person,
  - (iii) a RRSP, RRIF or TFSA of the person,
  - (iv) a spouse of the person,
  - (v) a trustee, custodian, or administrator acting on behalf of, or for the benefit of the spouse of the person,
  - (vi) a holding entity of the spouse of the person, or

- (vii) a RRSP, RRIF or TFSA of the spouse of the person;
- (r) "**person**" includes
  - (i) an individual,
  - (ii) a corporation,
  - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
  - (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;
- (s) "**regulator**" means, for the local jurisdiction, the Executive Director as defined under securities legislation of the local jurisdiction;
- (t) "**related liabilities**" means
  - (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
  - (ii) liabilities that are secured by financial assets;
- (u) "**RRIF**" means a registered retirement income fund as defined in the *Income Tax Act* (Canada);
- (v) "**RRSP**" means a registered retirement savings plan as defined in the *Income Tax Act* (Canada);
- (w) "**Schedule III bank**" means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (x) "**spouse**" means, an individual who,
  - (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
  - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or
  - (iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta);
- (y) "**subsidiary**" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary;
- (z) "**TFSA**" means a tax-free savings account as described in the *Income Tax Act* (Canada); and
- (aa) "**VCC**" means a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia), R.S.B.C. 1996 c. 429, whose business objective is making multiple investments.

Section 2.10 Minimum amount investment of NI 45–106 refers to a trade in a security to a person where that person **is not** an individual, purchases as principal, the security has an acquisition cost to the purchaser of not less than \$150,000 paid in cash at the time of the trade, and the trade is in a security of a single issuer.

Section 2.18 Investment fund reinvestment of NI 45-106 refers to the following trades by an investment fund to a security holder of the investment fund if the trades are permitted by a plan of the investment fund:

- (i) a trade in a security of the investment fund's own issue if dividends or distributions out of earnings, surplus, capital or other sources payable in respect of the investment fund's securities are applied to the purchase of

- the security that is of the same class or series as the securities to which dividends or distributions out of earnings, surplus, capital or other sources are attributable; and
- (ii) a trade in a security of the investment fund's own issue if the security holder makes optional cash payments to purchase the security of the investment fund that is of the same class or series of securities described in paragraph (a) that trade on a marketplace, so long as the aggregate number of securities issued thereunder does not exceed, in any financial year of the investment fund during which the trade takes place, 2% of the issued and outstanding securities of the class to which the plan relates as at the beginning of the financial year.

Section 2.19 Additional investment in investment funds of NI 45–106 refers to a trade by an investment fund in a security of its own issue to a security holder of the issuer where the security holder initially acquired securities of the investment fund as principal for an acquisition cost of not less than \$150,000 paid in cash at the time of the trade, the subsequent trade is for a security of the same class or series as the initial trade, and the security holder, as at the date of the subsequent trade, holds securities of the investment fund that have either an acquisition cost of not less than \$150,000 or a net asset value of not less than \$150,000.

All monetary references are in Canadian dollars.

**SCHEDULE "B"**

**REPRESENTATION LETTER – 45-106F4**

**RISK ACKNOWLEDGEMENT**

I acknowledge that this is a risky investment:

I am investing entirely at my own risk.

No securities commission has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.

I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.

I could lose all the money I invest.

*I am investing \$\_\_\_\_\_ [total consideration] in total; this includes any amount I am obliged to pay in future. Pacific Landing @ Havenwood Trust will pay \$\_\_\_\_\_ [up to 1% of subscription amount] of this to \_\_\_\_\_ [name of person/company selling the securities] as an administration fee and \$\_\_\_\_\_ [up to 8% of subscription amount] of this to \_\_\_\_\_ [name of person or company selling the securities] as a fee or commission.*

**I acknowledge that this is a risky investment and that I could lose all the money I invest.**

\_\_\_\_\_ Date

\_\_\_\_\_ Signature of Purchaser

\_\_\_\_\_ Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

**WARNING**

**You have 2 business days to cancel your purchase.** To do so, send a notice to Pacific Landing @ Havenwood Trust stating that you want to cancel your purchase. You must send the notice before midnight on the 2<sup>nd</sup> business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to Pacific Landing @ Havenwood Trust at its business address. Keep a copy of the notice for your records.

Issuer Name and Address:

Pacific Landing @ Havenwood Trust  
208, 6025 12<sup>th</sup> Street SE  
Calgary, Alberta T2H 2K1  
Fax (403) 244-2123      Email: rbmroyer@gmail.com

**You are buying Exempt Market Securities**

They are called exempt market securities because two parts of securities law do not apply to them. If an issuer wants to sell exempt market securities to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and

- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell exempt market securities. Exempt market securities are more risky than other securities.

**You will receive an offering memorandum**

Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

**The securities you are buying are not listed**

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

**The issuer of your securities is a non-reporting issuer**

A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities commission.

BRITISH COLUMBIA SECURITIES COMMISSION  
P.O. Box 10142, Pacific Centre  
701 West Georgia Street  
Vancouver, British Columbia V7Y 1L2  
Telephone: (604) 899-6500  
Toll free across Canada: 1-800-373-6393  
Facsimile: (604) 899-6581  
[www.bcsc.bc.ca](http://www.bcsc.bc.ca)

ALBERTA SECURITIES COMMISSION  
Suite 600, 250 – 5<sup>th</sup> Street SW  
Calgary, AB T2P 0R4  
Telephone: (403) 297-6454  
Facsimile: (403) 297-6156  
[www.albertasecuritiescommission.com](http://www.albertasecuritiescommission.com)

SASKATCHEWAN FINANCIAL SERVICES COMMISSION  
Suite 601 - 1919 Saskatchewan Drive  
Regina, Saskatchewan S4P 4H2  
Telephone: (306) 787-5879  
Facsimile: (306) 787-5899  
[www.sfsc.gov.sk.ca/](http://www.sfsc.gov.sk.ca/)

THE MANITOBA SECURITIES COMMISSION  
500 – 400 St Mary Avenue  
Winnipeg, Manitoba R3C 4K5  
Telephone: (204) 945-2548  
Toll free in Manitoba 1-800-655-5244  
Facsimile: (204) 945-0330  
[www.msc.gov.mb.ca](http://www.msc.gov.mb.ca)

NEW BRUNSWICK SECURITIES COMMISSION  
85 Charlotte Street, Suite 300  
Saint John, New Brunswick E2L 2J2  
Telephone: (506) 658-3060  
Toll Free in New Brunswick 1-866-933-2222  
Facsimile: (506) 658-3059  
[www.nbsc-cvmnb.ca](http://www.nbsc-cvmnb.ca)

## SCHEDULE "C"

### REPRESENTATION LETTER – 45-106 ELIGIBLE INVESTOR

Each Subscriber who is an Alberta, Saskatchewan or Manitoba resident and who is subscribing for more than \$10,000 in Units is required to complete and execute the following certificate.

#### CERTIFICATE OF ALBERTA, SASKATCHEWAN OR MANITOBA ELIGIBLE INVESTOR

In connection with the purchase of Class A trust units of Pacific Landing @ Havenwood Trust (the "Trust"), the undersigned hereby represents, warrants and certifies to the Trust that the undersigned is an "eligible investor" as defined in Section 1.1 of National Instrument 45-106 – *Prospectus Exemptions* and is purchasing the securities offered hereunder as principal.

The undersigned has indicated below the category or categories which it, he or she satisfies to qualify as an "eligible investor".

The undersigned understands that the Trust, the Trustees, the Agents and their respective counsel are relying on this information in determining to sell securities to the undersigned in a manner exempt from the prospectus requirements of the securities legislation in the jurisdiction in which the undersigned is a resident.

#### ELIGIBLE INVESTOR STATUS

The undersigned represents, warrants and certifies that it, he or she is *[initial each applicable item]*:

- \_\_\_\_\_ (a) a person whose:
  - \_\_\_\_\_ (i) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000,
  - \_\_\_\_\_ (ii) net income before taxes exceeded \$75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or
  - \_\_\_\_\_ (iii) net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,
- \_\_\_\_\_ (b) a person of which a majority of the voting securities are beneficially owned by eligible investors, or a majority of the directors are eligible investors,
- \_\_\_\_\_ (c) a general partnership of which all of the partners are eligible investors,
- \_\_\_\_\_ (d) a limited partnership of which the majority of the general partners are eligible investors,
- \_\_\_\_\_ (e) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors,
- \_\_\_\_\_ (f) a person who purchases the security as principal and is:
  - \_\_\_\_\_ (i) a director, executive officer or control person of the Trust or of an affiliate of the Trust;
  - \_\_\_\_\_ (ii) a spouse, parent, grandparent, brother, sister or child of a director, executive officer or control person of the Trust, or of an affiliate of the Trust;
  - \_\_\_\_\_ (iii) a parent, grandparent, brother, sister or child of the spouse of a director, executive officer or control person of the Trust, or of an affiliate of the Trust;
  - \_\_\_\_\_ (iv) a close personal friend of a director, executive officer or control person of the Trust, or of an affiliate of the Trust and it certifies to the Trust and the Agents that it has reviewed and understands the guidance respecting the meaning of the phrase "close business associate" set forth in **Schedule "E"** hereto and has provided the details of that relationship in the Questionnaire attached hereto in **Schedule "E"** and if the **Subscriber is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the**

**Risk Acknowledgement Form attached as Schedule "F" to this Subscription Agreement;**

- \_\_\_\_\_ (v) a close business associate of a director, executive officer or control person of the Trust, or of an affiliate of the Trust and it certifies to the Trust and the Agents that it has reviewed and understands the guidance respecting the meaning of the phrase "close business associate" set forth in **Schedule "E"** hereto and has provided the details of that relationship in the Questionnaire attached hereto in **Schedule "E"** **and if the Subscriber is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Schedule "F" to this Subscription Agreement;**
- \_\_\_\_\_ (vi) a founder of the Trust or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the Trust and it certifies to the Trust and the Agents that it has reviewed and understands the guidance respecting the meaning of the phrase "close business associate" set forth in **Schedule "E"** hereto and has provided the details of that relationship in the Questionnaire attached hereto in **Schedule "E"** **and if the Subscriber is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Schedule "F" to this Subscription Agreement;**
- \_\_\_\_\_ (vii) a parent, grandparent, brother, sister or child of the spouse of a founder of the Trust;
- \_\_\_\_\_ (viii) a person of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in paragraphs (i) to (vii) and it certifies to the Trust and the Agents that it has reviewed and understands the guidance respecting the meaning of the phrase "close business associate" set forth in **Schedule "E"** hereto and has provided the details of that relationship in the Questionnaire attached hereto in **Schedule "E"** **and if the Subscriber is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Schedule "F" to this Subscription Agreement;** or
- \_\_\_\_\_ (ix) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in paragraphs (i) to (vii) and it certifies to the Trust and the Agents that it has reviewed and understands the guidance respecting the meaning of the phrase "close business associate" set forth in **Schedule "E"** hereto and has provided the details of that relationship in the Questionnaire attached hereto in **Schedule "E"** **and if the Subscriber is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, the Subscriber has concurrently executed the Risk Acknowledgement Form attached as Schedule "F" to this Subscription Agreement,** or
- \_\_\_\_\_ (g) a person that has obtained advice regarding the suitability of the investment and, if the person or company is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser. "**Eligibility Advisor**" means a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of the purchaser and authorized to give advice with respect to the type of security being distributed, and in Saskatchewan and Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant (A) does not have a professional, business or personal relationship with the Trust, or any of the directors, executive officers, founders or control persons of the Trust, and (B) has not acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the Trust or any of the Trust's directors, executive officers, founders or control persons within the previous 12 months.

**[If you fall within this category, please indicate in the space below the name of the investment dealer, securities dealer or equivalent from whom you obtained advice:**

---

The undersigned has executed this Representation Letter as of the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

**If a Corporation, Partnership or Other Entity:**

**If an Individual:**

\_\_\_\_\_  
*Name of Entity*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Type of Entity*

\_\_\_\_\_  
*Named Individual*

\_\_\_\_\_  
*Signature of Person Signing*

\_\_\_\_\_  
*Title of Person Signing*

As used in this certificate, the following terms have the following meaning:

"**close personal friend**" has the meaning ascribed thereto in Schedule "E" to this Subscription Agreement.

"**close business associate**" has the meaning ascribed thereto in Schedule "E" to this Subscription Agreement.

"**control person**" means any person that holds or is one of a combination of persons that holds:

- (a) a sufficient number of any of the securities of the Trust so as to affect materially the control of the Trust; or
- (b) more than 20% of the voting shares of the Trust except where there is evidence showing the holding of the shares does not affect materially the control of the Trust

"**executive officer**" means, for the Trust, an individual who is:

- (a) a chair, vice-chair or president;
- (b) a vice-president in charge of a principal business unit, division or function including sales, finance or production,
- (c) an officer of the Trust or any of its subsidiaries and who performs a policy-making function in respect of the Trust, or
- (d) performing a policy-making function in respect of the Trust.

"**founder**" means a person or company who,

- (a) acting alone, in conjunction or in concert with one or more other persons or companies, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the Trust, and
- (b) at the time of the proposed trade, is actively involved in the business of the Trust.

"**person**" includes:

- (a) an individual;
- (b) a corporation;

- (c) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not; and
- (d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative.

**SCHEDULE "D"**

**POWER OF ATTORNEY**

**TO: PACIFIC LANDING @ HAVENWOOD TRUST (the "Trust")**  
**AND TO: THE TRUSTEES OF THE TRUST (the "Trustees")**  
**AND TO: THE AGENTS (the "Agents")**

In connection with the purchase of Class A trust units of the Trust (the "**Units**") by the undersigned subscriber or, if applicable, the principal on whose behalf is purchasing as agent (the "**Subscriber**", for the purposes of this Schedule "D"), the Subscriber hereby represents, warrants, covenants and certifies to the Trust that:

The Subscriber hereby agrees to be bound as a Unitholder by the terms of the amended and restated trust indenture dated September 17, 2013 among William Maslechko, as settlor and Randy Royer and Ray Parks, as trustees (the "**Trust Indenture**"), and the Subscriber hereby grants to the Trustees, their successors and assigns, a power of attorney constituting the Trustees, with full power of substitution, as the Subscriber's true and lawful attorneys and agents, with full power and authority, in the Subscriber's name, place and stead to execute, under seal or otherwise, swear to, acknowledge, deliver, and record or file, as the case may be, as and where required:

- (a) the Trust Indenture and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a mutual fund trust in all jurisdictions that the Trustees deem appropriate;
- (b) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in the Trust Indenture, including all conveyances, transfers and other documents required to facilitate any sale of Units or in connection with any disposition of Units required under Sections 3.9 or 6.9 of the Trust Indenture;
- (c) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust in accordance with the terms of the Trust Indenture;
- (d) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a Unitholder's interest in the Trust;
- (e) any instrument, certificate and other documents necessary or appropriate to reflect and give effect to any amendment to the Trust Indenture which is authorized from time to time as contemplated by Article 9 of the Trust Indenture; and
- (f) all transfers, conveyances and other documents required to facilitate the acquisition of Units of non-tendering offerees pursuant Section 3.27 of the Trust Indenture.

The power of attorney granted herein is, to the extent permitted by applicable law, irrevocable, is a power coupled with an interest, and shall survive the death, mental incompetence, disability and any subsequent legal incapacity of the Unitholder and shall survive the assignment by the Unitholder of all or part of the Unitholder's interest in the Trust and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Unitholder. Without limiting any other manner in which this power of attorney may be exercised by the Trustees on behalf of one or more Unitholders, the Trustees may, in executing any instrument on behalf of all Unitholders collectively, execute such instrument with a single signature and indicating such execution is as attorney and agent for all of such Unitholders. The Unitholder agrees to be bound by any representations or actions made or taken by the Trustees pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm any actions taken by the Trustees in good faith under this power of attorney.

This document shall be governed by and construed in accordance with the laws of the Province of Alberta. Terms not defined herein shall have the same meanings in this form as in the Trust Indenture.

The undersigned has executed this as of the \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

\_\_\_\_\_  
(Witness to Signature)

\_\_\_\_\_  
(Signature of Subscriber)

\_\_\_\_\_  
(Name of Witness – Please Print)

\_\_\_\_\_  
(Name of Subscriber – Please Print)

\_\_\_\_\_  
(Mailing Address of Subscriber)

**SCHEDULE "E"**

**CLOSE PERSONAL FRIEND/CLOSE BUSINESS ASSOCIATE QUESTIONNAIRE**

To be completed if the Subscriber is purchasing the Units in reliance on the "offering memorandum exemption" and is resident in British Columbia, Alberta, Saskatchewan, Manitoba or New Brunswick, and the trade is based in whole or in part on a close personal friendship or close business association.

---

Name of director, executive officer, control person or founder of whom Subscriber is a close personal friend/close business associate

---

Length of relationship

---

Details of relationship or prior business dealings

---

---

The undersigned understands that the Corporation is relying on this information in determining to sell securities to the undersigned in a manner exempt from the registration and prospectus requirements of applicable securities laws.

Dated: \_\_\_\_\_, 201\_\_

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Print name of Subscriber

By:

---

Signature

---

Print name of Signatory (if different from Subscriber)

---

Title

**MEANING OF "CLOSE PERSONAL FRIEND" AND "CLOSE BUSINESS ASSOCIATE"  
AS DESCRIBED IN COMPANION POLICY 45-106CP  
TO NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS**

**Meaning of "close personal friend"**

A "close personal friend" of a director, executive officer, founder or control person of an issuer is an individual who knows the director, executive officer, founder or control person well enough and has known them for a sufficient period of time to be in a position to assess their capabilities and trustworthiness and to obtain information from them with respect to the investment. The term "close personal friend" can include a family member who is not already specifically identified in the exemptions if the family member satisfies the criteria described above.

The following factors are relevant in determining whether a relationship is that of a close personal friend:

- (a) the length of time the individual has known the director, executive officer, founder or control person,
- (b) the nature of the relationship between the individual and the director, executive officer, founder or control person including such matters as the frequency of contacts between them and the level of trust and reliance in the other circumstances, and
- (c) the number of "close personal friends" of the director, executive officer, found or control person to whom securities have been distributed in reliance on the private issuer exemption or the family, friends and business associates exemption.

An individual is not a close personal friend solely because the individual is:

- (a) a relative,
- (b) a member of the same organization, association or religious group,
- (c) a co-worker, colleague or associate at the same workplace,
- (d) a client, customer, former client or former customer,
- (e) a mere acquaintance, or
- (f) connected through some form of social media, such as Facebook, Twitter or LinkedIn.

The relationship between the individual and the director, executive officer, founder or control person must be direct. For example the exemption is not available to a close personal friend of a close personal friend of a director of the issuer.

A relationship that is primarily founded on participation in an Internet forum is not considered to be a relationship of a close personal friend.

**Meaning of "close business associate"**

A "close business associate" is an individual who has had sufficient prior business dealings with a director, executive officer, founder or control person of the issuer to be in a position to assess their capabilities and trustworthiness and to obtain information from them with respect to the investment.

The following factors are relevant in determining whether a relationship is that of a close business associate:

- (a) the length of time the individual has known the director, executive officer, founder or control person,
- (b) the nature of any specific business relationships between the individual and the director, executive officer, founder or control person, including, for each relationship, when it began, the frequency of contact between

them and when it terminated if it is not ongoing, and the level of trust and reliance in the other circumstances,

- (c) the nature and number of any business dealings between the individual and the director, executive officer, found or control person, the length of the period during which they occurred, and the nature and date of the most recent business dealing, and
- (d) the number of "close business associates" of the director, executive officer, found or control person to whom securities have been distributed in reliance on the private issuer exemption or the family, friends and business associates exemption.

An individual is not a close business associate solely because the individual is:

- (a) a member of the same club, organization, association or religious group,
- (b) a co-worker, colleague or associate at the same workplace,
- (c) a client, customer, former client or former customer,
- (d) a mere acquaintance, or
- (e) connected through some form of social media, such as Facebook, Twitter or LinkedIn.

The relationship between the individual and the director, executive officer, founder or control person must be direct. For example, the exemption is not available for a close business associate of a close business associate of a director of the issuer.

A relationship that is primarily founded on participation in an Internet forum is not considered to be a relationship of a close business associate.

**SCHEDULE "F"**

**FORM 45-106F5 - SASKATCHEWAN RISK ACKNOWLEDGEMENT FORM**

**Risk Acknowledgement  
Saskatchewan Close Personal Friends and Close Business Associates**

I acknowledge that this is a risky investment:

I am investing entirely at my own risk.

No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities.

I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.

I could lose all the money I invest.

I do not have a 2-day right to cancel my purchase of these securities or the statutory rights of action for misrepresentation I would have if I were purchasing the securities under a prospectus. I do have a 2-day right to cancel my purchase of these securities if I receive an amended offering document.

I am investing \$\_\_\_\_\_ [total consideration] in total; this includes any amount I am obliged to pay in future.

I am a close personal friend or close business associate of \_\_\_\_\_ [state name], who is a \_\_\_\_\_ [state title - founder, director, executive officer or control person] of Pacific Landing @ Havenwood Trust.

I acknowledge that I am purchasing based on my **close** relationship with \_\_\_\_\_ [state name of founder, director, executive officer or control person] whom I know well enough and for a sufficient period of time to be able to assess her/his capabilities and trustworthiness.

**I acknowledge that this is a risky investment and that I could lose all the money I invest.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

**WARNING**

**You are buying Exempt Market Securities**

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell exempt market securities. Exempt market securities are more risky than other securities.

**You may not receive any written information about the issuer or its business**

If you have any questions about the issuer or its business, ask for written clarification before you purchase the securities. You should consult your own professional advisers before investing in the securities.

**The issuer of your securities is a non-reporting issuer**

A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer. You can only sell the securities of a non-reporting issuer in very limited circumstances. You may never be able to sell these securities.

**The securities you are buying are not listed**

The securities you are buying are not listed on any stock exchange, and they may never be listed. There may be no market for these securities. You may never be able to sell these securities.

For more information on the exempt market, refer to the Saskatchewan Financial Services Commission's website at <http://www.sfsc.gov.sk.ca>.

***[Instruction: The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.]***

**SCHEDULE "G"**

**FORM 45-106F9 – FORM FOR INDIVIDUAL ACCREDITED INVESTORS**

*To be completed by individuals investing under categories (j), (k) or (l) of the definition of "accredited investor" in National Instrument 45-106 – Prospectus Exemptions or Section 73.3 of the Securities Act (Ontario), which are reproduced in the Exhibit to Schedule "A" as paragraphs (j), (k) or (l), as applicable. Note that individuals investing under category (j.1) of the definition of "accredited investor" in National Instrument 45-106 – Prospectus Exemptions or Section 73.3 of the Securities Act (Ontario) do not need to complete this form.*

**WARNING!**  
**This investment is risky. Don't invest unless you can afford to lose all the money you pay for this investment**

<b>SECTION 1 TO BE COMPLETED BY THE ISSUER</b>	
<b>1. About your investment</b>	
Type of securities: Class A Trust Units	Issuer: Pacific Landing @ Havenwood Trust
Purchased from: Pacific Landing @ Havenwood Trust	
<b>SECTIONS 2 TO 4 TO BE COMPLETED BY THE PURCHASER</b>	
<b>2. Risk acknowledgement</b> <i>[Instruction: initial all boxes in Section 2]</i>	
This investment is risky. <i>Initial that you understand that:</i>	<b>Your initials</b>
<b>Risk of loss</b> – You could lose your entire investment of \$_____. <i>[Instruction: Insert the total dollar amount of the investment.]</i>	
<b>Liquidity risk</b> – You may not be able to sell your investment quickly – or at all.	
<b>Lack of information</b> – You may receive little or no information about your investment.	
<b>Lack of advice</b> – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to <a href="http://www.aretheyregistered.ca">www.aretheyregistered.ca</a> .	
<b>3. Accredited investor status</b> <i>[Instruction: initial one or more boxes that apply]</i>	
You must meet at least <b>one</b> of the following criteria to be able to make this investment. <i>Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.</i>	<b>Your initials</b>
<ul style="list-style-type: none"> <li>• Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.)</li> </ul>	
<ul style="list-style-type: none"> <li>• Your net income before taxes combined with your spouse's was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year.</li> </ul>	

<ul style="list-style-type: none"> <li>• Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities.</li> </ul>	
<ul style="list-style-type: none"> <li>• Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.)</li> </ul>	
<b>4. Your name and signature</b>	
<i>By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.</i>	
First and last name (please print):	
Signature:	Date:
<b>SECTION 5 TO BE COMPLETED BY THE SALESPERSON</b>	
<b>5. Salesperson information</b>	
<i>[Instruction: The salesperson is the person who meets with, or provides information to, the purchaser with respect to making this investment. That could include a representative of the issuer or selling security holder, a registrant or a person who is exempt from the registration requirement.]</i>	
First and last name of salesperson (please print):	
Telephone:	Email:
Name of firm (if registered):	
<b>SECTION 6 TO BE COMPLETED BY THE ISSUER</b>	
<b>6. For more information about this investment</b>	
Pacific Landing @ Havenwood Trust 208, 6025 12 <sup>th</sup> Street SE Calgary, Alberta T2H 2K1  Attention: Randy Royer Telephone: (403) 244-2124 E-mail: rbmroyer@gmail.com	
<b>For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at <a href="http://www.securities-administrators.ca">www.securities-administrators.ca</a>.</b>	

**Form instructions:**

1. The information in sections 1, 5 and 6 must be completed before the purchaser completes and signs the form.
2. The purchaser must sign this form. Each of the purchaser and the issuer must receive a copy of this form signed by the purchaser. The issuer is required to keep a copy of this form for 8 years after the distribution.

**SCHEDULE "E" TO THE  
AMENDED AND RESTATED OFFERING MEMORANDUM OF  
PACIFIC LANDING @ HAVENWOOD TRUST**

**Audited Financial Statements of the Trust for the year ending December 31, 2014 and the period from June  
3, 2013 to December 31, 2013**

**Pacific Landing @ Havenwood Trust**  
Financial Statements  
*December 31, 2014*

## Independent Auditors' report

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To the Unitholders and Trustees of Pacific Landing @ Havenwood Trust:

We have audited the accompanying financial statements of Pacific Landing @ Havenwood Trust (the "Trust"), which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of comprehensive loss, changes in unitholders' equity and cash flows for the year ended December 31, 2014 and the period from June 3, 2013 (commencement of operations) to December 31, 2013, and notes comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Pacific Landing @ Havenwood Trust as at December 31, 2014 and 2013, and its financial performance and its cash flows for the year ended December 31, 2014 and the period from June 3, 2013 (commencement of operations) to December 31, 2013, in accordance with International Financial Reporting Standards.

### *Emphasis of Matter – Going Concern*

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Trust's ability to continue as a going concern.

Calgary, Alberta

April 24, 2015

*MNP* LLP  
Chartered Accountants

**MNP**

**Pacific Landing @ Havenwood Trust**  
**Statement of Financial Position**

As at December 31  
(Expressed in Canadian Dollars)

	Notes	2014	2013
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash		\$ 3,010,284	\$ 1,339,050
Due from related party	6	749,007	-
<b>Total Assets</b>		<b>3,759,291</b>	<b>1,339,050</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		11,711	154,409
<b>Unitholders' Equity</b>			
Class A trust unit	7	4,009,049	1,383,200
Deficit		(261,469)	(198,559)
<b>Total Unitholders' Equity</b>		<b>3,747,580</b>	<b>1,184,641</b>
<b>Total Liabilities and Unitholders' Equity</b>		<b>\$ 3,759,291</b>	<b>\$ 1,339,050</b>

Going concern (*Note 2*)

Subsequent events (*Note 12*)

The financial statements were approved by the Trustees of the Trust on April 24, 2015 and were signed on its behalf by:

“signed” Randy Royer

Trustee

## Pacific Landing @ Havenwood Trust

### Statement of Comprehensive Loss

For the year ended December 31, 2014 and the period from June 3, 2013  
(commencement of operations) to December 31, 2013  
(Expressed in Canadian Dollars)

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	Notes	2014	2013
<b>Expenses</b>			
Professional fees	\$	61,377	\$ 80,132
General & administrative expenses		1,260	118,393
Bank charges		273	34
		<b>62,910</b>	<b>198,559</b>
<b>Net loss and comprehensive loss</b>	\$	<b>(62,910)</b>	\$ <b>(198,559)</b>

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The accompanying notes are an integral part of these financial statements.

**Pacific Landing @ Havenwood Trust**  
**Statement of Changes in Unitholder's Equity**  
*For the year ended December 31, 2014 and the period from June 3, 2013*  
*(commencement of operations) to December 31, 2013*  
*(Expressed in Canadian Dollars)*

	<b>Class A Trust Units</b>			<b>Total unitholders' equity</b>
	<b>Number of units</b>	<b>Amount</b>	<b>Deficit</b>	
Balance, beginning of period	-	-	-	-
Issuance of units	15,200	1,520,000	-	1,520,000
Unit issue costs	-	(136,800)	-	(136,800)
Net loss and comprehensive loss	-	-	(198,559)	(198,559)
<b>As at December 31, 2013</b>	<b>15,200</b>	<b>1,383,200</b>	<b>(198,559)</b>	<b>1,184,641</b>
Issuance of units	30,021	3,002,100	-	3,002,100
Unit issue costs	-	(261,951)	-	(261,951)
Subscription receivable	-	(114,300)	-	(114,300)
Net loss and comprehensive loss	-	-	(62,910)	(62,910)
<b>As at December 31, 2014</b>	<b>45,221</b>	<b>\$ 4,009,049</b>	<b>\$ (261,469)</b>	<b>\$ 3,747,580</b>

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

## Pacific Landing @ Havenwood Trust

### Statement of Cash Flows

*For the year ended December 31, 2014 and the period from June 3, 2013  
(commencement of operations) to December 31, 2013  
(Expressed in Canadian Dollars)*

	Notes	2014	2013
Cash provided by (used in) the following:			
<b>Operating activities</b>			
Net loss		\$ (62,910)	\$ (198,559)
Changes in non-cash working capital:			
Due from related party		(749,007)	-
Accounts payable and accrued liabilities		(142,698)	154,409
<b>Net cash flows used in operating activities</b>		<b>(954,615)</b>	<b>(44,150)</b>
<b>Financing activities</b>			
Issuance of trust units	7	3,002,100	1,520,000
Unit issue costs	7	(261,951)	(136,800)
Subscription receivable	7	(114,300)	-
<b>Net cash flows provided by financing activities</b>		<b>2,625,849</b>	<b>1,383,200</b>
Net increase in cash		1,671,234	1,339,050
Cash, beginning of period		1,339,050	-
<b>Cash, end of period</b>		<b>\$ 3,010,284</b>	<b>\$ 1,339,050</b>

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

# Pacific Landing @ Havenwood Trust

## Notes to the Financial Statements

For the year ended December 31, 2014 and the period from June 3, 2013  
(commencement of operations) to December 31, 2013

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### 1 Incorporation and Operations

Pacific Landing @ Havenwood Trust (the "Trust") was established pursuant to a Trust Indenture dated June 3, 2013. The Trust intends to issue up to 100,000 trust units for total gross proceeds of up to \$10,000,000. The net proceeds will be used to acquire Class "A" limited partnership units in Pacific Landing Limited Partnership (the "Partnership"). The proceeds received by the Partnership will be used to acquire 12 acres of land on the west side of Greater Victoria, British Columbia in the City of Colwood (the "Lands"). Subsequent to the acquisition of the Lands the Partnership will develop a mixed use residential resort village (the "Project"). Upon completion of the Project, the Partnership intends to sell the assets. The address of the registered office of the Trust is Suite 208, 6025 12<sup>th</sup> Street SE, Calgary, Alberta, T2H 2K1.

### 2 Going Concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Trust be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

As at December 31, 2014, the Trust had working capital of \$3,009,084, a deficit of \$(225,958), and negative cash flows from operations of \$(954,615).

The Trust's ability to continue as a going concern is dependent on its ability to generate funds from the sale of trust units, and to obtain financing from third parties sufficient to meet current and future obligations.

Management believes that the going concern assumption is appropriate for these financial statements because the Trust is currently in negotiation to secure significant long term financing. If obtained, the financing will provide for execution of the Trust's business plan. If the Trust was unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities would be necessary.

### 3 Basis of Preparation

#### Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in the financial statements are based on IFRS issued and effective on December 31, 2014. The Trustees approved the financial statements on April 24, 2015.

#### Basis of measurement

These financial statements were prepared under the historical cost convention.

#### Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Trust's functional currency.

#### New accounting policies

On January 1, 2014, the Trust adopted the following new standards and amendments which became effective for annual periods on or after January 1, 2014:

- i) IAS 32 *Financial Instruments: Presentation* - IAS 32 was amended to clarify that the right to offset financial assets and liabilities must be available on the current date and cannot be contingent on a future event. The application of the amendment had no impact on the Trust's financial statements.

# Pacific Landing @ Havenwood Trust

## Notes to the Financial Statements

For the year ended December 31, 2014 and the period from June 3, 2013  
(commencement of operations) to December 31, 2103

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### 3 Basis of Preparation (continued)

#### New accounting policies (continued)

- ii) IAS 36 *Impairment of Assets* - IAS 36 was amended in May 2013 to reduce the circumstances in which the recoverable amount of CGUs is required to be disclosed and clarify the disclosures required when an impairment loss has been recognized or reversed in the period. The amendments require retrospective application and were adopted by the Trust on January 1, 2014. The adoption will only impact the Trust's disclosures in the notes to the financial statements in periods when an impairment loss or impairment recovery is recognized.
- iii) IFRIC 21 *Levies* - IFRIC 21 provides clarification on accounting for levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that a liability for a levy is recognized only when the triggering event specified in the legislation occurs. The retrospective adoption of this interpretation does not have any impact on the Trust's financial statements.

#### Future accounting policies:

- i) IFRS 15 *Revenue from Contracts with Customers* - IFRS 15 was issued in May 2014 and replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. The standard is required to be adopted either retrospectively or using a modified transaction approach for fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. IFRS 15 will be adopted by the Trust on January 1, 2017 and the Trust is currently evaluating the impact of the standard on the financial statements.
- ii) IFRS 9 *Financial Instruments* - IFRS 9 was amended in July 2014 to include guidance to assess and recognize impairment losses on financial assets based on an expected loss model. The amendments are effective for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. This amendment will be adopted by the Trust on January 1, 2018 and the Trust is currently evaluating the impact of the amendment on the financial statements.

### 4 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key source of estimation uncertainty that has a significant risk of causing material adjustment to the amounts recognized in the financial statements is:

#### Fair value of financial instruments

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

#### Areas of judgment

In determining whether these should be classified as liabilities or equity, the Trustee has assessed whether the Trust units contain a contractual agreement to deliver cash or another financial asset to another entity, whether the units are puttable, and whether the criteria in IAS 32 *Financial Instruments: Presentation* which permit classification of a puttable instrument as equity have been satisfied. The Trust unit have been determined to be classified as Equity.

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# Pacific Landing @ Havenwood Trust

## Notes to the Financial Statements

For the year ended December 31, 2014 and the period from June 3, 2013  
(commencement of operations) to December 31, 2103

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### 5. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### Basis of presentation

These financial statements reflect only the assets and liabilities of the Trust and therefore do not include any other assets or liabilities of the unitholder or the liability of the unitholder for income taxes on earnings of the Trust.

#### Cash

Cash includes cash on hand.

#### Financial instruments

Financial assets and liabilities are recognized when the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Trust has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the Trust's obligations are discharged, cancelled or expire. At initial recognition, the Trust classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- i) Financial assets and liabilities at fair value through profit or loss ("FVTPL"): A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of comprehensive loss. Gains and losses arising from changes in fair value are presented in the statement of comprehensive loss within other gains and losses in the period in which they arise. The Trust's financial assets that are classified as FVTPL are comprised of cash.
- ii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. Loans and receivables includes balances due from related party.
- iii) Financial liabilities at amortized cost: Financial liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. The Trust's financial liabilities that are classified at amortized cost include accounts payable and accrued liabilities.
- iv) Equity instruments: An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

# Pacific Landing @ Havenwood Trust

## Notes to the Financial Statements

For the year ended December 31, 2014 and the period from June 3, 2013  
(commencement of operations) to December 31, 2013

### 5 Summary of Significant Accounting Policies *(continued)*

#### Impairment of financial assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset. If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. All impairment losses are recognized in profit or loss. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is credited to profit and loss.

### 6 Due from related party

As of December 31, 2014, \$774,007 remains as a receivable for the amounts paid for transactions on behalf of Pacific Landing Limited Partnership. This balance is due on demand, unsecured, and non-interest bearing.

### 7 Units

The Trust is authorized to issue an unlimited number of Class A trust units which offer a profit participation.

#### Issued and outstanding

Class A trust units	Number of Units	\$
Units issued	15,200	1,520,000
Unit issue costs	-	(136,800)
<b>At December 31, 2013</b>	<b>15,200</b>	<b>1,383,200</b>
Units issued	30,021	3,002,100
Subscription receivable (i)	-	(114,300)
Unit issue costs	-	(261,951)
<b>At December 31, 2014</b>	<b>45,221</b>	<b>4,009,049</b>

i) The funds for the unit issuance of \$114,300 closing on December 23, 2014 was received subsequent to year-end.

During 2014, the Trust issued a ten to one stock split on the units outstanding at December 31, 2013.

In conjunction with any offering of additional Class A trust units, the Trust will repurchase the initial Class A trust unit from the settlor of the Trust for an aggregate purchase price of \$10. Upon completion of such purchase and sale, the initial Class A trust unit shall be cancelled and shall no longer be outstanding for any of the purposes of this Indenture.

### 8 Distributions

The Trustees of the Trust may distribute an amount, at their discretion, of available income of the Trust to unitholders in accordance with the Trust Indenture. Where the Trustees determine that the Trust does not have available cash, in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable, on the due date for such payment, the payment may be distributed to unitholders in the form of additional units.

# Pacific Landing @ Havenwood Trust

## Notes to the Financial Statements

For the year ended December 31, 2014 and the period from June 3, 2013  
(commencement of operations) to December 31, 2013

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### 9 Redemptions

Trust units are redeemable at any time at the demand of the unitholder on delivery to the Trust of a duly completed and properly executed notice requesting the redemption and specifying the number of units to be redeemed. On receipt of a notice to redeem units, the unitholder will no longer have any rights with respect to the units other than to receive the redemption amount.

The unitholder is entitled to receive a price per unit (the "redemption amount") equal to:

- a) the amount equal to 90% of the price for which the unitholder acquired such unit (the "subscription price"), if the redemption date is on or before the date that is 365 days from the date such units were issued to the unitholder (the "first redemption period");
- b) 92.5% of an amount equal the subscription price if the redemption date is on or before the date that is 365 days from the last day of the first redemption period (the "second redemption period"); or,
- c) an amount equal to 95% of the subscription price if the redemption date is any time after the end of the second redemption period.

If the total amount payable by the Trust in respect of redeemed units exceeds \$50,000 in a calendar quarter, the Trustee may pay such redemption amounts by way of issuance of promissory notes to each redeeming unitholder in the applicable amounts owing to each unitholder.

### 10 Financial Instruments and Risk Management

The Trust's financial instrument consists of cash, due from related party, and accounts payable and accrued liabilities. The fair value of cash recorded on the statement of financial position at fair value was determined using published market prices quoted in an active market (referred to as Level 1). The carrying value of due from related party and accounts payable and accrued liabilities approximates their fair value due to their short term nature. Unless otherwise noted, it is management's opinion that the Trust is not exposed to significant interest, liquidity, currency or credit risks from the financial instrument.

### 11 Capital Management

The Trust defined capital resources as unitholder's equity. The Trust's capital management framework is designed to maintain a level of capital that allows it to implement its business strategy.

### 12 Subsequent Events

On February 25, 2015, the Trust issued 2,226 Class A trust units for \$222,600. On April 2, 2015, the Trust issued 5,115 Class A trust units for \$511,500.

### 13 Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's financial statements presentation.

**SCHEDULE "F" TO THE  
AMENDED AND RESTATED OFFERING MEMORANDUM OF  
PACIFIC LANDING @ HAVENWOOD TRUST**

**Interim Unaudited Financial Statements of the Trust for the three and nine months ending  
September 30, 2015**

**PACIFIC LANDING @ HAVENWOOD TRUST**

**Financial Statements**

**As at September 30, 2015**

**PACIFIC LANDING @ HAVENWOOD TRUST****Statement of Financial Position****(Unaudited)**

	September 30, 2015	December 31, 2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 1,463,980	\$ 3,010,284
Pre-development costs	919,283	239,821
Goods and services tax recoverable	22,830	-
Deposit on Land	<u>2,000,000</u>	<u>5,000</u>
	4,406,093	3,255,105
<b>DUE FROM RELATED PARTIES</b>	<u>476</u>	<u>-</u>
	<u>\$ 4,406,569</u>	<u>\$ 3,255,105</u>
 <b>LIABILITIES AND UNITHOLDER'S EQUITY</b>		
<b>CURRENT</b>		
Accounts payable	<u>\$ 109,443</u>	<u>\$ 111,705</u>
 <b>UNITHOLDER'S EQUITY</b>		
Class A trust unit	4,792,259	4,009,049
Deficit	<u>(495,133)</u>	<u>(370,649)</u>
	<u>4,297,126</u>	<u>3,638,400</u>
	<u>\$ 4,406,569</u>	<u>\$ 3,750,105</u>

**PACIFIC LANDING @ HAVENWOOD TRUST**

**Statement of Comprehensive Loss**

**(Unaudited)**

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	<b>9 Months September 30, 2015</b>	12 Months December 31, 2014
<b>EXPENSES</b>		
Professional fees	\$ 116,086	\$ 121,410
General and administrative expenses	19,926	50,406
Insurance	1,500	-
Bank charges	235	274
	<u>137,747</u>	<u>172,090</u>
<b>LOSS FROM OPERATIONS</b>	<b>(137,747)</b>	<b>(172,090)</b>
<b>OTHER INCOME</b>		
Interest income	<u>13,262</u>	<u>-</u>
<b>NET LOSS</b>	<b>(124,485)</b>	<b>(172,090)</b>
<b>DEFICIT - BEGINNING OF YEAR</b>	<u><b>(370,648)</b></u>	<u><b>(198,559)</b></u>
<b>DEFICIT - END OF PERIOD</b>	<u><b>\$ (495,133)</b></u>	<u><b>\$ (370,649)</b></u>

**PACIFIC LANDING @ HAVENWOOD TRUST****Statement of Cash Flows****(Unaudited)**

	<b>9 Months September 30, 2015</b>	<b>9 Months September 30, 2014</b>
<b>OPERATING ACTIVITIES</b>		
Net loss and comprehensive loss	<b>\$ (124,485)</b>	<b>\$ (152,179)</b>
	<b>(124,485)</b>	<b>(152,179)</b>
Changes in non-cash working capital:		
Pre-development costs	<b>(679,462)</b>	-
Accounts payable	<b>(2,262)</b>	(43,904)
Goods and services tax payable (recoverable)	<b>(22,830)</b>	-
Deposit	<b>(1,500,000)</b>	-
	<b>(2,204,554)</b>	<b>(43,904)</b>
Cash flow used by operating activities	<b>(2,329,039)</b>	<b>(196,083)</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of Trust Units	<b>848,400</b>	2,294,900
Unit issuance costs	<b>(65,190)</b>	(194,179)
Advances to related parties	<b>(476)</b>	-
Cash flow from financing activities	<b>782,734</b>	<b>2,100,721</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(1,546,305)</b>	<b>1,904,638</b>
Cash - beginning of year	<b>3,010,285</b>	<b>1,339,050</b>
<b>CASH - END OF PERIOD</b>	<b>\$ 1,463,980</b>	<b>\$ 3,243,688</b>

**PACIFIC LANDING @ HAVENWOOD TRUST**

**Statement of Changes in Unitholder's Equity**

**(Unaudited)**

	Class A Trust Units Number of units	Amount	Deficit	Total equity
Balance, December 31, 2014	<b>44,078</b>	\$ 4,009,049	\$ (370,648)	\$ 3,638,401
Issuance of units	<b>8,484</b>	848,400	-	848,400
Unit issue costs	-	(65,190)	-	(65,190)
Net loss and comprehensive loss	-	-	(124,485)	(124,485)
As at September 30, 2015	<b>52,562</b>	\$ 4,792,259	\$ (495,133)	\$ 4,297,126

	Class A Trust Units Number of units	Amount	Deficit	Total Equity
Balance, December 31, 2013	<b>15,200</b>	\$ 1,383,200	\$ (198,559)	\$ 11,184,641
Issuance of units	<b>22,949</b>	2,294,900	-	2,294,900
Unit issue costs	-	(194,179)	-	(194,179)
Net loss and comprehensive loss	-	-	(152,179)	(152,179)
As at September 30, 2014	<b>\$ 38,149</b>	\$ 3,483,921	\$ (350,738)	\$ 13,133,183

**PACIFIC LANDING @ HAVENWOOD TRUST**

**Statement of Comprehensive Loss (Schedule 2)**

**Three Month Period Ended September 30, 2015 and Three Month Ended September 30 , 2014**

**(Unaudited)**

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	<b>3rd Quarter to September 30, 2015</b>	<b>3rd Quarter to September 30, 2014</b>
<b>EXPENSES</b>		
Professional fees	\$ <b>63,298</b>	\$ 40,370
General and administrative expenses	<b>7,775</b>	39,118
Insurance	<b>1,500</b>	-
Interest and bank charges	<b>77</b>	55
	<hr/> <b>\$ 72,650</b>	<hr/> <b>\$ 79,543</b>

**PACIFIC LANDING @ HAVENWOOD TRUST**

**Statement of Comprehensive Loss (Schedule 3)**

**Nine Month Period Ended September 30, 2015 and Nine Month Ended September 30 , 2014**

**(Unaudited)**

	<b>9th Quarter to September 30, 2015</b>	<b>9th Quarter to September 30, 2014</b>
<b>INTEREST INCOME</b>	<b>\$ 13,262</b>	<b>\$ -</b>
<b>EXPENSES</b>		
Professional fees	<b>116,086</b>	97,593
General and administrative expenses	<b>19,926</b>	54,405
Insurance	<b>1,500</b>	-
Bank charges	<b>235</b>	181
	<b>137,747</b>	152,179
<b>LOSS FROM OPERATIONS</b>	<b>\$ (124,485)</b>	<b>\$ (152,179)</b>

# Pacific Landing @ Havenwood Trust

## Notes to the Financial Statements

*For the 9 months ended September 30, 2015  
and the period from July 1, 2015 to September 30, 2015*

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### 1 Incorporation and Operations

Pacific Landing @ Havenwood Trust (the "Trust") was established pursuant to a Trust Indenture dated June 3, 2013. The Trust intends to issue up to 100,000 trust units for total gross proceeds of up to \$10,000,000. The net proceeds will be used to acquire Class "A" limited partnership units in Pacific Landing Limited Partnership (the "Partnership"). The proceeds received by the Partnership have been used, in part, to acquire 12 acres of land on the west side of Greater Victoria, British Columbia in the City of Colwood (the "Lands"). The Partnership will develop a mixed use residential resort village (the "Project"). Upon completion of each phase of the Project, the Partnership intends to sell the assets. The address of the registered office of the Trust is 24 Wentworth Square SW, Calgary, Alberta T3H 0E2.

### 2 Going Concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Trust be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

As at September 30, 2015, the Trust had working capital of \$1,463,980, a deficit of (\$495,132), negative cash flows from operations of (\$2,329,038) and a deposit that has been placed on land of \$2,000,000.

The Trust's ability to continue as a going concern is dependent on its ability to generate funds from the sale of trust units, and to obtain financing from third parties sufficient to meet current and future obligations.

Management believes that the going concern assumption is appropriate for these financial statements because the Trust is currently in negotiation to secure significant long term financing. If obtained, the financing will provide for execution of the Trust's business plan. If the Trust was unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities would be necessary.

### 3 Basis of Preparation

#### Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies applied in the financial statements are based on IFRS issued and effective on September 30 2015. The Trustees approved the financial statements on November 10<sup>th</sup> 2015.

#### Basis of measurement

These financial statements were prepared under the historical cost convention.

# Pacific Landing @ Havenwood Trust

## Notes to the Financial Statements

For the 9 months ended September 30, 2015  
and the period from July 1, 2015 to September 30, 2015

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### 3 Basis of Preparation (continued)

#### Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Trust's functional currency.

#### New accounting policies

On January 1, 2014, the Trust adopted the following new standards and amendments which became effective for annual periods on or after January 1, 2014:

- i) IAS 32 *Financial Instruments: Presentation* – IAS 32 was amended to clarify that the right to offset financial assets and liabilities must be available on the current date and cannot be contingent on a future event. The application of the amendment had no impact on the Trust's financial statements.
- ii) IAS 36 *Impairment of Assets* – IAS 36 was amended in May 2013 to reduce the circumstances in which the recoverable amount of CGUs is required to be disclosed and clarify the disclosures required when an impairment loss has been recognized or reversed in the period. The amendments require retrospective application and were adopted by the Trust on January 1, 2014. The adoption will only impact the Trust's disclosures in the notes to the financial statements in periods when an impairment loss or impairment recovery is recognized.
- iii) IFRIC 21 *Levies* – IFRIC 21 provides clarification on accounting for levies in accordance with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that a liability for a levy is recognized only when the triggering event specified in the legislation occurs. The retrospective adoption of this interpretation does not have any impact on the Trust's financial statements.

#### Future accounting policies:

- i) IFRS 15 *Revenue from Contracts with Customers* – IFRS 15 was issued in May 2014 and replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts and related interpretations*. The standard is required to be adopted either retrospectively or using a modified transaction approach for fiscal years beginning on or after January 1, 2017 with earlier adoption permitted. IFRS 15 will be adopted by the Trust on January 1, 2017 and the Trust is currently evaluating the impact of the standard on the financial statements.
- ii) IFRS 9 *Financial Instruments* – IFRS 9 was amended in July 2014 to include guidance to assess and recognize impairment losses on financial assets based on an expected loss model. The amendments are effective for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. This amendment will be adopted by the Trust on January 1, 2018 and the Trust is currently evaluating the impact of the amendment on the financial statements.

# Pacific Landing @ Havenwood Trust

## Notes to the Financial Statements

*For the 9 months ended September 30, 2015  
and the period from July 1, 2015 to September 30, 2015*

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#### **4 Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key source of estimation uncertainty that has a significant risk of causing material adjustment to the amounts recognized in the financial statements is:

##### **Fair value of financial instruments**

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

##### **Areas of Judgment**

In determining whether these should be classified as liabilities or equity, the Trustee has assessed whether the Trust units contain a contractual agreement to deliver cash or another financial asset to another entity, whether the units are puttable, and whether the criteria in IAS 32 Financial Instruments: Presentation which permit classification of a puttable instrument as equity have been satisfied. The Trust unit has been determined to be classified as Equity.

#### **5 Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### **Basis of presentation**

These financial statements reflect only the assets and liabilities of the Trust and therefore do not include any other assets or liabilities of the unit holder or the liability of the unit holder for income taxes on earnings of the Trust.

##### **Cash**

Cash includes cash on hand.

# Pacific Landing @ Havenwood Trust

## Notes to the Financial Statements

For the 9 months ended September 30, 2015  
and the period from July 1, 2015 to September 30, 2015

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### 5 Summary of Significant Accounting Policies *(continued)*

#### Financial instruments

Financial assets and liabilities are recognized when the Trust becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Trust has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the Trust's obligations are discharged, cancelled or expire. At initial recognition, the Trust classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- i) Financial assets and liabilities at fair value through profit or loss ("FVTPL"): A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of comprehensive loss. Gains and losses arising from changes in fair value are presented in the statement of comprehensive loss within other gains and losses in the period in which they arise. The Trust's financial assets that are classified as FVTPL are comprised of cash.
- ii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. Loans and receivables includes balances due from related party.
- iii) Financial liabilities at amortized cost: Financial liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. The Trust's financial liabilities that are classified at amortized cost include accounts payable and accrued liabilities.
- iv) Equity instruments: An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

## Pacific Landing @ Havenwood Trust Notes to the Financial Statements

For the 9 months ended September 30, 2015  
and the period from July 1, 2015 to September 30, 2015

### 5 Summary of Significant Accounting Policies (continued)

#### Impairment of financial assets

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events which have had a negative effect on the estimated future cash flows of the asset. If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. All impairment losses are recognized in profit or loss. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is credit to profit and loss.

### 6 Units

The Trust is authorized to issue an unlimited number of Class A trust units which offer a profit participation.

	Class A Trust Units Number of Units	Amount	Deficit	Total Equity
Balance, December 31, 2014	44,078	\$4,009,049	\$(370,648)	\$3,638,401
Issuance of units	8,484	848,400	-	848,400
Unit issue costs	-	(65,190)	-	(65,190)
Net loss and comprehensive loss	-	-	(124,485)	(124,485)
As at September 30, 2015	<b>52,562</b>	<b>\$4,792,259</b>	<b>\$(495,133)</b>	<b>\$4,297,126</b>

- i) The funds for the unit issuance of \$114,300 closing on December 23, 2014 was received subsequent to year end.

As at September 30, 2014 the Trust had issued 38,149 Units and had a total Equity of \$3,133,183, made up of a deficit of \$350,738 and the Amount of \$3,483,921.

During 2014, the Trust issued a ten to one stock split on the units outstanding at December 31, 2013.

In conjunction with any offering of additional Class A trust units, the Trust will repurchase the initial Class A trust unit from the settlor of the Trust for an aggregate purchase price of \$10. Upon completion of such purchase and sale, the initial Class A trust unit shall be cancelled and shall no longer be outstanding for any of the purposes of this indenture.

## **Pacific Landing @ Havenwood Trust** **Notes to the Financial Statements**

*For the 9 months ended September 30, 2015  
and the period from July 1, 2015 to September 30, 2015*

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### **7 Distributions**

The Trustees of the Trust may distribute an amount, at their discretion, of available income of the Trust to unit holders in accordance with the Trust Indenture, Where the Trustees determine that the Trust does not have available cash, in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable, on the due date for such payment, the payment may be distributed to unit holders in the form of additional units.

### **8 Redemptions**

Trust units are redeemable at any time at the demand of the unit holder on delivery to the Trust of a duly completed and properly executed notice requesting the redemption and specifying the number of units to be redeemed. On receipt of a notice to redeem units, the unit holder will no longer have any rights with respect to the units other than to receive the redemption amount.

The unit holder is entitled to receive a price per unit (the "redemption amount") equal to:

- a) the amount equal to 90% of the price for which the unit holder acquired such unit (the "Subscription price"), if the redemption date is on or before the date that is 365 days from the date such units were issued to the unit holder (the "first redemption period");
- b) 92.5% of an amount equal the subscription price if the redemption date is on or before the date that is 365 days from the last day of the first redemption period (the "second redemption period"); or,
- c) an amount equal to 95% of the subscription price if the redemption date is any time after the end of the second redemption period.

If the total amount payable by the Trust in respect of redeemed units exceeds \$50,000 in a calendar quarter, the Trustee may pay such redemption amounts by way of issuance of promissory notes to each redeeming unit holder in the applicable amounts to each unit holder.

### **9 Financial Instruments and Risk Management**

The Trust's financial instrument consists of cash, due from related party, and accounts payable and accrued liabilities. The fair value of cash recorded on the statement of financial position at fair value was determined using published market prices quoted in an active market (referred to as Level 1). The carrying value of due from related party and accounts payable and accrued liabilities approximates their fair value due to their shortterm nature. Unless otherwise noted, it is management's opinion that the Trust is not exposed to significant interest, liquidity, currency or credit risks from the financial instrument.

**Pacific Landing @ Havenwood Trust**  
**Notes to the Financial Statements**

*For the 9 months ended September 30, 2015  
and the period from July 1, 2015 to September 30, 2015*

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**10 Capital Management**

The Trust defined capital resources as unit holder's equity. The Trust's capital management framework is designed to maintain a level of capital that allows it to implement its business strategy.

**11 Comparative Figures**

Certain comparative figures have been reclassified to conform to the current year's financial statements presentation.

**SCHEDULE "G" TO THE  
AMENDED AND RESTATED OFFERING MEMORANDUM OF  
PACIFIC LANDING @ HAVENWOOD TRUST**

**Unaudited Financial Statements of the Limited Partnership for the year ending December 31, 2014**

**PACIFIC LANDING LIMITED PARTNERSHIP**

**Financial Statements**

**Year Ended December 31, 2014**

**PACIFIC LANDING LIMITED PARTNERSHIP**

**Statement of Financial Position**

**As at December 31, 2014**

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 10	\$ 10
<b>LIABILITIES AND PARTNERS' EQUITY</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 11,687	\$ 11,687
<b>DIRECTOR'S DEFICIENCY</b>		
Partners' equity	(11,677)	(11,677)
<b>TOTAL LIABILITIES AND PARTNERS' EQUITY</b>	<b>\$ 10</b>	<b>\$ 10</b>

**APPROVED BY THE PARTNER**

\_\_\_\_\_ *Partner*

**PACIFIC LANDING LIMITED PARTNERSHIP**

**Statement of Comprehensive Loss**

**For the Year Ended December 31, 2014**

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	2014	2013
<b>EXPENSES</b>		
Professional fees	\$ -	\$ 11,687
<b>NET LOSS AND COMPREHENSIVE LOSS</b>	<u>\$ -</u>	<u>\$ (11,687)</u>

**PACIFIC LANDING LIMITED PARTNERSHIP**

**Statement of Changes in Partners' Equity**

**Year Ended December 31, 2014**

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	<b>Class "A" Limited Partnership Units \$</b>	<b>General Partner</b>	<b>Total Partners' Equity \$</b>
Balance, beginning of period	\$ (9,350)	\$ (2,337)	\$ (11,687)
Issuance of limited partnership units	10	-	10
As at December 31, 2014	<u>\$ (9,340)</u>	<u>\$ (2,337)</u>	<u>\$ (11,677)</u>

**PACIFIC LANDING LIMITED PARTNERSHIP**

**Statement of Cash Flow**

**Year Ended December 31, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Net loss and comprehensive loss	\$ -	\$ (11,687)
Change in non-cash working capital:		
Accounts payable and accrued liabilities	-	11,687
Cash flow from operating activities	-	-
<b>FINANCING ACTIVITY</b>		
Issuance of limited partnership units	-	10
<b>INCREASE IN CASH FLOW</b>	-	10
Cash - beginning of year	10	-
<b>CASH - END OF YEAR</b>	<b>\$ 10</b>	<b>\$ 10</b>

**Pacific Landing Limited Partnership**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2014*

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**1 Incorporation and Operations**

Pacific Landing Limited Partnership (the "Partnership") was established pursuant to a Limited Partnership Agreement dated November 29, 2012. The Partnership intends to purchase, hold, develop, market and otherwise deal with land located in the City of Colwood, British Columbia. The net proceeds received from the issuance of Class "A" limited partnership units will be used to acquire 12 acres of land on the west side of Greater Victoria, British Columbia in the City of Colwood (the "Lands"). Subsequent to the acquisition of Lands the Partnership will develop a mixed-use residential resort village (the "Project"). Upon completion of each phase of the Project, the Partnership intends to sell the assets. The address of the registered office of the Partnership is 24 Wentworth Square SW, Calgary, Alberta, T3H 0E2.

**2 Going Concern**

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Partnership be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Partnership's ability to continue as a going concern is dependent on its ability to generate funds from the sale of limited Partnership units, and to obtain financing from third parties sufficient to meet current and future obligations.

Management believes that the going concern assumption is appropriate for these financial statements because the Partnership is currently in negotiation to secure significant long term financing. If obtained, the financing will provide for execution of the Partnership's business plan. If the Partnership was unable to continue its operations, adjustments to the carrying amounts and classification of assets and liabilities would be necessary.

**3 Basis of Preparation**

**Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These financial statements are the Partnership's first financial statements and the Partnership's first financial statements prepared under IFRS.

**Basis of measurement**

These financial statements were prepared under the historical cost convention.

**Pacific Landing Limited Partnership**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2014*

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**3 Basis of Preparation** *(continued)*

**Functional and presentation currency**

These financial statements are presented in Canadian dollars, which is the Partnership's functional currency.

**4 Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key source of estimation uncertainty that has a significant risk of causing material adjustment to the amounts recognized in the financial statements is:

**Fair value of financial instruments**

The estimated fair value of financial assets and liabilities, by their very nature, are subject to measurement uncertainty.

**5 Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

**Basis of presentation**

These financial statements reflect only the assets and liabilities of the Partnership and therefore do not include any other assets or liabilities of the unit holder or the liability of the unit holder for income taxes on earnings of the Partnership.

**Cash**

Cash includes cash on hand.

# Pacific Landing Limited Partnership

## Notes to the Financial Statements

For the year ended December 31, 2014

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### 5 Summary of Significant Accounting Policies *(continued)*

#### Financial instruments

Financial assets and liabilities are recognized when the Partnership becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Partnership has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the Partnership's obligations are discharged, cancelled or expire. At initial recognition, the Partnership classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- i) Financial assets and liabilities at fair value through profit or loss ("FVTPL"): A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of comprehensive loss. Gains and losses arising from changes in fair value are presented in the statement of comprehensive loss within other gains and losses in the period in which they arise. The Partnership's financial assets that are classified as FVTPL are comprised of cash.
- ii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment. Loans and receivables include balances due from related party.
- iii) Financial liabilities at amortized cost: Financial liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. The Partnership's financial liabilities that are classified at amortized cost include accounts payable and accrued liabilities.
- iv) Equity instruments: An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**Pacific Landing Limited Partnership**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2014*

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**5 Summary of Significant Accounting Policies** *(continued)*

**Impairment of financial assets**

Financial assets are assessed at each reporting date in order to determine whether objective evidence exists that the assets are impaired as a result of one or more events, which have had a negative effect on the estimated future cash flows of the asset. If there is objective evidence that a financial asset has become impaired, the amount of the impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows from the asset discounted at its original effective interest rate. All impairment losses are recognized in profit or loss. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is credit to profit and loss.

**Allocation of partnership income and loss**

The net income or loss of the Partnership for the fiscal year is allocated 80% to limited partners at the end of the fiscal year in proportion to the number of limited partnership units owned. The Partnership is not itself a taxable entity. Accordingly, no provision for tax is required.

Pacific Landing Project Ltd., the General Partner is entitled to 20% of the net income or loss of the Partnership. Net income is determined in accordance with IFRS.

**6 Recent Accounting Pronouncements**

The Partnership has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Partnership:

The amendments to IFRS 2, issued in December 2013 clarify the definition of “vesting conditions”, and separately define a “performance condition” and a “service condition”. A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transactions for which the grant date is on or after July 1, 2014.

The amendments to IFRS 3, issued in December 2013, clarify the accounting for contingent consideration in a business combination. At each reporting period, an entity measures contingent consideration classified as an asset or a financial liability at fair value, with changes in fair value recognized in profit or loss. The amendments are effective for business combinations for which the acquisition date is on or after July 1, 2014.

**Pacific Landing Limited Partnership**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2014*

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**6 Recent Accounting Pronouncements** *(continued)*

Additional amendments to IFRS 3, issued in December 2013, clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself. The amendments are effective for annual periods beginning on or after July 1, 2014.

The amendments of IFRS 7 clarify that financial statements and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion “currently has a legally enforceable right to set off” and the principle being net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The amendments will only affect disclosure and are effective for annual periods beginning on or after January 1, 2014.

The amendments to IFRS 8, issued in December 2013, require an entity to disclose the judgments made by management in applying the aggregation criteria for reportable segments. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

IFRS 9 was issued in November 2009 and subsequently amended as part of an ongoing project to replace IAS 39 *Financial Instruments: Recognition and measurement*. The standard requires the classification of financial assets into two measurement categories based on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The two categories are those measured at fair value and those measured at amortized cost. The financial liabilities measured at fair value, changes in the fair value attributable to changes in an entity’s “own credit risk” is now recognized in other comprehensive income instead of in profit or loss. This new standard will also impact disclosures provided under IFRS 7 *Financial instruments: disclosures*. In November 2013, the IASB amended IFRS9 for the significant changes to hedge accounting. In addition, an entity can now apply the “own credit requirement” in isolation without the need to change any other accounting for financial instruments. The standard is effective for annual periods beginning on or after January 1, 2018.

The amendments to IAS 24, issued in December 2013, clarify that a management entity or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014.

**Pacific Landing Limited Partnership**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2014*

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**6 Recent Accounting Pronouncements** *(continued)*

IFRIC 21, Levies provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 is to be applied retrospectively and is effective for annual periods beginning on or after January 1, 2014. While the interpretation determines the timing of the recognition, it does not change the measurement of the amount to be recognized.

The Partnership does not anticipate the adoption of these standards or amendments will have a material impact on the financial statements.

**7 Related Party Transactions**

During the period ended December 31, 2013, a company related by virtue of a common director paid legal fees incurred by the Partnership of \$6,687. \$6,687 remains payable to the related party at December 31, 2013 and is included in accounts payable and accrued liabilities.

**8 Partners Equity**

*Authorized*

The Partnership is authorized to issue an unlimited number of Class "A" limited partnership units which offer voting rights and participation in profits, losses and capital distributions of the Partnership and an unlimited number of Class "B" limited partnership units, which offer participation in profits, losses and capital distributions of the Partnership. The General Partner does not hold any units.

*Issued and outstanding*

<b>Limited Partnership Units</b>	<b>Number of Units</b>	<b>\$</b>
Class "A" units issued on November 29, 2012	1	10
<b>At December 31, 2013</b>	<b>1</b>	<b>10</b>

During the period, 1 Class "A" limited partnership unit was issued to the initial limited partner for cash consideration of \$10.

**9 Financial Instruments and Risk Management**

The Partnership's financial instrument consists of cash. The fair value of cash recorded on the statement of financial position at fair value was determined using published market prices quoted in an active market (referred to as Level 1). Unless otherwise noted, it is management's opinion that the Partnership is not exposed to significant interest, liquidity, currency or credit risks from the financial instrument.

**10 Capital Management**

The Partnership defined capital resources as unit holder's equity. The Partnership's capital management framework is designed to maintain a level of capital that allows it to implement its business strategy.

***ITEM 13 – DATE AND CERTIFICATE***

**DATED March 9, 2016.**

This Offering Memorandum does not contain a misrepresentation.

**PACIFIC LANDING @ HAVENWOOD TRUST, by its trustees, RANDY ROYER and RAY PARKS**

*"Randy Royer"*

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**Trustee**

*"Ray Parks"*

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**Trustee**

**PROMOTER**

*"Randy Royer"*

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**Randy Royer**