



DURUM

INDUSTRIAL REIT

OFFERING MEMORANDUM
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This Offering Memorandum constitutes an offering of securities only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities. This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this Offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation, which is given or received, must not be relied upon. Non-residents of Canada purchasing pursuant to this Offering may be subject to additional securities law requirements.

CONFIDENTIAL OFFERING MEMORANDUM DURUM INDUSTRIAL REAL ESTATE INVESTMENT TRUST

CONTINUOUS PRIVATE PLACEMENT OFFERING

APRIL 30, 2018

THE ISSUER	Durum Industrial Real Estate Investment Trust
Head Office	500 – 1414 – 8 th Street SW, Calgary, Alberta T2R 1J6 Phone: (403) 541-5303 Fax: (403) 245-5156 Email: subscriptions@durum.ca
Currently listed or quoted? Reporting issuer? SEDAR filer?	These securities do not trade on any exchange or market. No. Yes, but only as required pursuant to Section 2.9 of NI 45-106. The Trust is not a reporting issuer and does not file continuous disclosure documents on SEDAR that are required to be filed by reporting issuers.

THE OFFERING

Purpose:	To maximize the value of the Trust and in turn, provide a reliable distribution to investors, through the acquisition, management and operation of a diverse portfolio of industrial properties. This is a continuous Offering. The Offering commenced on January 31, 2017 pursuant to the Original OM. As this Offering Memorandum replaces the Original OM, prospective purchasers should not rely on information contained in the Original OM. See page iv of this Offering Memorandum for a summary of business progress since the Original OM.
Securities Offered:	Series C Trust Units (each an “Investor Unit” and collectively, the “Investor Units”). See Item 5 – Securities Offered.
Price per Security:	\$100.00 per Investor Unit.
Minimum/Maximum Offering:	There is no minimum Offering. The maximum Offering is for aggregate proceeds of up to \$20,000,000 (the “Maximum Offering”). There can be no assurance that the Trust will complete the Maximum Offering. Funds available under the Offering may not be sufficient to accomplish the proposed objectives of the Trust. See Item 8 – Risk Factors.
Minimum Subscription Amount:	Each person who invests in Investor Units must invest a minimum of \$10,000 in such Investor Units, other than Investors subscribing through their TFSA, who must invest a minimum of \$5,500. The Trust may accept lesser amounts in its sole discretion. Residents of Québec must be “accredited investors” to subscribe for Investor Units.
Eligibility for Investment:	Investor Units are available for purchase through Exempt Plans (such as an RRSP, RRIF or TFSA). See Item 6 – Income Tax Consequences and RRSP Eligibility.
Payment Terms:	A certified cheque or bank draft payable to “Durum Industrial Real Estate Investment Trust”, in the amount of the total purchase price of the Investor Units being subscribed for, to be delivered with the Subscription Agreement. See Item 5.4 – Subscription Procedure.
Proposed Closing Date(s):	Closings will take place on the first day of every month unless otherwise determined by the Trustees of the Trust.
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. All Subscribers will be responsible for the preparation and filing of their own tax returns in respect of this investment. See Item 6 – Income Tax Consequences and RRSP Eligibility.
Selling Agents:	The Trust has retained agents and registered dealers to complete sales of Investor Units and reserves the right, as allowed by applicable securities legislation, to retain additional agents to complete the sales of Investor Units. Certain agents and dealers will be paid up-front fees and commissions on the gross proceeds raised on the Series C Trust Units sold. Trailer fees will be paid in certain circumstances, as more particularly described in this Offering Memorandum. See Item 7 – Compensation Paid to Sellers and Finders.
Resale Restrictions:	You will be restricted from selling your Investor Units for an indefinite period. See Item 10 – Resale Restrictions.
Redemption Right:	You have the right to redeem your Investor Units by providing signed written notice to the Trust in accordance with the terms of the Trust Indenture. The Redemption Price will be determined as follows: (i) 92% of the fair market value of such Investor Units if redeemed within the first year of issuance, (ii) 94% of the fair market value of such Investor Units if redeemed within the second year of issuance, (iii) 96% of the fair market value of such Investor Units if redeemed within the third year of issuance, (iv) 98% of the fair market value of such Investor Units if redeemed within the fourth year of issuance, and (v) 100% of the fair market value of such Investor Units if redeemed any time thereafter. On the date that the Trust has received

all documentation necessary to redeem such Investor Units in accordance with the terms of the Trust Indenture, you will cease to have any rights with respect to those Investor Units tendered for redemption, including, without limitation, the right to vote at all meetings of the holders of Units of the Trust.

Redemption Restrictions:

The Redemption Price payable upon redemption of your Investor Units may not be payable in cash. Although the Trust intends to use commercially reasonable efforts to pay the Redemption Price in cash, under the terms of the Trust Indenture, where the maximum total amount payable by the Trust for Investor Units exceeds the Quarterly Limit (currently set at the greater of \$150,000 within the applicable fiscal quarter or 1.25% of the fair market value of the Trust within the applicable fiscal quarter), the Trustees have the sole discretion to make the payment in any form (including by way of the issuance of Redemption Notes).

If your Investor Units are held through an Exempt Plan, and your Exempt Plan receives Redemption Notes or any other debt or securities as a result of redemption of Investor Units, such Redemption Notes, debt or other securities will not be qualified investments for the Exempt Plan. Accordingly, Exempt Plans that own Investor Units should consult their own tax advisors before deciding to exercise their redemption rights attached to the Investor Units. See *Item 6 – Income Tax Consequences and RRSP Eligibility*.

Purchaser's Rights:

You have two (2) Business Days to cancel your Subscription Agreement to purchase Investor Units. If there is a misrepresentation in this Offering Memorandum, you have the right to either sue for damages or to cancel the Subscription Agreement. See *Item 11 - Purchaser's Rights of Action*.

NO SECURITIES REGULATORY AUTHORITY OR REGULATOR HAS ASSESSED THE MERITS OF THE INVESTOR UNITS OR REVIEWED THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. THIS IS A RISKY INVESTMENT. SEE ITEM 8 – RISK FACTORS.

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CAUTIONARY STATEMENTS

Risky Investment

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 the risks associated with acquiring, managing, operating, leasing, developing and selling industrial real estate properties.

There is a risk that this investment will be lost entirely or in part. Only investors who do not require immediate liquidity of their investment and who can afford the loss of their entire investment should consider this investment.

OM Marketing Materials

Any "OM marketing materials" (as such term is defined in NI 45-106) related to each distribution under this Offering Memorandum and delivered or made reasonably available to a prospective purchaser before the termination of such distribution will be, and will be deemed to be, incorporated by reference into this Offering Memorandum, provided that any OM marketing materials to be incorporated by reference into this Offering Memorandum are not part of the Offering Memorandum to the extent that the contents of such OM marketing materials have been modified or superseded by a statement contained in an amended and restated Offering Memorandum or OM marketing materials subsequently delivered or made reasonably available to a prospective purchaser prior to the execution of the subscription agreement by the purchaser.

Confidentiality

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 this 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 Trust promptly upon request.

Not a Public Offering

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 prospectus requirements set forth in applicable securities legislation.

Not a U.S. Offering

The Investor Units have not been, and will not be, registered under the U.S. Securities Act, 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 Investor 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.

Non-GAAP Measures

The Trust uses the terms Trust's Distributable Income and Partnership's Distributable Income as defined in the Glossary. Management of the Trust considers such non-GAAP measures to be a valuable measure for evaluating its operating performance and in achieving its objectives. Such measures are not defined under IFRS nor should any of these measures be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Readers should be further

cautioned that the Trust's Distributable Income and Partnership's Distributable Income as calculated by the Issuer may not be comparable to similar measures presented by other issuers.

Market Data

Unless otherwise indicated, the market data contained in this Offering Memorandum and any marketing materials incorporated by reference herein are based upon information from independent industry and government publications. While the Trust believes this data to be reliable, market data is subject to variation and interpretation and cannot be verified due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. The Trust has not independently verified the accuracy or completeness of such information contained herein.

Forward-Looking Statements

This Offering Memorandum contains forward-looking statements or forward-looking information (in this section, collectively, "**forward-looking statements**"). These statements relate to the Trust's expectations about future events, the future performance of the Trust and the Limited Partnership and business prospects. All statements other than statements of historical facts are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "targeting", "target", "intend", "could", "might", "continue", or the negative of these terms or other comparable terminology. These statements are only predictions. Undue reliance should not be placed on these forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. **The forward-looking statements contained in this Offering Memorandum are expressly qualified by this cautionary statement. The Trust is not under any duty to update any of the forward-looking statements after the date of this Offering Memorandum to conform such statements to actual results or to changes in the Trust's expectations except as otherwise required by applicable legislation.**

In particular, this Offering Memorandum contains forward-looking statements pertaining to the following, among others:

- economic conditions and population growth in those other areas where the Properties are located, as well as in other Canadian markets;
- the outlook of the industrial real estate market, including the status of the rental market, leasing rates and vacancy rates in various Canadian markets;
- valuations and appraisals;
- industrial projects in the specific areas nearby to the Properties;
- demand for industrial real estate development and retail sales; and
- all of the forward-looking information included under the "Forward-Looking information" column of the "Forward-Looking Information Table" beginning on page 22 of this Offering Memorandum.

With respect to the financial outlook and financial scenarios contained in this Offering Memorandum, the Trust and the Limited Partnership have made assumptions regarding, among other things and not limited to, the following:

- the prices and the timing that the Limited Partnership anticipates for purchasing Future Properties;
- the amount and timing of costs and expenses and timing of exits;
- the availability of Future Properties to be acquired;
- the availability and timing of financing, financing cost estimates and applicable interest rates; and
- all of the assumptions included under the "Key assumptions" column of the "Forward-Looking Information Table" beginning on page 22 of this Offering Memorandum.

The Trust's and the Limited Partnership's actual results could differ materially from those anticipated in these forward-looking statements and the financial outlook due to, among other things, the risk factors set in this Offering Memorandum under **Item 8 – Risk Factors**, including but not limited to, the risk factors set out under the following headings:

- Investment Risk:**
- No Guaranteed Return
 - Blind Pool Investment
 - Highly Speculative
 - Dilution

- Illiquidity of Units
- Redemption of Units
- Unitholder Legal Rights are not similar to Rights of Owners of Shares of a Corporation
- Unitholder Liability
- Lack of Diversification
- Illiquidity of Investments
- Tax
- Debt Securities and Debt Instruments
- Achievement of Investment Objectives

Issuer Risk:

- Dependence on Key Personnel
- Independence of Officers, Directors and Trustees
- Limited Ability to Remove Trustees
- Limited Ability to Remove General Partner
- Less than the Maximum Offering
- Ability to Pay Cash Distributions
- Status of the Trust
- Mutual Fund Trust Status
- Possible Loss of Limited Liability
- Loss of Limited Liability on Dissolution
- Potential Undisclosed Liabilities
- General Partner has Limited Assets
- Substantial Losses and Withdrawals
- Changes in Applicable Law

Industry Risk:

- Real Estate Business (which includes risks regarding the Limited Partnership's reliance on tenants and lease renewals)
- Competition in the Real Estate Market
- Significant Capital Expenditures and Other Fixed Costs are Required
- Financing Risk, Leverage and Restrictive Covenants May Limit Growth
- Reliance on Trades/Suppliers
- Properties and Tenants may be Geographically Concentrated
- Properties and Tenants may be Concentrated by Industry
- Environmental Issues
- Uninsured Losses on the Properties
- Uninsured and Underinsured Losses and Insurance Costs

SUMMARY OF BUSINESS PROGRESS SINCE ORIGINAL OM

This is a continuous Offering. The Offering commenced on January 31, 2017 pursuant to the Original OM. See below for a summary of business progress since the Original OM. As this Offering Memorandum replaces the Original OM, prospective purchasers should not rely on information contained in the Original OM, as this Offering Memorandum contains updated material information.

Business Purpose of the Offering

The business purpose of the Offering is to obtain financing for the following: (i) facilitate the maintenance and operation of the Existing Properties; and (ii) facilitate the acquisition of Future Properties from time to time.

Status of the Offering

The Offering consists of aggregate proceeds of up to \$20,000,000.

As at the date of this Offering Memorandum, 95,852 Investor Units have been issued pursuant to the Offering, for aggregate gross proceeds of \$9,401,800. Please refer to **Item 4 – Capital Structure** for a detailed breakdown of the Investor Units.

Use of Proceeds During Most Recently Completed Fiscal Year

For a description of the Trust's use of proceeds as at its financial year ended December 31, 2017, see page 5 of this Offering Memorandum.

Summary of Business Progress Since the Original OM

Business Item	Progress as at:	Details	Location in this Offering Memorandum
Initial Properties	2018 OM	Acquisition of 1212 - 34 th Ave SE Calgary, Alberta. The multi-tenant industrial property is comprised of 8.09 acres of land and a 59,303 square foot building and was acquired for \$12,000,000. Annual rental income as at the date of this Offering Memorandum is \$768,000. ⁽¹⁾	Item 2.2.4 – Description of the Existing Properties
		Acquisition of Blackfalds Property in Blackfalds, Alberta. The single-tenant industrial property is comprised of 37.73 acres of land and was acquired for \$9,426,250. Annual rental income as at the date of this Offering Memorandum is \$907,000. The current lease on the property expires on August 31, 2018. As at the date of this Offering Memorandum, a renewal of this lease has been negotiated at a reduced rate of \$697,000. The new lease is expected to become effective on September 1, 2018.	Item 2.2.4 – Description of the Existing Properties
		Acquisition of 8901—102 nd Street, Clairmont, Alberta. The single-tenant industrial property is comprised of 5.14 acres of land and a 17,590 square foot building and was acquired for \$2,915,000. Annual rental income as at the date of this Offering Memorandum is \$211,000.	Item 2.2.4 – Description of the Existing Properties
Existing Properties	2018 OM	Acquisition of 8801—102 nd Street, Clairmont, Alberta. The single-tenant industrial property is comprised of 9.74 acres of land and a 37,800 square foot building and was acquired for \$5,835,000. Annual rental income as at the date of this Offering Memorandum is \$453,000.	Item 2.2.4 – Description of the Existing Properties
		Acquisition of 21410 113 Ave, Edmonton, Alberta. The single-tenant industrial property is comprised of 8.23 acres of land and a 16,997 square foot building and was acquired for \$7,350,000. Annual rental income as at the date of this Offering Memorandum is \$524,000.	Item 2.2.4 – Description of the Existing Properties
		Acquisition of 240115 Frontier Crescent, Rocky View, Alberta. The single-tenant industrial property is comprised of 6.22 acres of land and was acquired for \$4,000,000. Annual rental income as at the date of this Offering Memorandum is \$285,000.	Item 2.2.4 – Description of the Existing Properties

		Acquisition of 12 Capital Circle Drive, Saskatoon, Saskatchewan. The multi-tenant industrial property is comprised of 6.89 acres of land and a 41,947 square foot building and was acquired for \$8,000,000. Annual rental income as at the date of this Offering Memorandum is \$536,000.	Item 2.2.4 – Description of the Existing Properties
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Notes:

- (1) This amount does not approximate annual net operating income at full occupancy as the Limited Partnership holds various gross rent leases with respect to this property.

GLOSSARY OF TERMS

Unless otherwise defined herein, the terms identified below shall have the meaning ascribed thereto as follows:

"2018 OM" or **"Offering Memorandum"** means this offering memorandum of the Trust dated April 30, 2018, as it may be supplemented, amended and/or amended and restated from time to time.

"ABCA" means the *Business Corporations Act* (Alberta).

"Accredited Investor" has the meaning given to such terms under NI 45-106.

"Acquisition Fee" means the fee payable to the Manager on the closing of the acquisition of any Properties (excluding the Initial Properties) by the Limited Partnership equal to 1% of the aggregate purchase price paid in respect of such Properties.

"Administration and Management Agreement" means the Administration and Management Agreement dated January 31, 2017, made between the Trust, the Administrator and the General Partner.

"Administrator" means Durum Capital Inc., a wholly owned subsidiary of Simmons Financial Holdings Corporation.

"affiliate" of a Person means any other Person controlling, controlled by, or under common control with, such Person.

"annuitant" means the annuitant, subscriber or beneficiary under a RRSP, a RRIF, a registered education savings plan or a deferred profit sharing plan, all as defined in the *Tax Act*, or any other plan of which the Unitholder acts as trustee or carrier.

"associate" means, in relation to another Person (**"Other Person"**):

- (a) 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;
- (b) any Person who is a partner of the Other Person;
- (c) 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;
- (d) in the case where the Other Person is an individual, a relative of that individual, including: (i) the spouse of that individual; or
- (e) a relative of that individual's spouse, if the relative has the same home as that individual.

"Additional Debt" has the meaning ascribed thereto in Section 4.2.

"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.

"Cash Distribution" means the amount payable to Investor Unitholders pursuant to Section 5.2.

"Capital Contribution" means, in the case of the Trust, the principal amount of the Subscriber's investment for Investor Units; and in the case of the Limited Partnership, means the principal amount of the LP Unitholder's investment for Class "A" LP Units and Class "D" LP Units, as applicable.

"CCAA" means the *Companies' Creditors Arrangement Act*.

"Certificate" means the certificate of limited partnership for the Limited Partnership filed on January 30, 2017 pursuant to the Limited Partnership Act and, where the context requires, all amendments thereto and renewals, replacements or restatements thereof.

"Class "A" LP Units" means the Class "A" voting LP Units of the Limited Partnership, all of which, as issued from time to time, shall be issued to the Trust.

"Class "D" LP Units" means Class "D" LP Units of the Limited Partnership, issuable in series and having the rights, benefits and obligations provided for in the Limited Partnership Agreement. The General Partner may issue additional Class "D" LP Units, Series 1 or Series 2 (and any other series of Class "D" LP Units) to investors for cash or in consideration for the acquisition of Future Properties, who the General Partner, in its discretion, desires to admit directly to the Limited Partnership as a limited partner.

"Class D LP Unit, Series 1" means the non-voting Class "D" LP Units, Series 1 of the Limited Partnership.

"Class D LP Unit, Series 2" means the Class "D" LP Units, Series 2 of the Limited Partnership.

"Class D Series 1 Return" means the amount payable to the holders of any issued and outstanding Class D LP Units, Series 1 upon the General Partner declaring a distribution under the terms of the Limited Partnership Agreement, being an amount equal to 8% per annum (or such other rate as may be set by the General Partner from time to time) multiplied by: (i) the total aggregate Class D LP Unit, Series 1 capital contribution; less (ii) the aggregate capital returned by the Limited Partnership in respect of the Class D LP Unit, Series 1 prior to such time. The Class D Series 1 Return ranks in priority to other LP Units upon the General Partner's declaration of a non-special Limited Partnership distribution.

"Closing" means each closing of the issuance of Investor Units to the public pursuant to the Offering contemplated by this Offering Memorandum.

"Commission plus Trailer Fee" has the meaning set forth in *Item 7 - Compensation paid to Sellers and Finders*.

"Contribution Agreements" means the Contribution Agreements entered into between the Limited Partnership, as purchaser, and Durum LP and Flax LP, as vendors, pursuant to which title to the Initial Properties was conveyed to the Limited Partnership.

"Convertible Notes" means, collectively, the Durum Convertible Note and the Flax Convertible Note.

"CRA" means the Canada Revenue Agency.

"Dealers" mean the registered dealers engaged by the Trust to sell Investor Units in connection with the Offering.

"Disposition Fee" means the fee payable to the Manager on the closing of the disposition of any Properties by the Limited Partnership equal to 1% of the aggregate purchase price paid by a purchaser in respect of such Properties.

"Distribution Period" means each three month period beginning on January 1 in each calendar year, or such other periods as may be determined from time to time by the Trustees or the Administrator.

"Distribution Record Date" means the last Business Day in each Distribution Period or such other dates as may be determined from time to time by the Trustees.

"DPSP" means a deferred profit sharing plan within the meaning of the Tax Act.

"DRIP" has the meaning ascribed thereto in Section 5.6.

"Durum Capital Inc." means Durum Capital Inc., a corporation formed pursuant to the laws of the Province of Alberta and the Administrator and Manager, and a promoter of the Offering.

"Durum Convertible Note" means the convertible note issued by the Limited Partnership on May 5, 2017 to Durum LP for a principal amount of \$5,159,870, which note is repayable within 24 months of the date of issuance, accrues interest at a rate of 6% per annum and, upon maturity, will be convertible into Class "D" LP Units, Series 2 for a price per Class "D" LP Unit, Series 2 equal to \$100. As at the date of this Offering Memorandum, the outstanding amount under the convertible note is \$4,850,955.04.

"Durum LP" means Durum Properties Limited Partnership, a limited partnership formed pursuant to the laws of the Province of Alberta.

"Durum Industrial Real Estate LP" or the **"Limited Partnership"** means the limited partnership formed under the laws of the Province of Alberta between the General Partner and the Trust and governed by the Limited Partnership Agreement.

"Durum Properties Inc." means Durum Properties Inc., a corporation formed pursuant to the laws of the Province of Alberta and a promoter of the Offering.

"Exchangeable Units" means the Class D LP Units, Series 2 of the Partnership and such other units or series of units of the Limited Partnership designated from time to time by resolution of the Trustees as Exchangeable Units.

"Exchange Ratio" is equal to the capital contribution to the Limited Partnership represented by an Exchangeable Unit on the date that the Special Voting Unit is exchanged for Series F Trust Units divided by the fair market value of a Series F Trust Unit on the date of such exchange.

"Exempt Plan" means a RRSP, a RRIF, DPSP, RDSP, RESP or a TFSA and collectively referred to herein as **"Exempt Plans"**.

"Existing Debt" has the meaning ascribed thereto in Section 4.2.

"Existing Properties" means the industrial properties that currently make up the portfolio of the Trust as at the date of this Offering Memorandum and as described in further detail in Section 2.2.4.

"Flax Convertible Note" means the convertible note issued by the Limited Partnership on May 5, 2017 to Flax LP for a principal amount of \$1,340,130. As of the date of this Offering Memorandum, the convertible note has been fully repaid.

"Flax LP" means Flax Properties Limited Partnership, a limited partnership formed pursuant to the laws of the Province of Alberta.

"Future Properties" means properties that may be acquired in the future that are complimentary to the business of the Limited Partnership.

"General Partner" means Durum Industrial Real Estate GP Inc., a corporation incorporated under the laws of Province of Alberta, and all successors and permitted assigns thereof.

"GP Unit" means the general partner unit of the Limited Partnership issued to the General Partner.

"Guarantee Fee" means the fee payable to the Manager (or any affiliate thereof) if the Manager (or any affiliate thereof) is required to provide a guarantee for any debt financing arranged in connection with the acquisition of any Properties and which is equal to 1% per annum of the total amount of such guarantee, payable monthly.

"IFRS" means International Financial Reporting Standards.

"Independent" has the meaning ascribed to that term under NI 81-107.

"Independent Review Committee" means, as set out in Section 3.3, a committee of independent directors. The Trust and the General Partner, on behalf of the Limited Partnership, have formed an Independent Review Committee comprised of the independent directors of the General Partner. At all times two (2) members of the board of the directors of the General Partner shall be "independent" as such term is defined in NI 81-107. For clarity, NI 81-107 does not apply to the Trust or the Limited Partnership but is being used as a reference for "independence".

"Initial Debt" has the meaning ascribed thereto in Section 4.2.

"Initial Properties" means the three industrial properties previously identified in the Original OM, being the 34th Avenue Calgary Property, the Blackfalds Property and the Clairmont Property(1).

"Investor Units" have the meaning ascribed thereto on the face page of this Offering Memorandum as Series C Trust Units.

"Investor Unitholder" or **"holder of Investor Units"** means a Person whose name appears on the register of the Trust as a holder of Investor Units.

"Issuer" means Durum Industrial Real Estate Investment Trust.

"Limited Partner" means the Trust and each of those parties that have acquired or will acquire LP Units, and who, from time to time, are accepted as and become a limited partner of the Limited Partnership in accordance with the terms and conditions of the Limited Partnership Agreement.

"Limited Partnership" means Durum Industrial Real Estate LP, a limited partnership duly formed pursuant to the *Limited Partnership Act*.

"Limited Partnership Act" means the *Partnership Act* (Alberta) and the regulations thereunder, as amended from time to time.

"Limited Partnership Agreement" means the Limited Partnership Agreement dated effective January 30, 2017 among the General Partner, the Trust and each person who is admitted as a Limited Partner.

"LP Unitholders" mean the holders of LP Units.

"LP Units" means the **"Partnership Units"** in the Limited Partnership, as defined pursuant to the Limited Partnership Agreement and which are divided into and represented by Class "A" LP Units and Series 1 and Series 2 of the Class "D" LP Units and shall include such other series of Class D LP Units created pursuant to the provisions of the Limited Partnership Agreement

"Management Expenses" has the meaning ascribed thereto in Section 2.1.2.

"Management Fee" has the meaning ascribed thereto in Section 2.1.2. The General Partner, pursuant to the Administration and Management Agreement, shall pay the majority of this fee, net of expenses only, as applicable, to the Manager.

"Manager" means Durum Capital Inc., a wholly owned subsidiary of Simmons Financial Holdings Corporation.

"Maximum Offering" has the meaning ascribed thereto on the face page of this Offering Memorandum.

"MFT Election" means the election under subsection 132(6.1) of the Tax Act which has been made and filed with the CRA in compliance with the Tax Act so that the Trust will be deemed to be a "mutual fund trust" from the time of its creation.

"NAV" has the meaning ascribed thereto in Section 5.5.

"Net Income" means, for any period, with respect to any Person, the net revenue of such Person, on a consolidated basis, for such period, less all expenses and other charges not otherwise deducted in computing such net revenue for such period, determined in accordance with IFRS, but excluding extraordinary items as determined in accordance with IFRS.

"NI 45-106" means National Instrument 45-106 – *Prospectus Exemptions*.

"NI 81-107" means National Instrument 81-107 – *Independent Review Committee for Investment Funds*.

"Non-resident" means a person who, at the relevant time, is not resident in Canada within the meaning of the Tax Act and any applicable tax convention entered into by the Government of Canada and includes a partnership that is not a Canadian partnership within the meaning of the Tax Act.

"Offering" means the offering of the Investor Units of the Trust pursuant to this Offering Memorandum.

"Offering Jurisdictions" means all of the Provinces of Canada.

"One-time Commission Fee" has the meaning set forth in *Item 7 - Compensation paid to Sellers and Finders*.

"Operating Expenses" has the meaning ascribed thereto in Section 2.1.2.

"Original OM" means the offering memorandum of the Trust dated January 31, 2017.

"Other Trust Securities" means any type of securities of the Trust, other than Units, including Exchangeable Securities, options, rights, warrants or other securities convertible into or exercisable for Trust or other securities of the Trust (including convertible debt securities, subscription receipts and instalment receipts).

"Partners" means partners of the Limited Partnership, including the Limited Partners and the General Partner, and **"Partner"** means any of them.

"Partnership's Distributable Income" means, with respect to a particular period, the amount by which the Limited Partnership's cash on hand at the end of the period (including any amounts borrowed by the General Partner on behalf of the Partnership and net proceeds received by the Partnership from the issuance of any LP Units and any other securities of the Limited Partnership) that exceeds:

- (a) any amounts the General Partner, in its sole discretion, may consider to be necessary to provide from the payment of any costs or expenses (including profit sharing expenses) of the Partnership that have been or are reasonably expected to be incurred in the activities and operations of the Partnership;
- (b) any amounts that the General Partner, in its sole discretion, may consider to be necessary to provide for reasonable working capital reserves, sustaining capital reserves, capital expenditure reserves or other reserves, in each case, related to the business and undertakings of the Partnership, including anticipated repayments of amounts borrowed and payments of interest and fees related to amounts borrowed or available credit; and
- (c) any cash reserve which the board of directors of the General Partner reasonably determines is necessary to satisfy the Partnership's current and anticipated obligations or to normalize quarterly or monthly distributions, as the case may be, of cash to Limited Partners.

"Person" or **"person"** means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts and other organizations, whether or not legal entities and governments and agencies and political subdivisions thereof.

"Properties" means, collectively, the Existing Properties and the Future Properties.

"Quarterly Limit" means the maximum total amount payable by the Trust in cash for Units tendered for redemption in the same fiscal quarter. Such cash limit shall be set annually and from time to time by a resolution of the Trustees and shall not be less than \$50,000. The Quarterly Limit set by the Trustees as at the date of this Offering Memorandum is the greater of \$150,000 within the applicable fiscal quarter or 1.25% of the fair market value of the Trust within the applicable fiscal quarter

"RDSP" means a registered disability savings plan within the meaning of the Tax Act.

"Redemption Notes" means promissory notes issued in series, or otherwise, by the Trust pursuant to a note indenture or note certificate and issued to redeeming Unitholders in principal amounts equal to the Redemption Price of the Units to be redeemed (as applicable) and having the following terms and conditions:

- (a) unsecured and bearing interest from and including the issue date of each such note at a market rate determined at the time of issuance, based on the advice of an independent financial advisor, and payable monthly in arrears (with interest after as well as before maturity, default and judgment, and interest on overdue interest at such rate);
- (b) subordinated and postponed to all Senior Indebtedness (as defined in the Trust Indenture) and which may be subject to specific subordination and postponement agreements to be entered into with holders of such Senior Indebtedness;
- (c) subject to earlier prepayment, having maturity dates as set by the Trustees, provided however that such maturity dates shall not be later than 5 years from the date of issue of the Redemption Note; and
- (d) subject to such other standard terms and conditions as would be included in a note indenture or certificate for promissory notes of this kind, as may be approved by the Trustees.

"Redemption Notice" means the written notice provided by a Unitholder to the Trust, in a form acceptable to the Trust, setting out the Unitholder's desire to tender all or any part of such Unitholder's Investor Units for redemption. As the Redemption Payment Date may be up to 6 months following the date that a Redemption Notice is provided, Investors who intend to redeem their units should provide a Redemption Notice at least 6 months in advance of any intended redemption date.

"Redemption Payment Date" means the date that the Redemption Price is paid, which shall be no later than 6 months from the date the Redemption Units are tendered for redemption pursuant to a Redemption Notice; provided, however, that the Trust will use commercially reasonable efforts to pay the Redemption Price within 90 days from the date such Redemption Units are tendered for redemption pursuant to a Redemption Notice.

"Redemption Period" means the period of time following which an Investor Unit will be fully redeemable for 100% of the fair market value of such Investor Unit and which commences on the date of issuance of an Investor Unit and concludes in respect of a Series C Trust Unit, on the date that is four years from the date of issuance of such Series C Trust Unit.

"Redemption Price" means the price that a redeeming Unitholder shall be entitled to receive per Redemption Unit as at the date upon which such Units were tendered for redemption, being equal to:

- (a) in the case of Series C Trust Units: (i) 92% of the fair market value of such Units if redeemed within the first year of issuance, (ii) 94% of the fair market value of such Units if redeemed within the second year of issuance, (iii) 96% of the fair market value of such Units if redeemed within the third year of issuance, (iv) 98% of the fair market value of such Units if redeemed within the fourth year of issuance, and (v) 100% of the fair market value of such Units if redeemed any time thereafter;

The fair market value of the Units shall be the value as determined by the Trustees in their sole discretion, acting reasonably, but having regard to:

- (a) all prices at which arms-length trades of Units have been transacted, as reported to the Trust pursuant to Section 3.19 of the Trust Indenture, and which have occurred during the six month period (or such other period as the Trustees determine relevant and reasonable) immediately preceding the date on which such Redemption Units were tendered to the Trust for redemption;
- (b) the issue prices for Units issued in any offering during the six month period (or such other period as the Trustees determine relevant and reasonable) immediately preceding the date on which such Redemption Units were tendered to the Trust for redemption;
- (c) the fair market value of equity interests in, or enterprise values of, comparable entities substantially similar to the Trust; and
- (d) any other considerations which the Trustees, in their sole discretion, determine relevant for purposes of determining the fair market value, including NAV.

As indicated in Section 3.3, the fair market value of the Units will also be approved by the Independent Review Committee.

"Redemption Units" mean the Units tendered for redemption in connection with a Redemption Notice.

"Referral Fee" or **"Commission"** means the fee or amounts paid to certain eligible third parties in consideration of those parties introducing the Issuer to Subscribers for Series C Trust Units, as applicable.

"REIT" means real estate investment trust.

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

"Regulations" means regulations made under the Tax Act.

"Resident" means a Person who, at the relevant time, is resident in Canada within the meaning of the Tax Act and any applicable tax convention entered into by the Government of Canada and includes a partnership that is a Canadian partnership within the meaning of the Tax Act.

"RESP" means a registered education savings plan within the meaning of the Tax Act.

"RRIF" means a registered retirement income fund within the meaning of the Tax Act.

"RRSP" means a registered retirement savings plan within the meaning of the Tax Act.

"Securities Act" means the *Securities Act* (Alberta) and the regulations promulgated thereunder from time to time.

"Security" or **"security"**, as applicable in the particular context, has the meaning ascribed thereto in the Securities Act.

"Series A Trust Units" means the Class 1, Series A trust units in the capital of the Trust.

"Series B Trust Units" means the Class 1, Series B trust units in the capital of the Trust.

"Series C Trust Units" means the Class 1, Series C trust units in the capital of the Trust.

"Series F Trust Units" means the Class 1, Series F trust units in the capital of the Trust.

"SIFT Trust" means specified investment flow-through trust, within the meaning of the Tax Act.

"Special Voting Unit" means the special voting units of the Trust issued in connection with or in relation to Exchangeable Units for the purpose of providing voting and exchange rights with respect to the Trust to the holders of such securities, with the holder thereof entitled to exercise the number of votes at any meeting of the Unitholders equal to the number of Exchangeable Units held by the holder of a Special Voting Unit. The Special Voting Units: (i) have no economic entitlement nor beneficial interest in the Trust or in the distributions or assets of the Trust until exchanged for Series F Trust Units; and (ii) cannot be transferable separately from the Exchangeable Units to which they are attached and will automatically be transferred upon the transfer of any such Exchangeable Unit. At all times, the number of Special Voting Units issued and outstanding shall be equal to the number of Exchangeable Units (including Class D LP Units, Series 2) issued by the Limited Partnership multiplied by the Exchange Ratio.

"Subscriber" means a subscriber for Investor Units pursuant to this Offering Memorandum.

"Subscription Agreement" means the form of subscription agreement entered into between a Subscriber and the Issuer.

"Subscription Price" means the price per Investor Unit.

"Tax" or **"Taxes"** means all income, capital gain, profit, withholding, and capital taxes, charges, fees, levies, imposts and other assessments, including all other charges in the nature of a tax, together with any instalments, and any interest, fines and penalties, imposed by any governmental authority, whether disputed or not.

"Tax Act" means the *Income Tax Act* (Canada) and the Regulations promulgated thereunder, as amended from time to time.

"TFSA" means a tax-free savings account within the meaning of the Tax Act.

"Transfer Agent" means AST Trust Company (Canada).

"Trust" means Durum Industrial Real Estate Investment Trust.

"Trust Cost Per Unit" means an amount per Class A LP Unit representing the costs and expenses of the Trust incurred for each Class A LP Unit during each period in which the Limited Partnership has declared a distribution and calculated as follows: (i) the estimated total costs of the Trust for any Limited Partnership distribution period, divided by (ii) the number of Class A LP Units issued and outstanding on the last day of such Limited Partnership distribution period.

"Trust Indenture" means the Declaration of Trust dated effective January 30, 2017 among the Trustees, Jay Simmons and the Administrator, as administrator.

"Trust Property" at any time, means all of the money, securities, 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.

"Trustees" mean, David Laycock, Jay Simmons, Joseph Loughheed and Michael McGee and each individual who on or after the date of the Trust Indenture becomes a trustee of the Trust as provided for in the Trust Indenture; and **"Trustee"** means and refers to one of the Trustees.

"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.

"Unitholder" or **"holder of Units"** or **"Unitholder"** means, at any time, a holder at that time of one or more Units and such holders are collectively called **"Unitholders"**.

"Units" mean the Investor Units (and for clarity, shall refer to the Series C Trust Units), Series A Trust Units, Series B Trust Units, Series F Trust Units (collectively, the **"Trust Units"**) and the Special Voting Units, as the case may be, and references in this Offering Memorandum to Units shall mean a reference to Investor Units, Series A Trust Units, Series B Trust Units, Series F Trust Units or Special Voting Units, as the context so requires and **"Unit"** means one Investor Unit, Series A Trust Unit, Series B Trust Unit, Series F Trust Unit or Special Voting Unit, as the case may be.

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

"Voting Units" means the Investor Units and the Special Voting Units.

"Wholesalers" means such duly appointed advisor(s) whose role is to assist in the distribution of the Offering to registrants of Dealers only.

"Wholesaler Agreements" means the agreements entered into between the Trust and each Wholesaler in connection with the Offering.

SUMMARY OF THIS OFFERING MEMORANDUM

The following is a summary of the principal features of this Offering and should be read together with the more detailed information contained elsewhere in this Offering Memorandum.

PURPOSE AND INVESTMENT OBJECTIVES

The Trust has been established with the objective of investing indirectly in the business of the Limited Partnership through the acquisition of, or subscription for, Class "A" LP Units, which will in turn fund the proposed business of the Limited Partnership. The business of the Limited Partnership will be to maximize the value of the Limited Partnership through the acquisition of a diverse portfolio of industrial properties in both Canada and, possibly, the United States.

The investment strategy of the Trust, through the Limited Partnership, will be as follows:

1. **Strategic Acquisition of Attractive Industrial Properties:** The focus will be on locating and acquiring Future Properties that are desirable additions to the portfolio of the Limited Partnership and that are able to generate potential returns through stable cash flow and/or long-term capital appreciation. Please refer to *Item 2.1.3 – The Manager* for a summary of the Manager's prior property acquisition experience.
2. **Financial Restructuring:** To the extent necessary, the financial arrangements of such Future Properties will be restructured using debt solutions that will enable capital appreciation.
3. **Locate Quality Tenants with Staggered Lease Terminations:** As Future Properties are acquired, the intent will be to improve tenant quality and stabilize the rent payable by such tenants. To the extent possible, the lease arrangements across the entire portfolio of Properties of the Limited Partnership will have staggered lease terminations.

Management believes that acquiring attractive assets and rehabilitating the properties to generate stable cash flows will translate into capital appreciation for investors. In addition, while the Offering is currently contemplated to be for aggregate proceeds of up to \$20,000,000, the Trustees may increase the size of the Offering in the future.

The remainder of this Offering Memorandum outlines, among other items: (i) a description of the Existing Properties, being the industrial properties that currently make up the portfolio of the Limited Partnership as at the date of this Offering Memorandum; (ii) management's strategy for acquiring Future Properties; (iii) the management team assembled and their relevant experience; and (iv) the risks associated with an investment in the Trust. **Potential investors should read this Offering Memorandum carefully before making any investment decision.**

Please refer to Item 2.2.4 for a summary of the Existing Properties acquired by the Limited Partnership as at the date of this Offering Memorandum.

Other than the Existing Properties, the Offering is a "blind pool" offering, meaning that the Trust has not entered into any binding agreements with any third parties for the purpose of acquiring any Future Properties as at the date of this Offering Memorandum.

See Item 2 – Business of the Trust and the Limited Partnership.

SECURITIES OFFERED

The Offering consists of the issuance of Investor Units for aggregate proceeds of up to \$20,000,000.

PRICE PER SECURITY

The Offering price is \$100.00 per Investor Unit.

THE TRUST

The Trust is an unincorporated open-ended investment trust governed by the laws of the Province of Alberta and the Trust Indenture.

HISTORY OF THE TRUST

The Trust was established on January 30, 2017 and the MFT Election has been made and filed with the CRA in compliance with the Tax Act so that the Trust will be deemed to be a "mutual fund trust" effective from the time of its creation.

As at the date of this Offering Memorandum, there are [•] Series A Trust Units and [•] Series B Trust Units outstanding, both of which had been issued to investors pursuant to the terms and conditions of the Original OM. There are no Series F Trust Units outstanding as of the date of this Offering Memorandum. For clarity, no Series A Trust Units, Series B Trust Units or Series F Trust Units are offered pursuant to this Offering Memorandum.

TRUSTEES, OFFICERS AND DIRECTORS

Trust: Durum Industrial Real Estate Investment Trust

- **Trustees:** The Trustees of the Trust are Joseph Lougheed, David Laycock, Michael McGee and Jay Simmons.

General Partner: Durum Industrial Real Estate GP Inc.

- **Directors:** The directors of the General Partner are William Robinson, Sean Morgan, Jay Simmons, Gary Bentham and Steve Allan. Gary Bentham and Steve Allan are Independent directors. The Trust and the General Partner, on behalf of the Limited Partnership, shall

form an Independent Review Committee comprised of the Independent directors of the General Partner. At all times two (2) members of the board of the directors of the General Partner shall be "Independent" as such term is defined in NI 81-107. For clarity, NI 81-107 does not apply to the Trust or the Limited Partnership but is being used as a reference for "independence". **See Item 3.3 – Conflicts of Interest and Independent Review Committee.**

- **Officers:** The officers of the General Partner are Jay Simmons, Judy Rattanavong and Jenna Truong.

Manager: Durum Capital Inc.

- **Directors:** The directors of the Manager are David Laycock and Jay Simmons.
- **Officers:** The officers of the Manager are Jay Simmons, Judy Rattanavong and Jenna Truong.

See Item 3 – Interests of Directors, Management, Promoters and Principal Holders.

TERMS OF THE SECURITIES OFFERED

The intention of the Trust is that, once issued, holders of Investor Units will continue to be entitled to all applicable distributions of the Trust (should they be declared) and that the Investor Units are redeemable at any time by a Unitholder in accordance with the "Redemption Policy" described below, this Offering Memorandum and the Trust Indenture.

The Investor Units have the following material terms:

Trust Units	Subscription Entitlement	Target Preferred Return	Full Redemption Period	Redemption Policy
Series C	All potential subscribers	Up to 6.5% per annum, payable as described in "Distribution Policy"	4 years	<p>If the Redemption Notice is provided after the Full Redemption Period: On the Redemption Payment Date, each holder of Investor Units will receive 100% of such Investor Unit's fair market value and such Investor Units will be redeemed and cancelled by the Trust, subject to the Quarterly Limit (currently set at the greater of \$150,000 within the applicable fiscal quarter or 1.25% of the fair market value of the Trust within the applicable fiscal quarter), with the balance payable in Redemption Notes or other debt or securities, which will not be qualified investments for the Exempt Plans to the extent the Investor Units are held through an Exempt Plan.</p> <p>If the Redemption Notice is not provided at any time: The Investor Units will not be redeemed and cancelled by the Trust and will continue to be entitled to all applicable preferred returns, should they be declared. Each Unitholder will continue to be entitled to redeem such Investor Units at any time, subject to providing the Trust with a Redemption Notice in accordance with the Trust Indenture.</p> <p>On the date that the Trust has received all documentation necessary to redeem such Investor Units in accordance with the terms of the Trust Indenture, holders will cease to have any rights with respect to those Investor Units tendered for redemption, including, without limitation, the right to vote at all meetings of the holders of Units of the Trust.</p>

Payment of Cash on Redemption: Although the Trust intends to use commercially reasonable efforts to pay any holder providing a Redemption Notice their Investor Unit's fair market value in cash on the Redemption Payment Date, under the terms of the Trust Indenture, the Trustees have the sole discretion to make the payment in any form (including by way of the issuance of Redemption Notes) provided always that the aggregate cash payment to be made to any Investor Units being redeemed will not be more than the Quarterly Limit (currently set at the greater of \$150,000 within the applicable fiscal quarter or 1.25% of the fair market value of the Trust within the applicable fiscal quarter), **provided however that priority to cash payments shall be afforded to Investor Units that have completed their full Redemption Period. An illustrative example of how priority to cash payments on redemption will operate is as follows:**

- In this example, a number of Series C Trust Units have been issued on January 31, 2018 (the “**2018 Units**”) and a number of Series C Trust Units have been issued on January 31, 2021 (the “**2021 Units**”).
- On February 1, 2022, the holders of all of the 2018 Units and the holders of all of the 2021 Units elect to redeem such Units.
- While the Trust will use commercially reasonable efforts to pay the aggregate Redemption Price payable to all redeeming Unitholders in cash, if the applicable Quarterly Limit at that time has been met or exceeded and if the Trustees believe that it is not in the best interests of the Trust to waive the Quarterly Limit and pay the aggregate Redemption Price in cash, priority to receive cash payments would go to the holders of 2018 Units, as those Units will have completed their full Redemption Period of 4 years.
- In lieu of cash, Unitholders may receive the Redemption Price in the form of Redemption Notes and/or a distribution, in specie, of property of the Trust. Where an Exempt Plan receives Redemption Notes or any other debt or securities as a result of redemption of Units, such Redemption Notes, debt or other securities will 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 attached to the Units. **See Item 6 – Income Tax Consequences and RRSP Eligibility.**

Other Terms: The Investor Units are voting securities and entitle the holders thereof: (i) to receive notice of and to attend all meetings of the Unitholders of the Trust and to one (1) vote in respect of each Investor Unit held at all such meetings; and (ii) to receive distributions as set out below. Each Investor Unit is also redeemable prior to the full Redemption Period in accordance with the terms of the Trust Indenture.

See Item 5 – Securities Offered.

DISTRIBUTION POLICY

Trustees have the right, but not the obligation, to make a Cash Distribution from the Trust's Distributable Income to Unitholders of record as at the close of business on the Distribution Record Date. Cash Distributions may be reduced, suspended, deferred or increased at any time and from time to time by the Trustees.

Cash Distributions to Unitholders of the Trust will be dependent upon receipt of distributions from the Limited Partnership. The Trust is completely reliant on receiving funds from the Limited Partnership through its ownership of Class “A” LP Units in order to make Cash Distributions to Unitholders. Please refer to *Item 2.6(a) – Material Agreements – Trust Indenture – Distributions* for a discussion of the target preferred return for each series of Trust Units.

Should such a Cash Distribution be declared by the General Partner, on behalf of the Limited Partnership and subject to the payment of Operating Expenses, the Management Fee (including Management Expenses), the Guarantee Fee (if applicable) and the Class D Series 1 Return (if applicable), the Limited Partnership shall allocate and distribute the Partnership's Distributable Income quarterly in the following order of priority:

1. **Preferred Return:** On a *pro rata* basis, payment of: (a) an estimated/targeted 8% cumulative annual distribution (or such other amount as determined by the General Partner) on all unreturned capital contributions to the holders of Class “D” LP Units, Series 2; and (b) an amount sufficient to allow the Trust to pay up to the applicable preferred cumulative annual return to outstanding holders of Series A and B Trust Units (and, to the extent issued, Series F Trust Units) and holders of Series C Trust Units whose capital contributions were used by the Trust in full (less Offering costs) for the subscription by the Trust for Class “A” LP Units, less the Trust Cost Per Unit.
2. **Trailer Fee:** To the extent that there are remaining funds, Dealers who have elected to receive the Commission plus Trailer Fee will be paid up to 1.25% per annum for capital contributions in the Trust on Series C Trust Units if a subscriber does not fully redeem their Investor Units during the respective Redemption Period of the Series C Trust Units. A trailer fee of 1.25% per annum will be paid on any outstanding Series A and Series B Units, as applicable, previously issued by the Trust pursuant to the terms and conditions of the Original OM.
3. **Remaining Funds:** To the extent that there are remaining funds: (a) 30% of such funds will be paid to the Manager; and (b) 70% of such funds will be paid to the Limited Partnership, which shall be reinvested or distributed at the discretion of the General Partner, as approved by the IRC.

At the discretion of the General Partner, the General Partner may also declare at any time and from time to time, a special distribution to Partners by the Limited Partnership in addition to any Limited Partnership distribution described above. A special distribution may be paid to any class or series of units of the Limited Partnership, provided however that the General Partner cannot declare a special distribution if no distribution described above has been declared within the preceding three calendar months.

If any amounts in connection with a special distribution by the Limited Partnership are received by the Trust, the Trust Indenture provides that the Trustees may also declare at any time and from time to time, a special distribution to Unitholders by the Trust in addition to any Trust distribution described above.

See Item 5 – Securities Offered.

**DISTRIBUTION
REINVESTMENT PLAN**

The Trust has implemented a DRIP pursuant to which holders of Investor Units may reinvest all Cash Distributions in additional Investor Units of the same class. Participants electing to reinvest Cash Distributions in Investor Units pursuant to the DRIP will receive a further “bonus” distribution equal to 2% of anticipated declared and paid Cash Distribution which are reinvested, which further distribution will also be reinvested in Investor Units. Investor Units issued under the DRIP will also be subject to the Redemption Period applicable to the series of Investor Unit issued under the DRIP.

Investors may sign-up to participate in the DRIP immediately upon subscribing for Investor Units or by providing a “Distribution Reinvestment Plan Authorization Form” (available upon request) no later than five business days prior to participation in the DRIP. Participants in the DRIP may also elect to terminate receiving Cash Distributions through the DRIP by providing the Trust with 30 days prior written notice of their intention to terminate participation in the DRIP.

The Trustees reserve the right to amend, suspend or terminate the DRIP at any time. In the event of suspension or termination of the DRIP by the Trustees, no investment in additional Investor Units on behalf of participants will be made following the effective date of such suspension or termination.

See Item 5.6 – Distribution Reinvestment Plan.

**ELIGIBILITY FOR
INVESTMENT**

Investor Units are available for purchase through Exempt Plans (such as an RRSP, RRIF or TFSA) on the basis that the Trust qualifies as a mutual fund trust for the purposes of the Tax Act.

Where an Exempt Plan receives Redemption Notes or any other debt or securities as a result of redemption of Investor Units, such Redemption Notes, debt or other securities will not be qualified investments for the Exempt Plan. Accordingly, Exempt Plans that own Investor Units should consult their own tax advisors before deciding to exercise their redemption rights attached to the Investor Units.

See Item 6 – Income Tax Consequences and RRSP Eligibility.

FEES AND EXPENSES

The Manager is entitled to: (a) the annual Management Fee; (b) if any Future Properties are acquired or disposed of: (i) the Acquisition Fee and/or the Disposition Fee; and (ii) the Guarantee Fee if the Manager (or any affiliate thereof) is required to provide a guarantee in respect of such debt financing.

See Item 2.6 – Material Agreements

The agents and dealers will be paid up-front fees, commissions and trailer fees on the gross proceeds raised on the Series C Trust Units sold. **See Item 7 – Compensation Paid to Sellers and Finders.**

**RISK FACTORS,
INDEPENDENT LEGAL
ADVICE AND TAX ADVICE**

It is strongly recommended that each Subscriber, in order to assess tax, legal and other aspects of an investment in the Investor Units, obtain independent legal advice with respect to the Offering and this Offering Memorandum. An investment in the Investor Units is subject to significant risk from, among other things, rapidly changing economic and market conditions.

There is no established market for the Investor Units of the Trust and none is expected to develop. Therefore, it may be difficult or impossible for a Subscriber to sell any of such securities. The Subscription Price per Investor Unit was determined arbitrarily by the Trust. This Offering should be considered highly speculative due to the proposed nature of the Trust's business.

There are risks associated with an investment in the Trust as a result of, among other considerations, the proposed nature and operations of the Trust and the proposed nature and operations of the Limited Partnership. An investment in Investor Units should only be made after consultation with independent qualified sources of investment and tax advice. An investment in the Trust is speculative and involves a high degree of risk and is not intended as a complete investment program.

There is a risk that an investment in the Trust will be lost entirely or in part. Only investors who do not require immediate liquidity of their investment and who can afford the loss of their entire investment should consider the purchase of Investor Units. See Item 8 – Risk Factors.

ITEM 1 USE OF FUNDS

1.1 Use of Proceeds During Most Recently Completed Fiscal Year

For the financial year ended: December 31, 2017.

Date: April 30, 2018

The table below was prepared using information from the Trust's audited annual financial statements for the financial year ended December 31, 2017 and the audited annual financial statements of the Limited Partnership for the financial year ended December 31, 2017, each of which are attached to this Offering Memorandum (**See Item 12 – Financial Statements**).

1. Opening Proceeds		
A	Closing unused proceeds balance from the last Notice of Form 45-106F16 filed, if any	\$Nil
B	Aggregate proceeds raised in the most recently completed financial year, in reliance of all prospectus exemptions available	\$6,507,700
C	Total opening proceeds	\$6,507,700
2. Proceeds Used During the Most Recently Completed Financial Year		
	The following is a breakdown of all of the proceeds used in the most recently completed financial year:	
	i. Selling Commissions and Fees ⁽¹⁾	\$442,680
	ii. Offering Costs ⁽¹⁾	\$441,235
	iii. Amounts paid in respect of each use of available funds identified in the Original OM	\$4,283,258
	1. Management Fees ⁽²⁾ (\$220,249)	
	2. Repayment of Convertible Notes ⁽²⁾ (\$1,649,045)	
	3. Convertible Note Interest ⁽²⁾ (\$236,590)	
	4. Acquisition of Existing Properties ⁽³⁾ (\$2,177,374)	
	iv. Each other principal use of proceeds, identified separately	\$Nil
D	Total used proceeds [Line (D) is the sum of the uses of proceeds itemized in this section 2 of the table, and must equal the aggregate gross proceeds used during the most recently completed financial year.]	\$5,167,173
3. Closing Unused Proceeds		
E	Closing unused proceeds [Line (E) = Line (C) – Line (D)]	\$1,340,527

Notes:

- (1) Expense of the Trust.
- (2) Expense of the Limited Partnership.
- (3) Acquisition of Existing Properties is inclusive of capital expenditures, acquisition fees paid and deferred financing fees, net of mortgages, convertible notes and Class D LP Units issued. (\$49,526,250 + \$426,095 + \$193,500 + \$177,780 – \$29,398,403 – \$6,500,000 – \$12,247,848 = \$2,177,374).

1.2 Trust Funds

		Assuming Maximum Offering ⁽¹⁾
A	Amount to be raised in this Offering ⁽¹⁾	\$20,000,000
B	Selling commissions and fees ⁽²⁾	\$948,000
C	Estimated Offering costs (including accounting, legal, audit, marketing expenses, Transfer Agent fees and contingency ⁽³⁾)	\$1,522,000
D	Available funds : $D = A - (B+C)$	\$17,530,000
E	Additional sources of funding required ⁽⁴⁾	\$0
F	Working capital deficiency	\$0
G	Total Available Funds: $G = (D+E) - F$	\$17,530,000

Notes:

- (1) There is no minimum Offering under this Offering Memorandum. There can be no assurance that the Trust will complete the Maximum Offering. **See Item (1) – Insufficient Funds.**
- (2) **See Item 7 – Compensation to Sellers and Finders.** The Trust expects to pay selling commissions and fees up to 4.74% of the Maximum Offering. Accordingly, the Trust could pay up to \$948,000 in up-front selling commissions and fees. This table assumes: (i) that 75% of dealers elects to receive the Commission plus Trailer Fee of 1.5% up front plus 1.25% per annum, while 25% of dealers elect to receive the One-time Commission Fee; and (ii) that such trailer fee is paid in full.
- (3) Reasonable estimated costs only; costs could be higher or lower.
- (4) If and when any Future Properties are acquired, the Limited Partnership intends to finance the acquisition of the Future Properties in part through the use of debt financing. The specific Future Properties to be acquired, and the terms of the Limited Partnership's purchase of such Future Properties (including the entering into of any debt financing), will be determined by the Manager and approved by the Independent Review Committee. If the Manager (or any affiliate thereof) is required to provide a guarantee for such financing, the Manager (or any affiliate thereof) will be entitled to the Guarantee Fee. **See Item 2.6 – Material Agreements for a description of the potential fees payable to the Manager when Future Properties are acquired.**

1.3 Use of Total Available Trust Funds

Description of intended use of total available funds listed in order of priority	Assuming Maximum Offering ⁽¹⁾
Acquisition of Class "A" LP Units of the Limited Partnership ⁽²⁾	\$17,530,000
Total:	\$17,530,000

Notes:

- (1) There is no minimum Offering under this Offering Memorandum. There can be no assurance that the Trust will complete the Maximum Offering. **See Item (1) – Insufficient Funds.**
- (2) Limited Partnership, through the General Partner, to acquire, manage and operate all Properties. **See Item 0 – Our Business and Development of Our Business** for description of the use of funds raised under the Offering. **Also see Item 0 – Long Term Objectives and Item 2.4 – Short Term Objectives.**

1.4 Use of Available Funds by the Limited Partnership

Description of intended use of available funds listed in order of priority	Assuming Maximum Offering ⁽¹⁾
Repayment of the Convertible Notes (including any interest payable on the Convertible Notes) ⁽²⁾⁽³⁾	\$6,870,000
Excess funds for the acquisition of Properties ⁽⁴⁾⁽⁵⁾	\$10,660,000
Total:	\$17,530,000

Notes:

- (1) There is no minimum Offering under this Offering Memorandum. There can be no assurance that the Trust will complete the Maximum Offering. **See Item (1) – Insufficient Funds.**
- (2) The Convertible Notes were issued upon the acquisition of the Initial Properties by the Limited Partnership from Durum LP and Flax LP. The purchase price of \$24,341,250, was comprised of: (i) the assumption of the Initial Debt, amounting to \$11,828,620 (as of December 31, 2016); (ii) the issuance of the Convertible Notes for \$6,500,000, in the aggregate; and (iii) the issuance of \$4,512,630 in Class "D" LP Units, Series 2 to Durum LP and Flax LP. Durum LP and Flax LP are related parties to the Trust. **See Item 0 – Our Business and Development of Our Business, Item 5.3 – The Partners and Units of the Limited Partnership and Item 7 – Compensation Paid to Sellers and Finders.**
- (3) The Convertible Notes issued by the Limited Partnership to Durum LP and Flax LP are repayable within 24 months of the date of issuance, accrue interest at a rate of 6% per annum and, upon maturity, will be converted into Class "D" LP Units, Series 2 for a price per Class "D" LP Unit, Series 2 equal to \$100. **Also see Item (1) – Insufficient Funds and Item 5.3 – The Partners and Units of the Limited Partnership.**

- (4) The Limited Partnership intends to use the excess funds to acquire Properties and if the Maximum Offering is not achieved, the Limited Partnership may not have sufficient funds available to acquire Properties. See Item 2.6 – Material Agreements for a summary of the fees payable to the Manager.
- (5) If and when any Properties are acquired, the Limited Partnership intends to finance the acquisition of the Properties in part through the use of debt financing. The specific Properties to be acquired, and the terms of the Limited Partnership's purchase of such Properties, will be determined by the Manager and approved by the Independent Review Committee. If the Manager (or any affiliate thereof) is required to provide a guarantee for such financing, the Manager (or any affiliate thereof) will be entitled to a fee equal to 1% per annum of the total amount of such guarantee, payable monthly. **See Item 2.6 – Material Agreements for a summary of the fees payable to the Manager.**

1.5 Reallocation

The amounts set out herein are estimates only, and will be reallocated within the above categories as needed. The Trust and the Limited Partnership intend to spend the available funds as stated herein and will reallocate funds only for sound business reasons related to the purposes of the Trust and the business of the Limited Partnership set out herein. Reallocation of funds for any purpose not contemplated in this Offering Memorandum will require the prior approval of the Independent Review Committee to the General Partner and Manager and, to the extent changes to the Trust Indenture are required that may not be made solely by the Trustees, will require prior approval by a vote of the holders of Investor Units. Further, any *proposed* use of the funds raised by this Offering which could reasonably be considered to be materially different than the articulated use of proceeds set out herein or which is for a purpose not contemplated in this Offering Memorandum shall be disclosed to the Independent Review Committee for consideration and prior approval or for a vote of the holders of the Investor Units. **See Item 0 – Our Business and Development of the Business, Item 2.6 – Material Agreements (Trust Indenture) and Item 3.3 – Conflicts of Interest and Independent Review Committee.**

ITEM 2 BUSINESS OF THE TRUST AND THE LIMITED PARTNERSHIP

2.1 Structure of the Trust

2.1.1 The Trust and the Limited Partnership

The Trust

The Trust is an unincorporated open-ended investment trust governed by the laws of the Province of Alberta and the Trust Indenture. David Laycock, Jay Simmons, Joseph Loughheed and Michael McGee, each of the City of Calgary, are the Trustees of the Trust. The Trust was structured with the purpose of offering Investor Units for sale to investors and to invest the net proceeds of the Offering in the Limited Partnership, after payment of expenses associated with the Offering. The Trust is working with registered dealers that will sell Investor Units under the Offering and will be entitled to certain fees and commissions. **See Item 7 – Compensation Paid to Sellers and Finders.**

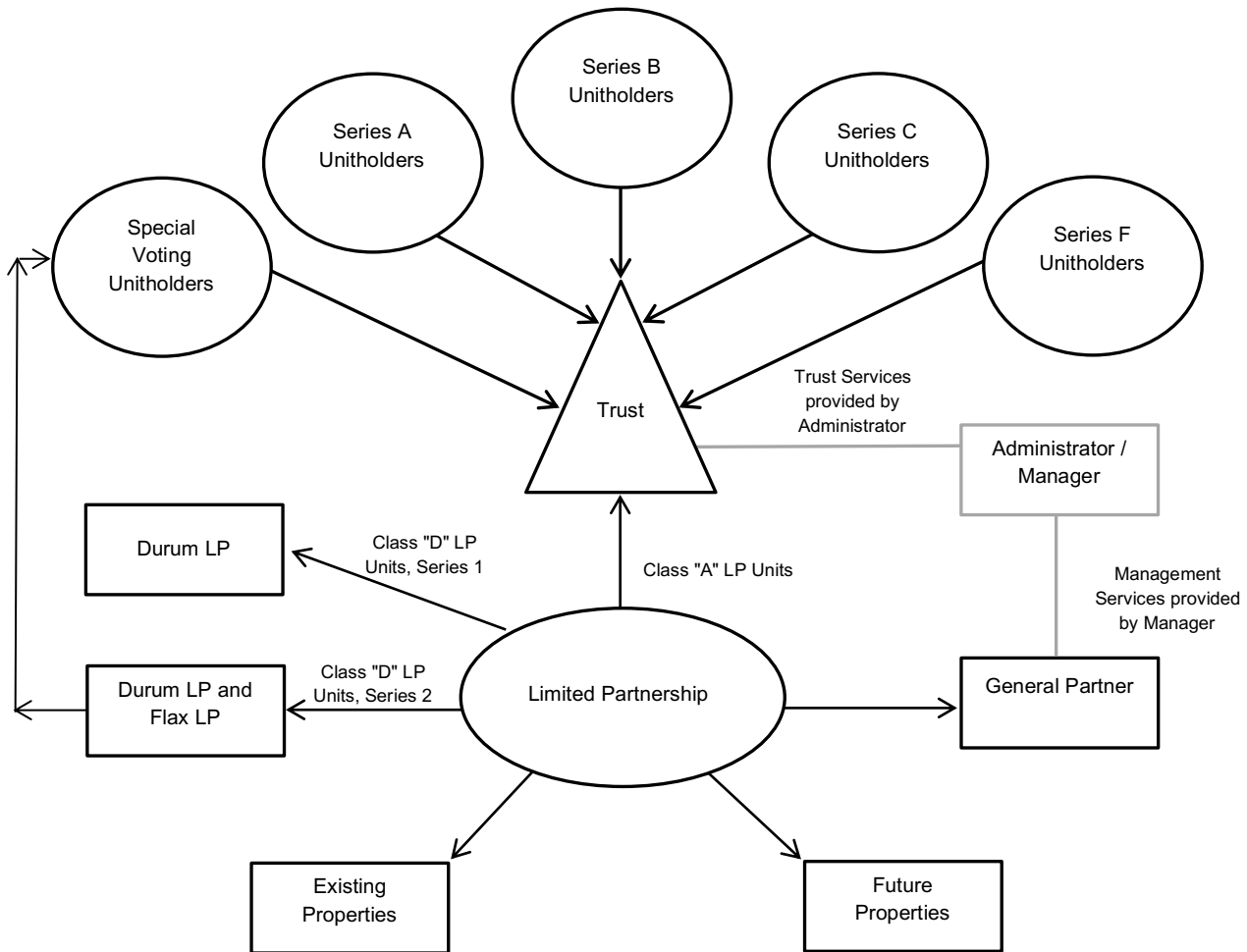
The Investor Units and Special Voting Units have *inter alia* the rights and privileges described in **Item 5 – Securities Offered.**

The Limited Partnership

As of the date of this Offering Memorandum, the Trust, Durum LP and Flax LP are the only limited partners of the Limited Partnership. The General Partner is the sole general partner of the Limited Partnership. A copy of the Limited Partnership Agreement, a review of which is recommended to Subscribers, is available for review at the offices of the Trust or by written email request to subscriptions@durum.ca.

Diagram of Organizational Structure

The following diagram illustrates the organizational structure of the Trust and the Limited Partnership:



2.1.2 The General Partner

The General Partner was incorporated under the ABCA on January 23, 2017 under the name "Durum Industrial Real Estate GP Inc." with a registered office at 500, 1414 8th Street SW, Calgary, Alberta, T2R 1J6. The General Partner was appointed as general partner of the Limited Partnership to manage the business and affairs of the Limited Partnership. Pursuant to the terms of the Limited Partnership Agreement, the General Partner will not engage in any business other than acting as General Partner of the Limited Partnership and will have the Limited Partnership's interest in the land underlying the Properties registered in its name, in accordance with the *Land Titles Act* (Alberta) (and other applicable land titles legislation), holding such interest on behalf of the Limited Partnership.

The General Partner will allocate fees, costs and expenses as between operational expenses of the business of the Limited Partnership, to be borne by the Limited Partnership, on the one hand ("**Operating Expenses**"), and management and administrative expenses, to be borne by the General Partner and Manager, on the other hand ("**Management Expenses**").

- Operating Expenses:** Operating Expenses will include, but shall not necessarily be limited to, the following: costs and expenses necessarily incurred in the operation of the business of the Limited Partnership and the General Partner, including all costs and expenses that are directly linked to the specific operation on the Limited Partnership and the General Partner (**see Item 2.4 – Short Term Objectives**), the general administrative costs directly associated with the business of the Limited Partnership and the General Partner and professional and consulting fees such as legal, accounting, audit, appraisal, property maintenance, property management, capital expenses required to maintain the Properties, land use and planning directly associated and necessarily incurred in the operations of the Limited Partnership and the General Partner, fees and insurance, as applicable for the directors

and officers of the General Partner (including the members of the Independent Review Committee) and applicable commissions, expenses and fees payable on any sale of the Properties. Operating expenses may also include: valuation expenses, reasonable travel expenses, expenses associated with financial statements, tax and reporting returns, taxes and other government charges levied against the Limited Partnership and the General Partner, insurance, and litigation (and damages) expenses, in all cases, directly related to and necessarily incurred in the operations of the Limited Partnership and the General Partner. No third party fees shall be charged to the Limited Partnership to the extent such fees relate to services required to be provided by the General Partner and Manager to the Limited Partnership.

- **Management Expenses:** Management Expenses will include, but shall not necessarily be limited to, the following: costs and expenses necessarily incurred by the Manager and which can be directly linked to management and administrative functions, salaries and compensation, rent (unless or until the Limited Partnership needs separate office space in which case this could partially become an Operating Expense), professional and consulting fees such as legal, audit and accounting specifically related to the activities of the Manager, a reasonable proportion of general administrative costs associated with the Manager, corporate overhead (**see Item 2.4 – Short Term Objectives**); reporting to Unitholders and meeting costs and investor communications. Management Expenses shall be paid out of the receipt of the management fee from the Limited Partnership (the “**Management Fee**”), which Management Fee shall be an annual fee equal to 2% of the total Capital Contributions and is payable monthly in arrears. For clarity, the Management Fee will be earned in connection with the issuance of all Trust Units and Class “D” LP Units. **See Item 2.6 – Material Agreements.**

If applicable, the Manager shall also be entitled to the Acquisition Fee, the Disposition Fee and the Guarantee Fee from the Limited Partnership. **See Item 2.6 – Material Agreements.** If applicable, the Manager may also be entitled to additional funds in connection with the distribution policy of the Limited Partnership and the Trust. **See Item 5.2 – Distribution Policy.**

The General Partner will oversee and administer the Limited Partnership's investment in any Properties and other assets acquired by the Limited Partnership as well as the development on any such lands; however, pursuant to the terms of the Limited 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 of authority in the Limited Partnership Agreement and pursuant to the Administration and Management Agreement, the General Partner has delegated its management of the Limited Partnership to the Manager.

2.1.3 The Manager

The Manager, Durum Capital Inc., has entered into the Administration and Management Agreement with the General Partner for the purpose of managing the business and affairs of the Limited Partnership for and on behalf of the General Partner. The delegation of the General Partner's duties pursuant to the Management Agreement will include, but not be limited to, overseeing and administering the Limited Partnership's investment in the Properties and any other lands and other assets acquired by the Limited Partnership and the development on any such lands and other assets. The Manager will be entitled to the Management Fee pursuant to the terms of the Management Agreement, payable by the General Partner upon receipt of the Management Fee from the Limited Partnership. The Manager is a wholly-owned subsidiary of Simmons Financial Holdings Corporation (“SFHC”). **See Item 2.6 – Material Agreements.**

Durum Capital Inc. is a subsidiary of SFHC and has been operating since 2014. The Manager is staffed with the same group of executives, Jay Simmons and Judy Rattanavong, who have jointly operated SFHC for over ten years. Accordingly, the Manager's history outlined in this section includes that of its parent, SFHC.

Past Experience of the Manager and SFHC

Much of the Manager's and SFHC's prior experience involves acquiring assets and/or companies undergoing some form of financial restructuring or insolvency process. By focusing on such distressed situations, the Manager believes that superior investment returns are possible because acquisition prices for distressed assets are often lower than they otherwise would be in traditional sales processes. A sample of previous transactions undertaken by the Manager and SFHC utilizing this approach is provided below.

(a) Durum LP

On May 18, 2012, Durum LP, a real estate limited partnership established to acquire real estate assets in the Province of Alberta, was created. Durum LP was created by SFHC in partnership with two large family offices in Calgary. In establishing Durum LP, Jay Simmons and Judy Rattanavong were appointed as Chairman & CEO and Vice President, respectively. All of Durum LP's assets were acquired through a form of forced liquidation process, providing for attractive acquisition costs, and as a result, significant value creation.

On October 26, 2012, Durum LP acquired an industrial real estate portfolio comprised of six properties, previously owned by an insolvent company, for \$12.73 million in equity and the remainder in debt assumption. The properties' mortgages were in default and foreclosures

were imminent. The vendor of this portfolio was unable to raise capital due to loss of management and lack of auditable financial statements. Durum LP successfully acquired the assets and assumed the mortgages. After refinancing the mortgages and decreasing the cost of capital, Durum LP worked to increase tenant quality, stabilize rents and generally attend to many years of deferred maintenance. Overall, the approach has proven successful, increasing the portfolio's cash flow through higher rents, lower vacancies and lower interest costs. Durum LP's original equity invested grew from \$12,733,581 in 2012 to \$33,550,141 by December 31, 2016, based on audited financial statements and independent appraisals. The equity growth represents a total return on invested capital of 163% or an annualized return of 30% per year. However, as past performance is not necessarily indicative of future performance, such statements cannot guarantee similar performance or returns with respect to the proposed business of the Trust and the Limited Partnership.

(b) Bow Water & Land Trust

On September 28, 2015, the Manager signed an offering memorandum to raise \$30,000,000 for the Bow Water & Land "land development project". The project consists of two assets, 298.5 acres of land located approximately 6.4 kilometers west of the City of Calgary along 1.6 kilometers of the TransCanada Highway, as well as a water purchase agreement which provides, subject to receipt of certain approvals, a right of up to 1,200 acre-feet of water per year. Both assets were obtained at attractive prices and at a discount to the fair market value of the assets. The Manager intends to prepare these lands for development and future construction but does not intend to undertake lot servicing or construction. Once the lands are prepared for construction, with an appropriate servicing plan and access and zoning in place, the project is considered "shovel ready" and will be sold to one or more companies focused on construction. As of the date of this Offering Memorandum, Bow Water & Land Trust has raised \$11,710,891 through its offering memorandum.

(c) Symons Valley Ranch

On May 25, 2012, Durum LP acquired the historic site known as Symons Valley Ranch in Calgary, Alberta. The property was progressing through a court foreclosure as a result of defaults on the first mortgage by the previous owner. Outside of the court process, Durum LP enhanced its bidding position to purchase Symons Valley Ranch by acquiring the second mortgage at a deep discount to par. Durum LP was able to bid and close on the full face value of the first and second mortgages at a significant discount to the highest bid. Symons Valley Ranch is believed to have exceptional development potential being part of the Glacier Ridge Area Structure Plan. On March 27, 2015, an independent appraisal valued the property at \$13,060,000. In the first quarter of 2017, Symons Valley Ranch was sold to a related party for a resulting gain on sale of \$5.04 million.

(d) Spruce Ridge Capital Inc.

On June 27, 2013, the Manager signed a letter of intent to recapitalize and assume management of Spruce Ridge Capital Inc. ("**Spruce Ridge**"), enabling the company to emerge from an insolvent position in which the company was part of a portfolio of assets that were in a **CCAA** (Companies Creditors Arrangement Act) process. This transaction closed on December 23, 2013 and the Manager entered into a management agreement effective January 16, 2014. Spruce Ridge owns 927-acres of developable land just outside the southwest edge of the City of Calgary. Spruce Ridge has an abundance of wildlife corridors and borders the 4,600-acre Cross Conservation lands. As part of the restructuring, the Manager took two seats on the Board of Directors and appointed Jay Simmons and Robert Brawn as directors. The Manager's executives, Jay Simmons and Judy Rattanavong, were appointed as Chairman & CEO and Vice President, respectively. Given the proximity to the Cross Conservation area and wildlife corridors, the Manager revised the original owner's high-density plan to pursue an ultra low-density exclusive ecological community or "reserve", leaving the vast majority of the lands to conservation and preserving the wildlife corridors. The Manager has engaged a planner, and commenced a spectrum of studies to enable development of this property. The Manager has initiated community engagement and held their first open house in December of 2016. In addition, a restructuring process was completed to convert the outstanding bonds to equity, ultimately simplifying the capital structure and reducing overall costs.

(e) Foundation Place Capital Inc.

Arising from its success in bringing Spruce Ridge out of the CCAA insolvency process, the Manager was also approached to recapitalize Foundation Place Capital Inc. ("**Foundation**"), which was another asset that was associated with the same CCAA insolvency process as Spruce Ridge. On September 4, 2014 the Manager invested \$120,000 based on a valuation at that time of \$1.8 million. Foundation held a 10,500 square foot development parcel on 17th Avenue SW and MacLeod Trail South in Calgary Alberta. A plan of arrangement was circulated to the Foundation stakeholders, which contemplated that the Manager and a nominee recapitalize the business. The plan of arrangement was approved on April 14, 2014 and implemented on September 23, 2014. Simmons and Rattanavong were appointed to the Board of Directors and to serve as CEO and Vice President respectively. Since closing, the Manager has been successful in collecting a \$750,000 demand note previously written off by the court-appointed monitor. In addition, incomplete accounting records and tax filings have been brought up to professionally accepted standards and an audit has been conducted. On November 15, 2016 the sole land asset of Foundation was sold and the Manager's initial investment resulted in a total return on invested capital of 116% or an average annual return of 39% per year.

(f) Palko Environmental Ltd.

In 2008, the Manager was active in the recapitalization and ultimate sale of Palko Environmental Ltd. ("**Palko**"), a TSE- listed company that managed wastewater generated in the oil and gas industry. Simmons served as Chairman & CEO and Rattavong as Corporate Secretary. Palko was recapitalized at \$0.75 per share and sold two years later to Gibson Energy Inc. for cash of \$3.05 per share, resulting in a total return on invested capital of 307% or an average annual return of 153% per year.

(g) Simple Power LLC

The Manager was also active in the initial funding and eventual sale of Simple Power LLC, a retail power company based in Austin, Texas. The Manager made an initial investment of \$2 million and ultimately sold the assets four years later for \$4.95 million, resulting in a total return on invested capital of 148% or an average annual return of 37% per year.

THE ABOVE EXPERIENCE AND PERFORMANCE OF THE MANAGER AND ITS EXECUTIVE ARE EXAMPLES ONLY OF PAST TRANSACTIONS UNDERTAKEN. THEY DO NOT AND CANNOT GUARANTEE SIMILAR PERFORMANCE OR RETURNS WITH RESPECT TO THE PROPOSED BUSINESS OF THE TRUST AND THE LIMITED PARTNERSHIP.

2.2 Our Business and Development of the Business

2.2.1 Business of the Trust

The business purpose of the Trust, through its acquisition of Class "A" LP Units of the Limited Partnership, is to facilitate the maintenance and operation of the Existing Properties, as well as acquire Future Properties from time to time. The Trust intends to invest the net proceeds from the Offering, after retaining amounts for expenses associated with the Offering, (**see Item 1.3 – Use of Total Available Trust Funds**) in the Limited Partnership to provide sufficient working capital to acquire, maintain and operate the Properties.

In addition to the maintenance and operation of the Properties through the investment in the Limited Partnership, the Trustees' intention is to continuously monitor the Trust's portfolio of businesses and assets, and to undertake future acquisitions and divestitures, through the Limited Partnership or otherwise, if such acquisitions and divestitures are deemed beneficial or accretive to Unitholders and as permitted under the Trust Indenture. The Trustees will reallocate funds only for sound business reasons and, in such instance, only with the approval of the Independent Review Committee and, in certain circumstances, with the approval of the holders of Investor Units. **See Item 3.3 – Conflicts of Interest and Independent Review Committee.**

2.2.2 Business of the Limited Partnership and the General Partner

The business purpose of the Limited Partnership is to utilize the available funds (**see Item 1.4 – Use of Available Funds by the Limited Partnership**) received from the Trust to assist with the acquisition, maintenance and operation of the Properties. The General Partner is charged with the responsibility for overseeing the day-to-day operation of the Limited Partnership.

The General Partner has been incorporated for the purpose of managing the business and affairs of the Limited Partnership and does not have a record of achievement to be relied upon. The General Partner has entered into the Administration and Management Agreement with the Manager to oversee the day-to-day operations of the Limited Partnership. **The past performance of other real estate investments, other private equity investments, and other executive roles held by members of the General Partner and its affiliates, and the Manager and its affiliates, may not be indicative of the performance that the Limited Partnership will achieve. See Item 2.1.3 - The Manager and Item 8 – Risk Factors.**

2.2.3 Property Acquisition Strategy

The business of the Limited Partnership is to maximize the value of the Limited Partnership through the acquisition of a diverse portfolio of industrial properties in both Canada and, possibly, the United States that are, over time, geographically diverse. **The Offering is a "blind pool offering".** Other than as set out in this **Item 2.2 – Our Business and Development of the Business**, the specific Future Properties in which the Limited Partnership will acquire have not been identified as of the date of this Offering Memorandum. **See Item 8 – Risk Factors.**

The overall investment strategy of the Limited Partnership is described in further detail below.

Investment Strategy

The Manager has experience in aspects of the industrial real estate business, including acquisitions and dispositions, property management, construction and leasehold improvements, marketing and sales, and finance and administration. Of these skills, the most

noteworthy skillset of the Manager is its experience in acquiring attractive assets and rehabilitating various properties to generate stable cash flows which translate into capital appreciation of such properties (*see Item 2.1.3 – The Manager*). The Manager's focus and expertise in finding such attractive assets will allow the Limited Partnership to capitalize on opportunities that may not be available to other real estate investors. The Manager expects more of these opportunities to arise, as it regularly monitors the status of assets throughout Canada and the United States, from time to time.

The Trust, through its ownership of the Limited Partnership, owns and manages multiple industrial facilities creating a diversified portfolio. The Manager is responsible for finding various high quality tenants to lease these properties with staggered lease terms. The objective of the Manager is to obtain long-term lease agreements as well as long-term mortgages on these Properties, and provide investors with regular income streams and long-term capital appreciation. Through the Trust's ownership of LP Units, investors can own a portion of the income produced through real estate investments held by the Limited Partnership without buying or financing the property themselves.

The investment strategy of the Trust, through the Limited Partnership, will be as follows:

1. **Strategic Acquisition of Attractive Industrial Properties:** The focus will be on locating and acquiring Future Properties that are desirable additions to the portfolio of the Limited Partnership and that are able to generate potential returns through stable cash flow and/or long-term capital appreciation. Please refer to *Item 2.1.3 – The Manager* for a summary of the Manager's prior property acquisition experience.
2. **Financial Restructuring:** To the extent necessary, the financial arrangements of such Future Properties will be restructured using conservative debt solutions that will enable capital appreciation.
3. **Locate Quality Tenants with Staggered Lease Terminations:** As Future Properties are acquired, the intent will be to improve tenant quality and stabilize the rent payable by such tenants. To the extent possible, the lease arrangements across the entire portfolio of Properties of the Limited Partnership will have staggered lease terminations.

Management believes that by acquiring attractive assets and rehabilitating the properties to generate stable cash flows, this will translate into capital appreciation for investors.

Debt Financing

The Limited Partnership financed a portion of the acquisition of each of the Initial Properties by way of assuming existing mortgage loans on the Initial Properties from conventional lending institutions.

The Limited Partnership primarily used twenty (20) and twenty-five (25) year fixed or variable rate amortized debt for each of the Existing Properties, excluding the Initial Properties. The Limited Partnership intends to use the current favourable debt and interest rates to manage its overall financial leverage in order to maximize its return on equity by reducing the business' weighted average cost of capital.

With respect to Future Properties, if and when any Future Properties are acquired, the Limited Partnership intends to finance the acquisition of such properties in part through the use of debt financing in accordance with the terms of the Limited Partnership Agreement. Interest-only debt and short-term floating rate loans will be used under appropriate circumstances and a maximum loan-to-value ratio of 75% will be adhered to. The specific Future Properties to be acquired, and the terms of any acquisition by the Limited Partnership of such Future Properties, will be determined by the General Partner and approved by the Independent Review Committee.

Sale of Properties

While the intention of the General Partner is to continue to maintain and operate the Properties as described in this Offering Memorandum, the General Partner reserves the right to: (a) develop the Properties as it sees fit given the market environment at the time; and (b) sell the Properties at any time if it deems that doing so is in the best interest of the Limited Partnership and the Trust. Additionally, the General Partner may, at its discretion and without notice to the Limited Partners, reallocate cash flows from the Limited Partnership's assets to alternative near-cash short-term investment vehicles. *See Item 2.3 – Long Term Objectives and Item 8 – Risk Factors.*

2.2.4 Description of the Existing Properties

The portfolio of Existing Properties is comprised of seven industrial properties located in Alberta and Saskatchewan, with an aggregate of 173,638 square feet of rentable space on 82.04 acres of land. In the aggregate, and as at the date of this Offering Memorandum, the rentable square footage of the Existing Properties is 100% leased (*see Item 0 – Long Term Objectives and Item 2.4 – Short Term Objectives*). These Existing Properties represent cash flows to the Limited Partnership and provide opportunities for capital appreciation through increased net rental income, capital improvements, and active management.

The Existing Properties are all located in Alberta and Saskatchewan and are comprised of the following:

Specific Description of the Existing Properties

Properties	Land (Acres)	Building (Square Feet)	Annual Rental Income ⁽¹⁾	Capitalization Rate ⁽²⁾⁽³⁾	Appraised Value (2018)
1212 - 34 th Avenue SE, Calgary, AB (the "34 th Avenue Calgary Property")	8.09	59,303	\$768,000	6.85%	\$11,200,000
Hwy 2A & Hwy 597, Blackfalds, AB (the "Blackfalds Property")	37.73	N/A	\$907,000 ⁽⁶⁾	9.64%	\$9,400,000
8901 - 102 nd Street, Clairmont, AB (the "Clairmont Property(1)")	5.14	17,590	\$211,000	7.35%	\$2,870,000
8801 - 102 nd Street, Clairmont, AB (the "Clairmont Property(2)")	9.74	37,800	\$453,000	7.07%	\$6,400,000
21410 113 Ave, Edmonton, Alberta (the "Edmonton Property")	8.23	16,997	\$524,000	6.98%	\$7,500,000
240115 Frontier Crescent, Rockyview County (the "Rockyview Property")	6.22	N/A	\$285,000	6.95%	\$4,100,000
12 Capital Circle Drive (the "Saskatchewan Property") ⁽⁴⁾	6.89	41,948	\$536,000	7.12% ⁽⁵⁾	\$8,000,000
Total Portfolio Today:	82.04	173,638	\$3,684,000	7.44%	\$49,470,000

Notes:

- (1) As of the date of this Offering Memorandum
- (2) With the exception of the 34th Avenue Calgary Property, capitalization rates are calculated under the assumption that annual rental income approximates annual net operating income. As majority of the leases are triple net leases, the tenants pay all real estate taxes, building insurance, and maintenance. As such, for the majority of the Properties, the net operating income should be equal to the annual rental income at full occupancy.
- (3) Capitalization rates are calculated as of the date of this Offering Memorandum using appraised values and are not necessarily representative of the capitalization rate at the time of purchase or over the life of the existing leases.
- (4) There is an additional 2.44 acres of developable land that is currently vacant and could generate additional rental income in the future.
- (5) Annual rental income for the Saskatchewan Property increases to \$577,000 in October 2018. The capitalization rate is based on an average annual rental income of the term of the lease of \$570,000.
- (6) This amount will be reduced to \$697,000 effective September 1, 2018 pursuant to the formalized terms of lease renewal for the Blackfalds Property.

The 34th Avenue Calgary Property - 1212- 34th Ave SE, Calgary, Alberta

Location	Property (Acres)	Building (Square Feet)	Annual Rental Income	Appraised Value (2018)
Calgary	8.09	59,303	\$768,000	\$11,200,000

1212 - 34th Ave SE is a multi-tenant industrial property comprised of 8.09 acres of land and a 59,303 square foot building. A majority of this building exists as warehouse space, with 10,038 square feet designated as office space.

The property is located in the Highfield Industrial District within the southeast quadrant of Calgary, AB. Highfield Industrial District is highly sought after by many tenants as it is approximately 5 kilometres southeast of Calgary's central business district with close proximity to the downtown core. The land use designation within the area is primarily Industrial General (I-G) with some industrial commercial uses.

Ten tenants are currently under lease on the property, generating \$768,000 in annual rents. Of these tenants:

- 2 tenants have leases expiring in 2018;
- 2 tenants have leases expiring in 2019;
- 4 tenants have leases expiring in 2020;
- 1 tenant has a lease expiring in 2022; and
- 1 tenant has a lease expiring in 2023.

In December 2016, the 34th Avenue Calgary Property was appraised at \$11,800,000 by Altus Group Limited and \$12,200,000 by Colliers International Realty Advisors Inc. Both Altus and Colliers noted that the property was in overall good condition with no visible deferred maintenance that would significantly impact the property's market value or marketability. Based on these appraisals, the Independent Review Committee approved the fair value of the 34th Avenue Calgary Property at \$12,000,000, being the simple average of the two appraisals. The property was acquired at its appraised value of \$12,000,000 in May of 2017.

A new appraisal from Colliers International Realty Advisors Inc. was obtained in March of 2018. The updated valuation on the property represented a 7% decrease with a revised fair value of \$11,200,000.

The Blackfalds Property - Highway 2A & Highway 597, Blackfalds, Alberta

Location	Property (Acres)	Building (Square Feet)	Annual Rental Income	Appraised Value (2018)
Blackfalds	37.73	N/A	\$907,000	\$9,400,000

Located immediately south of the Town of Blackfalds, Alberta, this property totals 37.73 acres covering the northeast corner of Highway 2A and Highway 597. This property is currently occupied by a single tenant. While no development currently exists on the land, it is zoned for heavy industrial use and future development opportunities could arise. The lots are all fenced, graded and fully serviced.

The property is within the Blackfalds Industrial Park/Industry District which is approximately 1 kilometre southeast of the central business district in Blackfalds. The proximity of the area to the downtown commercial core as well as the surrounding communities of Red Deer and Lacombe make the property desirable from an accessibility perspective.

In December 2016, the Blackfalds Property was appraised at \$9,432,500 by Altus Group Limited and \$9,420,000 by Colliers International Realty Advisors Inc. Based on these appraisals, the Independent Review Committee approved the fair value of the Blackfalds Property at \$9,426,250 being the simple average of the two appraisals. The property was acquired at its appraised value of \$9,426,250 in May of 2017. The current lease on the property expires August 31, 2018. An extension of the lease has been formalized and the tenant's annual rental payments will be reduced to \$697,000 pursuant to the new lease terms. The tenant will remain on the property until September 2023. As part of the extension negotiation, one lot (2.19 acres) will be vacated by the tenant and become available for lease.

A new appraisal from Colliers International Realty Advisors Inc. was obtained in March of 2018. The updated valuation on the property represented a slight decrease with a revised fair value of \$9,400,000.

The Clairmont Property(1) - 8901—102nd Street, Clairmont, Alberta^{5,6}

Location	Property (Acres)	Building (Square Feet)	Annual Rental Income	Appraised Value (2018)
Clairmont	5.14	17,590	\$211,000	\$2,870,000

8901- 102nd Street is located in Clairmont, Alberta and is a single tenanted property comprised of 5.14 acres of land and a 17,590 square foot building that includes a majority of warehouse space with a small portion allocated to office space. The site is considered to have a below average site coverage ratio at 7.86%.

The property is located within the Westmount North Industrial Park in the community of Clairmont, Alberta. Westmount Industrial Park is approximately 5 kilometres north of Grand Prairie. Demand for industrial accommodation remains high in the area with many local and national industrial/commercial companies situating themselves within the community. Demand exists in the area for single tenant developments with low site coverage.

Altus Group Limited and Colliers International Realty Advisors Inc., the appraisers for the property, consider it to be in good overall condition with above-average amenities. The building was built in 2007 and has a remaining economic life of 35 years. In December 2016, the Clairmont Property was appraised at \$3,000,000 by Altus Group Limited and \$2,830,000 by Colliers International Realty Advisors Inc. Based on these appraisals, the Independent Review Committee approved the fair value of the Clairmont Property at \$2,915,000, being the simple average of the two appraisals. The property was acquired in May 2017 at its appraised value of \$2,915,000, and the current lease on the property expires December 31, 2019.

A new appraisal from Colliers International Realty Advisors Inc. was obtained in March of 2018. The revised valuation on the property represented a 1.5% decrease with a revised fair value of \$2,870,000.

The Clairmont Property(2) – 8801—102nd Street, Clairmont, Alberta

Location	Property (Acres)	Building (Square Feet)	Annual Rental Income	Appraised Value (2018)
Clairmont	9.74	37,800	\$453,000	\$6,400,000

8801 – 102nd Street is located in Clairmont Alberta and is a single tenanted property comprised of 9.74 acres of land. The 37,800 square foot building is comprised of both warehouse and office space. The current lease on the property expires June 30, 2022.

The property is located within the Westmount North Industrial Park in the community of Clairmont, Alberta. Westmount Industrial Park is approximately 5 kilometres north of Grand Prairie. Demand for industrial accommodation remains high in the area with many local and national industrial/commercial companies situating themselves within the community. Demand exists in the area for single tenant developments with low site coverage.

In December 2016, the Clairmont Property (2) was appraised at \$5,900,000 by Altus Group Limited and \$5,770,000 by Colliers International Realty Advisors Inc. Based on these appraisals, the Independent Review Committee approved the fair value of the Clairmont Property (2) at \$5,835,000, being the simple average of the two appraisals. The property was acquired in May 2017 at its appraised value of \$5,835,000, and the current lease on the property expires June 30, 2022.

A new appraisal from Colliers International Realty Advisors Inc. was obtained in March of 2018. The updated valuation on the property represented a 9.7% increase with a revised fair value of \$6,400,000. The increase is primarily a result of rent step ups in the re-negotiated lease.

21410 113 Ave, Edmonton, Alberta

Location	Property (Acres)	Building (Square Feet)	Annual Rental Income	Appraised Value (2018)
Edmonton	8.23	16,997	\$524,000	\$7,500,000

21410 113 Ave is located in the north west annexed sector of Edmonton, Alberta, within the Winterburn Industrial Area East. The 8.23 acre property and 16,997 square foot building is fully leased.

Properties within the Winterburn Industrial area are mainly large, owner-occupied facilities catering to light manufacturing, construction, transportation, building and retail/wholesale trade industries. The immediate area is experiencing new development initiatives, particularly with respect to serviced industrial parks.

In February 2017, the Edmonton, Alberta property was appraised at \$7,400,000 by Altus Group. Based on this appraisal, the property was acquired in March of 2017 through a sale lease back for a total purchase price of \$7,350,000, a 1% discount to the appraised value. The current lease on the property expires on March 31, 2026.

A new appraisal from Altus Group was obtained in March of 2018. The updated valuation on the property represented a 2% increase from the purchase price with a revised fair value of \$7,500,000.

240115 Frontier Crescent, Rocky View County, Alberta

Location	Property (Acres)	Building (Square Feet)	Annual Rental Income	Appraised Value (2018)
Rocky View	6.22	N/A	\$285,000	\$4,100,000

240115 Frontier Crescent is located in Rocky View, Alberta within the Frontier Industrial Park to the east of the Calgary city limits. The 6.22 acre property is used as a secure industrial yard. A modular office pod and quonset have been added to the site by the tenant.

Several industrial parks exist along the same Stoney Trail corridor east of the city. The proximity of the subject property to two major roads, Stoney Trail and the Peigan Trail extension, increases the desirability of the land for industrial use.

In February 2017, the Frontier Crescent property was appraised at \$4,100,000 by Altus Group. Based on this appraisal, the property was acquired in March of 2017 through a sale lease back for a total purchase price of \$4,000,000, a 2.5% discount to the appraised value. The current lease on the property expires March 31, 2028.

12 Capital Circle Drive, Saskatoon, Saskatchewan (the "Saskatchewan Property")

Location	Property (Acres)	Building (Square Feet)	Annual Rental Income	Appraised Value
Saskatoon	6.89	41,948	\$536,000*	\$8,000,000

12 Capital Circle Drive, Saskatoon is a multi-tenant industrial property comprised of 6.89 acres of land and a 41,948 square foot building; it is located within the Bizhub Industrial Park just outside of the City of Saskatoon. The current rental income on the property is \$536,058. However, a rent step-up exists in the current leases, increasing the annual basic rent to \$577,000 in December of 2018 (*for an average of \$570,176 in annual basic rent for the remainder of the six-year lease term).

Bizhub Industrial Park is nestled between the Airport management area and the Agriplace neighbourhoods. The activity in the park is a mix of heavy and light industrial with a mix of standalone buildings featuring office and warehouse space. This area has good access to Highway 16.

In December 2017, the Saskatchewan Property was appraised at \$8,000,000 by Suncorp Valuations and acquired by the Limited Partnership at the appraised value. The acquisition closed in January 2018. The current leases on the property expire on November 30, 2023.

The appraisal values set out above were based on then current market conditions and information available to the Trust and their appraisers, as of the dates stated above. These values are subject to known and unknown risks and uncertainties which may cause the value of the Existing Properties in future periods to differ materially from those set out. Important factors that could cause significant changes in the value of the assets include, among other things, lease renewals, general economic and market factors, fluctuating interest rates, business competition, and changes in government regulations or in tax laws, in addition to those factors discussed or referenced in Item 8 – *Risk Factors*.

Investors are cautioned that historic rates of return are in no way a guarantee or prediction of future investment returns.

The Trust and the Limited Partnership continue to monitor the financial performance of the Properties owned by the Limited Partnership in order to optimize the financial returns made on such investments. The Trust may, from time to time, cause the Limited Partnership to refinance or sell certain Properties, where the proceeds of such refinancing or sale can be used to acquire Future Properties.

The below table summarizes the current return on investment per property as of March 31, 2018. Please refer to **Item 4.2 – Long Term Debt**, for more information on the debt service coverage and mortgages outstanding.

RETURN ON INVESTMENT BY PROPERTY

	34 Ave	Blackfalds	Clairmont (1)	Clairmont (2)	Edmonton	Rockyview	Capital Circle	Total
Adjusted Cost Base ¹	\$12,333,088.00	\$9,436,513.00	\$2,918,200.00	\$5,841,356.00	\$7,460,494.00	\$4,056,831.00	\$8,128,710.00	\$50,175,192.00
Investment ²	\$3,309,870.00	\$2,563,328.00	\$792,490.00	\$1,586,562.00	\$2,590,308.37	\$1,409,691.63	\$2,000,000.00	\$14,252,250.00
NOI ^{3,4}	\$681,500.00	\$697,110.00	\$211,000.00	\$453,000.00	\$524,000.00	\$285,000.00	\$536,000.00	\$3,387,610.00
Less: Cost of Debt ⁵	\$(421,168.40)	\$(297,351.47)	\$(91,873.85)	\$(184,223.58)	\$(191,689.23)	\$(96,835.77)	\$(226,642.00)	\$(1,509,784.30)
Net Income ⁶	<u>\$260,331.60</u>	<u>\$399,758.53</u>	<u>\$119,126.15</u>	<u>\$268,776.42</u>	<u>\$332,310.77</u>	<u>\$188,164.23</u>	<u>\$309,358.00</u>	<u>\$1,877,825.70</u>

Return on Investment⁷	8%	16%	15%	17%	13%	13%	15%	13%
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Notes:

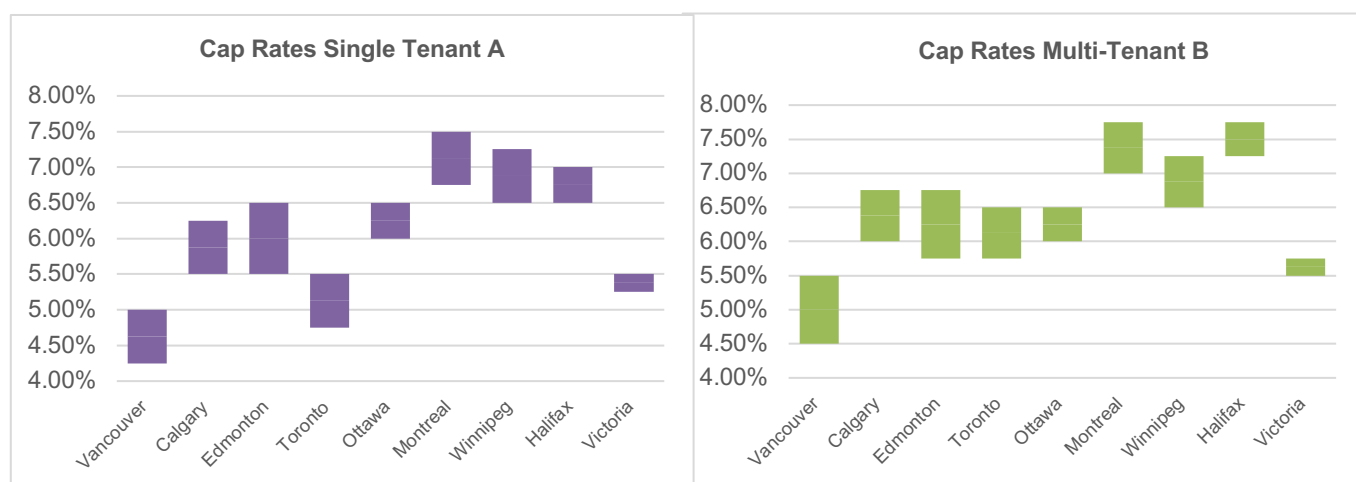
1. Adjusted cost base, being purchase price plus additional capitalized expenses as of March 31, 2018
2. Investment being equity utilized for purchase of property
3. NOI, being total revenues earned on property less non recoverable operating expenses generated as of March 31, 2018 with the exception of Blackfalds which shows a market adjusted NOI based on expected lease renewal in September 2018.
4. NOI on 34th Avenue has been prepared based on historic operating costs.
5. Cost of debt is inclusive of interest paid on mortgages, convertible notes as well as loan guarantee fees.
6. Net Income being NOI generated less cost of debt on property
7. Return on investment equals Net Income/Investment
8. All items listed have been sourced from the internal operating financials as of March 31, 2018.

2.2.5 Market Assessment

The materials included in this Section 2.2.5 are intended to provide investors with a general overview of the industrial real estate market in Canada and in various jurisdictions as at the date of this Offering Memorandum. **The Trust cannot guarantee that the Existing Properties, any Future Properties, or the results of the Trust will match, or be reflective of, the information included in this Section 2.2.5 and the Trust does not undertake, except as required by applicable laws, any obligation to update or to revise any statements (including any forward-looking statements) in this Section 2.2.5, whether as a result of new information, future events or otherwise.**

According to the Canada Cap Rate Survey published by CBRE, the industrial asset class is one of the most desired property types across Canada as a result of decreased availability rates, strong tenant demand and absorption rates remaining consistently high.¹ The national average capitalization rate for single tenant industrial properties ended 2017 at 5.34%.¹ The average cap rate for multi-tenant properties is higher at 6.34%.¹ The below summary of industrial capitalization rates by city suggests that major metropolitan areas such as Vancouver and Toronto are experiencing lower than average cap rates, particularly for single tenant properties, while markets such as Montreal, Winnipeg, and Halifax are experiencing higher than average cap rates.²

Q3 2017 Industrial Capitalization Rates²



The overall vacancy rate in Canada rounded out 2017 at 3.9% and is expected to remain below 4% throughout 2018.³ In the 2018 Emerging Trends report published by PwC⁴, the industrial property sector has been the top ranked property class for the past four years. Key drivers of the desirability of this asset class are as follows:

- 1) The rapid growth within the logistics and distribution sector throughout Canada has generated unprecedented demand for industrial and warehouse space
- 2) The trend to E-Commerce has further fueled the expansion of logistics and distribution requirements, ultimately driving demand for industrial space
- 3) Rent growth has continued as the users of industrial space are concerned primarily with paying for space that meets their supply chain needs
- 4) Supply and availability of new industrial space has been slower than anticipated

In evaluating markets within Canada, the following economic indicators are considered along with items such as capitalization rates, vacancy, net rent and industrial employment growth (shown in the Industrial Market Indicators table below).

2018 Forecast Economic Indicators by City⁴

	Real GDP Growth	Total Employment Growth	Unemployment Rate	Personal Income Per Capita Growth	Population Growth	Total Housing Starts	Retail Sales Growth
Vancouver	2.5%	1.7%	5.2%	3.2%	1.3%	22,477	2.5%
Calgary	2.2%	1.2%	8.0%	1.9%	1.9%	10,108	1.6%
Edmonton	2.2%	1.1%	7.7%	2.0%	1.8%	10,723	1.6%
Toronto	2.5%	2.3%	6.5%	3.2%	1.4%	39,270	2.6%
Ottawa	1.9%	1.2%	6.0%	2.3%	1.2%	7,350	2.0%
Montreal	1.9%	0.7%	7.1%	2.7%	0.9%	17,438	2.0%

Winnipeg	2.3%	1.5%	6.2%	2.4%	1.7%	4,050	2.2%
Halifax	1.9%	1.1%	5.9%	2.5%	1.4%	2,365	2.2%
Saskatoon	2.3%	1.1%	6.7%	2.0%	1.9%	1,762	2.2%
Quebec City	1.9%	0.8%	4.4%	2.3%	0.8%	4,153	2.0%

Industrial Market Indicators by City^{5,6}

Market		Vacancy	Net Rent	Industrial Employment Growth '17	Industrial GDP Growth '17	Real GDP Growth '17
Vancouver	Q3'16	1.7%	\$9.21			
	Q3'17	1.8%	\$9.83	-0.4%	2.2%	2.4%
Calgary	Q3'16	7.4%	N/A*			
	Q3'17	6.3%	\$8.52	0.1%	3.5%	2.3%
Edmonton	Q3'16	6.2%	\$9.97			
	Q3'17	6.9%	\$11.47	0.1%	4.2%	2.4%
Toronto	Q3'16	1.3%	\$5.60			
	Q3'17	0.9%	\$6.23	0.6%	2.3%	2.7%
Ottawa	Q3'16	4.9%	\$9.97			
	Q3'17	3.9%	\$10.21	4.7%	1.9%	2.3%
Montreal	Q3'16	4.0%	\$5.47			
	Q3'17	4.0%	\$5.46	1.4%	1.8%	1.9%
Winnipeg	Q3'16	4.1%	\$6.65			
	Q3'17	3.8%	\$6.84	0.1%	2.2%	2.4%
Halifax	Q3'16	15.9%	\$6.70			
	Q3'17	14.3%	\$7.19	0.9%	0.5%	1.8%
Victoria	Q3'16	4.9%	\$12.00			
	Q3'17	2.4%	\$12.50	3.4%	1.9%	2.1%
Saskatoon	Q3'16	8.7%	\$10.00	2.7%	2.4%	1.6%

	Q3'17	7.2%	\$9.00			
	Q3'16	2.8%	\$11.72			
Regina				2.6%	1.1%	1.5%
	Q3'17	3.4%	\$11.02			

*Net rental rate not tracked at that time

According to Colliers^{5,6}, a number of conclusions or trends can be drawn from the industrial market indicators listed. Employment growth in the industrial sector appears negligible with the exception of Ottawa. Seven of the eleven markets listed experienced increased net rents year over year, while in seven of the markets vacancy decreased. Colliers noted that Amazon's announcement in the fall of 2017 to build a new 600,000 square foot distribution centre further highlights the continued growth and opportunity within the Calgary market.

Conclusions on key markets of interest:

Calgary⁵

- Minimal new supply over the past year coupled with positive absorption over the same time frame has led to increased construction on new and next phase projects
- Downward trend in vacancy is expected to continue
- Warehouse and distribution requirements remain unfilled in the market

Edmonton⁵

- Strong manufacturing, storage and warehousing activities are having a positive impact on absorption
- Significant increase in asking rent

Saskatoon⁶

- Tenants are expanding their operations to take advantage of contracting rental rates
- Minimal speculative construction has allowed a balancing of supply and demand in the market
- Absorption has surpassed new supply for the first time in 4 years

Regina⁶

- Relatively stable rental rates
- Though vacancy rates have increased, they remain lower than many other markets
- Influx of newly developed speculative properties has created the rise in vacancy

Winnipeg⁶

- Large percentage of new development is occurring in the northwest region of the city
- Demand exists for investment grade institutional industrial product

Conclusions

Taken together, the sources outlined indicate continued potential in the industrial space as tenant demand and absorption continue to remain high.

Sources:

1. CBRE. (n.d.) Q4 2017 Canadian Cap Rates & Investment Insights (pp. 1-20). CBRE.
2. Canada Cap Rate Report Q3 2017. (n.d.). Retrieved February 21, 2018, from <http://www.collierscanada.com/en/commercial-propertyresearch/2017/canada-cap-rate-report-q3-2017#.Wo3kvxPwZUM>
3. Strong demand foreseen in Canada's industrial market. (2018, January 22). Retrieved February 21, 2018, from <https://www.reminetwork.com/articles/strong-demand-in-canadas-industrial-market/>
4. PwC and the Urban Land Institute: Emerging Trends in Real Estate 2018. Washington, DC. Retrieved February 21, 2018, from <https://www.pwc.com/ca/en/industries/real-estate/emerging-trends-in-real-estate-2018.html>

5. *National Industrial Dashboard Q3 2017. (n.d.). Retrieved February 21, 2018, from <https://www.collierscanada.com/en/commercial-property-research/2017/national-industrial-market-dashboard-q3-2017#.Wo3jqxPwZUM>*
6. *National Industrial Dashboard Population Under 1M Q3 2017. (n.d.). Retrieved February 21, 2018, from <https://www.collierscanada.com/en/commercial-property-research/2017/national-industrial-market-dashboard-under1m-q3-2017#.Wo3h0xPwZUM>*

2.3 Long-Term Objectives

The long-term objective of the Trust is to raise sufficient funds to acquire Class “A” LP Units which would allow the Limited Partnership to appropriately maintain and operate the Properties and to acquire Future Properties.

2.3.1 Property Strategy and Timeline

The long-term objective of the Trust is to raise sufficient funds to acquire Class “A” LP Units which would allow the Limited Partnership to appropriately maintain and operate the Existing Properties, as well as acquire Future Properties. In order for the Trust, through its Limited Partnership, to accomplish its long-term objectives, the following must occur:

- (a) The Limited Partnership must complete its short-term objectives as described in **Item 2.4 - Short Term Objectives** including raising the Maximum Offering in order to maintain and operate Existing Properties;
- (b) The Limited Partnership must raise sufficient capital in order to diversify its real estate portfolio by acquiring Future Properties; and
- (c) The Limited Partnership must effectively manage the day to day operations of the Properties on an ongoing basis.

By accomplishing the above, the Trust will seek to provide investors with regular cash distributions (**see Item 5.2 - Distribution Policy**) and long-term capital appreciation.

2.3.2 Forward-Looking Information

CERTAIN INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM REPRESENTS THE GENERAL PARTNER'S FORECAST FOR POSSIBLE OPERATING RESULTS FOR THE TRUST AND LIMITED PARTNERSHIP, BASED ON CERTAIN ASSUMPTIONS. THIS INFORMATION HAS NOT BEEN SUBJECTED TO ANY FORM OF INDEPENDENT REVIEW OR ASSESSMENT. IT IS A WIDE-RANGING COMPILATION OF SEVERAL SOURCES OF INFORMATION COLLECTED BY THE MANAGER AND, IN THE OPINION OF THE MANAGER, REPRESENTS A REASONABLE RANGE OF OUTCOMES FOR THE ECONOMICS OF THIS PROJECT. NO FINANCIAL OUTCOMES OR RESULTS CAN BE GUARANTEED AND ACTUAL RESULTS MAY DIFFER SIGNIFICANTLY FROM THE INFORMATION CONTAINED HEREIN. SEE FORWARD LOOKING STATEMENTS ON PAGE ii OF THIS OFFERING MEMORANDUM. SEE ITEM 8 - RISK FACTORS.

In addition, this Offering Memorandum may contain “forward-looking information” (“**FLI**”) as such term is defined under applicable Canadian securities laws. FLI is disclosure regarding possible events, conditions or results of operations that is based on assumptions about future economic conditions and courses of action.

Subscribers are advised that FLI is subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from expectations as expressed or implied within this Offering Memorandum. FLI reflects current expectations with respect to current events and is not a guarantee of future performance. See under the heading “Forward Looking Statements” on page ii of this Offering Memorandum for further guidance in this regard.

Any FLI that may be included within this Offering Memorandum is presented solely for the purpose of conveying the current anticipated expectations of the Trust and Limited Partnership and may not be appropriate for any other purposes. Subscribers are cautioned not to place undue reliance on any FLI that may be included or incorporated by reference within this Offering Memorandum and are advised that neither the Trust nor the Limited Partnership is obligated to provide recipients of this Offering Memorandum with information updating any such FLI during any period that the Trust or Limited Partnership is not a “reporting issuer” in any province or territory of Canada, other than as may be required under applicable securities laws and/or as otherwise described in this Offering Memorandum. The Trust anticipates that any material changes to the disclosure contained herein will be described in the reports provided to investors as more particularly described under **Item 9 - Reporting Obligations**.

Subscribers should refer to the sections entitled “Forward-Looking Statements” and “Risk Factors” contained within the Offering Memorandum for additional information pertaining to any FLI that may be included in this Offering Memorandum and should consult with their own legal, financial and tax advisers prior to investing in the Units.

The table below indicates specific instances of forward looking information that are used in this Offering Memorandum and the corresponding assumptions and risk factors associated therewith.

FORWARD-LOOKING INFORMATION TABLE		
FLI	Key assumptions	Most relevant risk factors
Distribution Payments	<ul style="list-style-type: none"> 1% of Maximum Offering raised from subscription of Series A Trust Units 46% of Maximum Offering raised from subscription of Series B Trust Units 53% of Maximum Offering raised from subscription of Series C Trust Units 0% of Maximum Offering raised from subscription of Series F Trust Units 75% of dealers elects to receive the Commission plus Trailer Fee in lieu of the One-time Commission Fee 25% of dealers elect to receive the One-time Commission Fee in lieu of the Commission plus Trailer Fee No Investor Unit is redeemed before the end of its respective Redemption Period (and 50% of Unitholders will choose to redeem at the end of their respective Redemption Period) The Convertible Notes are repaid in full and do not convert into Class "D" LP Units, Series 2 Durum LP and Flax LP do not acquire additional Class "D" LP Units, Series 2 Durum LP and Flax LP do not transfer to the Limited Partnership any Future Properties 	<p>See the following subheadings under Item 8 – Risk Factors:</p> <ul style="list-style-type: none"> "No Guaranteed Return" "Dilution" "Less than the Maximum Offering" "Ability to Pay Cash Distributions" "Achievement of Investment Objectives"
Analysis Based on Maximum Offering	<ul style="list-style-type: none"> Maximum Offering of \$20,000,000 is achieved 75% of dealers elects to receive the Commission plus Trailer Fee in lieu of the One-time Commission Fee 25% of dealers elect to receive the One-time Commission Fee in lieu of the Commission plus Trailer Fee Every dealer elects to receive the Commission plus Trailer Fee in lieu of the One-time Commission Fee. No Investor Unit is redeemed before the end of its respective Redemption Period (and 50% of Unitholders will choose to redeem at the end of their respective Redemption Period) Lease renewals and extensions are negotiated at projected fair market value rental rates, totalling \$5,109,714 in annual rental income for 2018 Future Properties are acquired within 2018 and Q1 2019 Future Properties are acquired with up to 75% leverage, financed over a 20 year amortization period 2% of Series A Trust Unitholders will participate in DRIP 42% of Series B Trust Unitholders will participate in DRIP 40% of Series C Trust Unitholders will participate in DRIP \$30 million in Future Properties are acquired within 2018, with up to 75% leverage, amortized over 20 years. This is inclusive of property acquisition fees of 1%. \$2,000,000 in Future Properties will be acquired in Q1 of 2019, with up to 75% leverage. This is inclusive of property acquisition fees of 1%. 	<p>See the following subheadings under Item 8 – Risk Factors:</p> <ul style="list-style-type: none"> "No Guaranteed Return" "Less than the Maximum Offering" "Ability to Pay Cash Distributions" "Achievement of Investment Objectives" "Real Estate Business" "Significant Capital Expenditures and Other Fixed Costs are Required" "Financing Risk, Leverage and Restrictive Covenants May Limit Growth"
Property Valuations and NAV	<ul style="list-style-type: none"> Valuation reports used to appraise the Properties are based on assumptions that are reasonable No early termination of leases 	<p>See the following subheadings under Item 8 – Risk Factors:</p> <ul style="list-style-type: none"> "Real Estate Business"

Calculation	<ul style="list-style-type: none"> No significant capital expenditures NAV calculations are presented as a base case showing no appreciation in fair value except as shown within the sensitivity analysis Future Properties are leveraged up to 75% 	<ul style="list-style-type: none"> "Significant Capital Expenditures and Other Fixed Costs are Required" "Financing Risk, Leverage and Restrictive Covenants May Limit Growth"
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2.4 Short Term Objectives

The Trust's goal for 2018 is to raise sufficient funds to enable it to acquire Class "A" LP Units which would allow the Limited Partnership to maintain and operate the Existing Properties, as well as to acquire, maintain and operate Future Properties. **See Item 2.2 – Our Business and Development of the Business.**

The following outlines the costs associated with the achievement of the Trust's short-term objectives, assuming the Maximum Offering is achieved

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Approximate cost to complete under Maximum Offering
Complete the Offering, acquisition of LP Units and related commissions, fees and expenses ⁽²⁾	2018	\$1,121,025
Pay down remaining Convertible Notes, excluding interest	2018	\$4,850,955
Capital Improvements to Existing Properties	2018	\$120,000
Acquire Future Properties ⁽³⁾	2018	\$30,052,550
Capital Improvements to Future Properties ⁽⁴⁾	2018	Not known ⁽²⁾
Renew/Extend Existing Leases or Execute on New Leases	2018	\$45,881
Pay down Mortgages on Existing and Future Properties ⁽⁵⁾	2018	\$1,829,479
Totals:	12 months	\$38,019,890

Notes:

- (1) The objectives outlined above assume Gross Offering Proceeds of \$16,943,000 are achieved by December 31, 2018.
- (2) This amount assumes that 75% of every dealer elects to receive the Commission plus Trailer Fee in lieu of the One-time Commission Fee. In the event that this differs, the impact on the projection is immaterial.
- (3) Acquisition of Future Properties is completed for a total purchase price of \$30,052,550 which is inclusive of the acquisition fee paid. Of this purchase price, it is estimated that up to 75% will be funded with conventional debt financing, amortized over 20 years.
- (4) The capital improvements required for Future Properties and the cost of such improvements will necessarily vary depending on the Future Properties purchased.
- (5) Pay down of Mortgages assumes the blended payment on ATB is not restructured until September 2018.

2.5 Insufficient Funds

There can be no assurance that the Trust will complete the Maximum Offering.

The proceeds of this Offering may not be sufficient to accomplish all of the Limited Partnership's proposed objectives and there is no assurance that alternative financing will be available or, if available, may be obtained by the Limited Partnership on reasonable terms.

If the net proceeds of this Offering are not sufficient to maintain and operate the Properties or to acquire Future Properties, the Limited Partnership may, in the sole discretion of the General Partner, seek alternative financing, including conventional and alternative bridge financing, and the Limited Partnership may allocate the net proceeds received from the Trust's subscriptions for Class "A" LP Units towards satisfaction of such financing as may be required.

2.6 Material Agreements

The following is a summary of certain terms of each of the material agreements of the Trust which, together with other summaries of the terms of certain material agreements appearing elsewhere in this Offering Memorandum, are qualified in their entirety by reference to the actual text of each material agreement. A copy of each material agreement is available for review at the offices of the Trust upon written email request to subscriptions@durum.ca.

(a) **Trust Indenture**

General

The Trust is an unincorporated open-ended investment trust governed by the laws of the Province of Alberta and the Trust Indenture. The Trust qualifies and intends to continue to qualify, as a "mutual fund trust" as defined in the Tax Act. The Trust is a limited purpose trust and its activities are, in general, restricted to investing of its funds in the Limited Partnership; and subject to the foregoing, the Trust may:

- (a) acquire, receive, hold, transfer, dispose of, invest in, lend to, and otherwise deal with, assets, securities (whether debt or equity) and other interests or properties of whatever nature or kind of, or issued by, any Person (including the Limited Partnership) and make such other investments as the Trustees in their sole discretion determine;
- (b) hold cash and other investments in connection with and for the purposes of the Trust's activities, including pay liabilities of the Trust (including administration expenses), pay any amounts required in connection with the redemption of Investor Units, and make distributions to Unitholders;
- (c) dispose of any part of its Trust Property (as defined in the Trust Indenture);
- (d) issue Units, instalment receipts, and Other Trust Securities (as defined in the Trust Indenture, including debt instruments, securities convertible into or exchangeable for Units or other securities of the Trust, or warrants, options or other rights to acquire Units or other securities of the Trust), for the purposes of, without limitation: (i) conduct, or facilitate the conduct of, the activities and undertaking of the Trust (including for the purpose of raising funds for acquisitions); (ii) repay any indebtedness or borrowings of the Trust or any affiliate thereof; (iii) establish and implement Unitholder rights plans, distribution reinvestment plans, Unit purchase plans, and incentive option and other compensation plans of the Trust, if any; (iv) satisfy obligations to deliver securities of the Trust, including 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) carry out any of the transactions contemplated by any securities offering documents and satisfy all obligations in connection with such transactions; and (vi) make non-cash distributions to Unitholders, including *in specie* redemptions as well as distributions;
- (e) repurchase or redeem Units or Other Trust Securities, subject to the provisions of the Trust Indenture and applicable law;
- (f) issue debt securities or otherwise borrow funds, as well as, mortgage, pledge, charge, grant a security interest in or otherwise encumber all or any part of the Trust Property, whether as security for the obligations of the Trust or otherwise;
- (g) guarantee (whether as guarantor, surety or co-principal obligor, or otherwise) any obligations, indebtedness or liabilities, present or future, direct or indirect, absolute or contingent, matured or not of any person for, or in pursuit of, any purposes of the Trust and mortgage, pledge, charge, grant a security interest in or otherwise encumber all of any part of the Trust Property as security for such guarantee;
- (h) carry out any of the transactions, and exercise, perform and satisfy 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; and
- (i) engage in all activities ancillary or incidental to any of those activities set forth above.

Trustees

The Trustees are elected, and may also be removed, only by holders of Voting Units by way of an affirmative vote of not less than 66 2/3%, or the Administrator in certain limited circumstances. The Trust Indenture provides that, subject to the specific limitations contained in the Trust Indenture, the Trustees have full, absolute and exclusive power, control and authority over its Trust Property and over the affairs of the Trust to the same extent as if the Trustees were the sole owners of such property in their own right and may do all such acts and things as they, in their sole judgment and discretion, deem necessary or incidental to, or desirable for, the carrying out of the duties of Trustees as established pursuant to the Trust Indenture. All determinations of the Trustees and any agent to whom the Trustees have delegated duties, whether delegated pursuant to the Trust Indenture or pursuant to any other agreement, 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 the Trust Indenture, shall be final and conclusive and shall be binding upon the Trust and all Unitholders.

The Trust Indenture provides that the Trustees must act honestly and in good faith with a view to the best interests of the Trust and the Unitholders and, in connection therewith, exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In general, each Trustee shall be indemnified against all liabilities in connection with the Trust, and shall have no liability to any holders of Units, unless such liabilities arise as a result of the Trustee failing to act honestly and in good faith with a view to the best interests of the Trust and Unitholders and in the case of a criminal or administrative action or proceeding providing that is enforced by monetary penalty, the Trustee did not have reasonable grounds for believing his or her conduct was lawful. A Trustee shall not be required to devote his entire time to the affairs of the Trust. Each Trustee is subject to essentially the same obligations as a director of a corporation governed by the ABCA with respect to disclosure, and abstention from voting, in respect to Trust matters in which a Trustee is interested.

Attributes of the Units of the Trust

The beneficial interests in the Trust are represented and constituted by two classes of Units described and designated as Class 1 Trust Units and Special Voting Units. There are four series of Class 1 Trust Units: Series A Trust Units, Series B Trust Units, Series C Trust Units and Series F Trust Units. A summary of the attributes of the classes of Units, including a description of the matters requiring approval of Unitholders, as well as a description of the terms and conditions pertaining to redemption rights are contained this Offering Memorandum below at ***Item 5.1.1 – Terms of Securities Offered – Investor Units***.

Distributions

In accordance with the Trust Indenture, the Trustees may, in their sole discretion, in respect of each Distribution Period, distribute all of the Trust's Distributable Income to Unitholders on a pro-rata basis as set forth below:

- (a) payment of up to a 5% preferred cumulative annual return on all unreturned capital contributions to holders of Series A Trust Units;
- (b) payment of up to a 8% preferred cumulative annual return on all unreturned capital contributions to holders of Series B Trust Units;
- (c) payment of up to a 6.5% preferred cumulative annual return on all unreturned capital contributions to holders of Series C Trust Units;
- (d) payment of up to a 8% preferred cumulative annual return on all unreturned capital contributions to holders of Series F Trust Units, to the extent issued; and
- (e) whose capital contributions were used by the Trust in full (less Offering costs) for the subscription by the Trust for Class "A" LP Units.

Unitholders shall also be entitled to receive non-cumulative distributions if, as and when declared by the Trustees in accordance with the provisions of the Trust Indenture.

See also Item 5.2 – Distribution Policy.

Investments

The Trustees shall exercise commercially reasonable efforts to ensure that the Trust does not take any action, or acquire or retain any investment that would result in the Trust not obtaining, or being considered to be either a "unit trust" or a "mutual fund trust" for purposes of the Tax Act or take any action, or acquire, retain or hold any investment in any entity or any property that would result in the Trust being a SIFT trust.

Meetings of Unitholders

There is no requirement to hold annual meetings of the holders of Investor Units to vote on any particular matter, although the Trust may hold annual meetings with Unitholders to update Unitholders on the business of the Trust and the Limited Partnership.

The Trust Indenture provides that special meetings of Unitholders may be convened at any time and for any purpose by the Trustees and/or the Independent Review Committee and must be convened, except in certain circumstances, if requisitioned in writing by the holders of Investor Units representing not less than 25% of all votes entitled to be voted at a meeting of Voting Unitholders, for the purposes stated in the requisition.

Transfer of Units

A transfer of Units requires the prior written consent of the Trustees or the Administrator, such consent may be arbitrarily withheld, and is effective once recorded on the applicable Unitholder register and the Trust has received details concerning the transfer including name, address, and country of residence of transferee, as well as the price per Unit for which the sale is occurring (unless the requirement for disclosure of any of this information is waived by the Trustees).

Limitation on Non-resident Ownership

It is in the best interest of the Unitholders that the Trust always qualify 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. 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 Units, on both a non-diluted and fully-diluted basis (which includes, for greater certainty, Units which are issuable pursuant to outstanding Exchangeable Units), and it shall be the responsibility of the Trustees to monitor compliance by the Trust with this Non- Residents restriction in accordance with the published policies of the relevant taxation authority and to take all such actions as may be reasonably undertaken on behalf of the Trust to cause the Trust to retain its "mutual fund trust" status.

Further Amendments to the Trust Indenture

Except where otherwise specifically provided in the Trust Indenture, the Trust Indenture may only be amended or altered from time to time by special resolution of the holders of Voting Units. The Trustees will be entitled, at their discretion and without the approval of the Unitholders, to make amendments to the Trust Indenture at any time for any of the following purposes based on the advice of legal counsel: (i) ensuring continuing compliance, by the Trust, with applicable laws, regulations, requirements or policies of any governmental or regulatory authority having jurisdiction over the Trustees or the Trust; (ii) 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; (iii) making amendments 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; (iv) making corrections, or removing or curing any conflicts or inconsistencies between the provisions of the Trust Indenture or any supplemental indenture and any other agreement of the Trust or any securities offering document with respect to the Trust, or any applicable law or regulation of any jurisdiction, provided that in the opinion of the Trustees and based on advice of its legal counsel, the rights of the Unitholders are not materially prejudiced thereby; (v) making amendments as are necessary or desirable for correcting typographical mistakes or for curing, correcting or rectifying any ambiguities, defective or inconsistent provisions, errors, mistakes or omissions, provided that, in the opinion of the Trustees on the advice of legal counsel, the rights of the Unitholders are not materially prejudiced thereby; (vi) making amendments as are required to undertake an internal reorganization of the Trust or its affiliates provided that in the opinion of the Trustees on the advice of legal counsel the rights of the Unitholders are not materially prejudiced thereby; or (vii) making amendments for any purpose, provided that, in the opinion of the Trustees and based on advice of legal counsel, neither the rights of the Unitholders nor those of the Trustees are materially prejudiced thereby. No amendment may be made to the Trust Indenture to modify the voting rights attributable to Units or to reduce the fractional undivided beneficial interest in the property of the Trust represented by any Unit without the consent of the holders of such Units, and no amendment to the rights, privileges, restrictions and conditions attaching to the Units in a manner that is materially prejudicial to holders of Units may be made without the approval by special resolution of the holders of such Units.

Rights of Unitholders

Although the Trust Indenture confers upon a Unitholder some of the same protections, rights and remedies as an investor would have as a shareholder of a corporation (such as one governed by the ABCA), some significant differences do exist. Unlike shareholders of an ABCA 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 an ABCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Trust.

Unitholders do not have recourse to a dissent right under which shareholders of an ABCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going-private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the Trust are entitled to redeem their Units, as described under **Item 5.1 – Terms of Securities**. Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of an ABCA corporation where the corporation undertakes

actions that are oppressive, unfairly prejudicial or disregarding the interests of security holders and certain other parties. Shareholders of an ABCA 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 an ABCA 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 the appointment or removal of the Trustees, but does not specifically contemplate the appointment of an inspector. The ABCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Trust Indenture does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the Trust.

(b) Limited Partnership Agreement

General

The Limited Partnership is a limited partnership formed pursuant to the laws of the Province of Alberta and the Limited Partnership Agreement.

Business of the Limited Partnership

The business of the Limited Partnership shall be to:

- (a) own, maintain, operate, manage and lease the Properties, acquire Future Properties from time to time, make investments, acquisitions, transfers, assignments, sales and hold other direct or indirect rights and engage in all activities ancillary and incidental to the conduct of such business; and
- (b) provide financial assistance to the Trust and/or any subsidiaries or affiliates of the Limited Partnership, and may take all actions and engage in all activities ancillary thereto or in furtherance thereof.

General Partner

The General Partner may resign or be removed upon the bankruptcy, dissolution, liquidation or winding-up of the General Partner or the making of any assignment for the benefit of creditors of the General Partner and other similar circumstances provided for in the Limited Partnership Agreement. The Limited Partnership Agreement provides that, subject to the specific limitations contained in the Limited Partnership Agreement, the General Partner (i) has unlimited liability for the debts, liabilities and obligations of the Limited Partnership, (ii) is authorized and obliged to manage, control, administer and operate the business and affairs of the Limited Partnership and to make all decisions regarding the business of the Limited Partnership and to represent the Limited Partnership and (iii) has the full and exclusive right, power and authority to do any instrument, deed, agreement or document necessary for or incidental to carrying out the objects, purposes and business of the Limited Partnership for and on behalf of the Limited Partnership. In so doing, the General Partner has all of the rights and powers of a general partner as provided in the *Partnership Act* as otherwise provided by law and any action taken by the General Partner will constitute the act of and shall serve to bind the Limited Partnership. The power of the General Partner to represent the Limited Partnership in dealings with third parties is unrestricted insofar as third parties are concerned and no Person dealing with the Limited Partnership will be required to inquire into the authority of the General Partner to take any act or proceeding, to make any decision or to execute and deliver any instrument, deed, agreement or document for or on behalf of or in the name of the Limited Partnership.

Attributes of the LP Units

The beneficial interests in the Limited Partnership are represented and constituted by 3 classes of units described and designated as Class "A" LP Units, Class "D" LP Units and the GP Unit. A summary of the attributes of the classes of LP Units (other than their entitlement to distributions of the Limited Partnership, which is described below) is contained in this Offering Memorandum below at **Item 5.3 – The Partners and Units of the Limited Partnership**.

Distributions

In accordance with the Limited Partnership Agreement, the Partnership's Distributable Cash (as determined by the General Partner) for each distribution period (as defined under the Limited Partnership Agreement) will be paid or made payable by way of cash distributions to the holders of LP Units as follows:

- (a) first, the Class D Series 1 Return will be paid to the holders of Class D LP Units, Series 1 in accordance with the provisions governing such LP Units in the Limited Partnership Agreement;
- (b) second, on a *pro rata* basis in accordance with the number of issued and outstanding Class A LP Units (taking into account the Trust Cost Per Unit (as defined in the Limited Partnership Agreement) and Class D LP Units, Series 2, the Partnership's Distributable Cash for such distribution period, minus the Class D Series 1 Return.

At the discretion of the General Partner, the General Partner may declare at any time and from time to time a special distribution, in addition to or in lieu of a distribution paid in accordance with the above, which can be paid at any time and distributed at the discretion of the General Partner.

See also Item 5.2 – Distribution Policy.

Meetings of LP Unitholders

The Limited Partnership Agreement provides that meetings of LP Unitholders may be convened at any time and for any purpose by the General Partner and/or the Independent Review Committee and must be convened, except in certain circumstances, if requisitioned in writing by: (a) the Manager; (b) the Independent Review Committee; and (c) the holders of not less than 5% of the outstanding GP and LP Units entitled to vote, for the purposes stated in the requisition.

Transfer of LP Units

A transfer of LP Units requires the prior written consent of the General Partner, such consent may be arbitrarily withheld, and is effective once recorded on the applicable register and the General Partner has received details concerning the transfer including name, address, and country of residence of transferee, as well as the price per LP Unit for which the sale is occurring (unless the requirement for disclosure of any of this information is waived by the General Partner).

Limitation on Non-resident Ownership

It is in the best interest of the holders of LP Units that the Limited Partnership always qualify as a Canadian Partnership under the Tax Act and this requires, among other things, that Non-residents shall not be entitled to own legal or beneficial interests in LP Units. Accordingly, for so long as it is required that the Limited Partnership maintain its status as a Canadian Partnership, at no time may Non-residents be the beneficial owners of LP Units.

Further Amendments to the Limited Partnership Agreement

Except where otherwise specifically provided in the Limited Partnership Agreement, the Limited Partnership Agreement may only be amended or altered from time to time by special resolution of the Limited Partners and the General Partner. The unanimous approval of all will be required for amendments that: (i) alter the ability to remove the General Partner involuntarily; (ii) change the liability of any limited partner; (iii) allow any limited partner to take an active part in the business of the Limited Partnership or to exercise control over management of the business of the Limited Partnership, unless such limited partner has agreed to serve as general partner or a delegate thereof; or (iv) change the Limited Partnership from a limited partnership to a general partnership or other type of business entity. The General Partner will be entitled, at its discretion and without the approval of the LP Unitholders, to make amendments to the Limited Partnership Agreement any time for any of the following purposes: (a) a change in the name of the Limited Partnership or the location of the principal office of the Limited Partnership or the registered office of the Limited Partnership; (b) a change in the governing law of the partnership to any other province of Canada; (c) the admission, substitution, withdrawal or removal of Partners in accordance with the Limited Partnership Agreement; (d) a change that, as determined by the General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of the Limited Partnership as a limited partnership in which the Limited Partners have limited liability under the applicable laws, based on the advice of legal counsel; (e) a change that, as determined by the General Partner and based on the advice of legal counsel, is reasonable, necessary or appropriate to enable the Limited Partnership to take advantage of, or not be detrimentally affected by, changes in the Tax Act or other taxation laws; (f) a change to amend or add any provision, or to cure any ambiguity or to correct or supplement any provisions contained in the Limited Partnership Agreement that may be defective or inconsistent with any other

provision contained in the Limited Partnership Agreement based on the advice of legal counsel; (g) a change to amend or add any provision which, in the determination of the General Partner and based on the advice of legal counsel, is necessary or desirable for the protection or benefit of all the Partners or the Limited Partnership; and (h) a change that, as determined by the General Partner and based on the advice of legal counsel, does not materially adversely affect the Partners.

Power of Attorney

Upon becoming a holder of LP Units of the Limited Partnership, each LP Unitholder, pursuant to the terms of the Limited Partnership Agreement, irrevocably nominates, constitutes and appoints the General Partner, with full power of substitution, as its agent and true and lawful attorney of such LP Unitholder to act on its behalf with full power and authority to take all requisite action in connection with the following matters, including to:

- (a) execute, swear to, acknowledge, deliver, make and record or file when, as and where required and under seal or otherwise:
 - (i) the Limited Partnership Agreement, the Certificate, any amendment to the Limited Partnership Agreement or the Certificate made in accordance with the terms of the Limited Partnership Agreement and any other instrument required to qualify, continue and keep in good standing the Limited Partnership as a limited partnership under the laws of the Province of Alberta or otherwise to comply with the laws of any jurisdiction in which the Limited Partnership may carry on business or own or lease property or assets in order to establish or maintain the limited liability of the Limited Partners and to comply with the applicable laws of such jurisdiction;
 - (ii) any instrument, and any amendment to the Certificate, necessary to reflect the Limited Partnership Agreement or any amendment to the Limited Partnership Agreement made in accordance with the terms of the Limited Partnership Agreement;
 - (iii) any instrument required in connection with the dissolution or termination of the Limited Partnership in accordance with the terms of the Limited Partnership Agreement;
 - (iv) any agreement, instrument, deed or other document executed in connection with the administration, management, control and operation of the business, affairs and undertaking of the Limited Partnership pursuant to the terms of the Limited Partnership Agreement and of the Partnership Act (Alberta);
 - (v) any agreement, instrument, deed or other document executed in connection with the sale, exchange or other disposition of all or any part of the property, assets and undertaking of the Limited Partnership or any interest therein;
 - (vi) all elections, determinations or designations under the Tax Act or any other taxation laws or other fiscal laws of Canada, any province of Canada or any other jurisdiction in respect of the affairs of the Limited Partnership, the dissolution of the Limited Partnership or a Partner's interest in the Limited Partnership;
 - (vii) any agreement, instrument, deed or document in connection with any legal proceeding by or against the Limited Partnership in connection with its business, property or assets, including any consent to any judgment against the Limited Partnership; and
 - (viii) any instrument required by any governmental authority in connection with the Limited Partnership or its business, property or assets; and
- (b) to make any application for and receive any amount of credit or grant under any incentive program of Canada, any province of Canada or any other jurisdiction.

The power of attorney granted is coupled with an interest and is irrevocable and will survive the disability or legal incapacity of the limited partner or the assignment by the limited partner of the whole or any part of its interest in the Limited Partnership and extends to and is binding upon the heirs, executors, administrators and other legal representatives and successors and assigns of such limited partner and, if such limited partner is a natural person, will survive the death or disability of such limited partner until notice of such death or disability is given to the General Partner and may be exercised by the General Partner on behalf of each Limited Partner in executing any agreement, instrument, deed or other document by listing all the Limited Partners thereon and executing such agreement, instrument, deed or other document with a single signature as attorney and agent for all of them or by executing such agreement, instrument, deed or other document on behalf of the Limited Partnership as General Partner. Each Limited Partner shall be bound by any representation or action made or taken by the General Partner pursuant to the power of

attorney granted herein and hereby waives any and all defences which may be available to contest, negate or disaffirm the action of the General Partner taken in good faith under such power of attorney.

Rights of LP Unitholders

Although the Limited Partnership Agreement confers upon a LP Unitholder some of the same protections, rights and remedies as an investor would have as a shareholder of a corporation (such as one governed by the ABCA), there do exist some significant differences. Unlike shareholders of an ABCA corporation, LP Unitholders do not have a comparable right to make a unitholder proposal at a general meeting of the Limited Partnership. The matters in respect of which LP Unitholder approval is required under the Limited Partnership Agreement are generally less extensive than the rights conferred on the shareholders of an ABCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the General Partner.

LP Unitholders do not have recourse to a dissent right under which shareholders of an ABCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going-private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on or (ii) the issue, transfer or ownership of shares). LP Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of an ABCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or disregarding the interests of security holders and certain other parties. Shareholders of an ABCA corporation may apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas LP Unitholders can rely only on the general provisions of the Limited Partnership Agreement which permit the winding up of the Limited Partnership in certain circumstances.

(c) Administration and Management Agreement

Date: January 30, 2017

Key Terms: Pursuant to the terms of the Administration and Management Agreement: (i) the Administrator, Durum Capital Inc. shall manage the business and affairs of the Trust, as delegated by the Trustees (the Administrator shall be entitled to a reimbursement of expenses only); and (ii) the Manager Durum Capital Inc., shall manage the business and affairs of the Limited Partnership, as delegated by the General Partner, in each of (i) and (ii), assuming conduct of the majority of the duties set out in the Trust Indenture and Limited Partnership Agreement, respectively. Durum Capital Inc. is a related party of the Trust.

The General Partner shall receive the Management Fee, Acquisition Fee (if applicable), Disposition Fee (if applicable) and Guarantee Fee (if applicable) from the Limited Partnership. The Management Fee, Acquisition Fee, Disposition Fee and Guarantee Fee shall each be payable by the General Partner to the Manager pursuant to the Administration and Management Agreement. The Manager may also be entitled to 30% of any remaining funds of the Limited Partnership following payment of the applicable preferred returns and trailer fees in accordance with the distribution policy described in *Item 5.2 – Distribution Policy*.

The Manager will be responsible for the payment of Operating Expenses and Management Expenses, and the allocation thereof.

(d) Distribution Agreements

Key Terms: The Trust has entered into distribution agreements whereby the Trust has retained Dealers in connection with the marketing of the Offering and reserves the right to retain additional Dealers from time to time, with each Dealer typically having its own form of agreement. Each dealer will receive various fees and commissions under the Offering, as described below. For greater clarity, the fees, commissions and carried interest benefits payable to a Dealer pursuant to a distribution agreement shall not exceed the amounts set out under the "Fees" sub-heading below. ***See Item 7 – Compensation Paid to Sellers and Finders.***

Services Provided: Dealers are retained for the purpose of soliciting subscriptions for Investor Units on a private placement basis pursuant to applicable securities laws.

Other Key Terms: The existing distribution agreement contains market standard representations, warranties and covenants, including without limitation, that the Trust and the Dealer shall comply with applicable corporate and securities laws in connection with the Offering, and the Trust shall indemnify the Dealer from and against any claims arising as a result of a misrepresentation in this Offering Memorandum.

Fees: Each dealer will receive: (a) up to 1.5% administration fee on the principal amount of a subscriber's investment for Series C Trust Units; and (b) the option of either: i) the Commission plus Trailer Fee equal to a 1.5% commission on the principal amount of a subscriber's investment for Series C Trust Units and a trailer fee of 1.25% per annum for capital contributions in the Trust on Series C Trust Units, so long as the subscriber does not redeem their Series C Units during their respective Redemption Periods; or ii) a commission of 5.5% on the principal amount of a subscriber's investment for Series C Trust Units. A trailer fee of 1.25% per annum will be paid on any outstanding Series A and Series B Units, as applicable, previously issued by the Trust pursuant to

the terms and conditions of the Original OM. A corporate finance front-end fee and/or financial advisory fee may also be paid by the Trust to a dealer at the discretion of the Trustees. No Referral Fees or Commissions will be paid on the issuance of LP Units. **See Item 7 – Compensation Paid to Sellers and Finders.**

(e) **Wholesaler Agreements**

Key Terms: The Trust intends to retain various Wholesalers in connection with the marketing of the Offering and reserves the right to retain additional Wholesalers from time to time. While the specific terms and conditions of Wholesaler Agreements vary, the material terms of Wholesaler Agreements will be substantially as set forth below. For greater clarity, the fees, commissions and carried interest benefits payable to a Wholesaler pursuant to a Wholesaler Agreement shall not exceed the amounts set out under the “Fees” sub-heading below. **See Item 7 – Compensation Paid to Sellers and Finders.**

Services Provided: Wholesalers are retained for the purpose of assisting in the distribution of the Offering to registrants of Dealers only.

Other Key Terms: A Wholesaler Agreement contains market standard representations, warranties and covenants.

Fees: A Wholesaler may receive up to 1% commission on Capital Contributions to the Trust by investors. The Wholesaler may also receive a monthly fee of up to \$10,000 and may be reimbursed for any reasonable actual costs incurred in connection with a Wholesaler’s engagement under an agreement with the Trust. No Referral Fees or Commissions will be paid on the issuance of LP Units. **See Item 7 – Compensation paid to Sellers and Finders.**

Related Party Wholesaler: A related party of the Trust (2073372 Alberta Ltd., a wholly-owned subsidiary of Simmons Financial Holdings Corporation) has been retained as a Wholesaler. The related party is paid commissions and fees for its services in accordance with the “Fees” described above. The retention of the related party as a Wholesaler has been approved by the Board of Directors and the IRC.

(f) **Convertible Notes**

Key Terms: Upon the acquisition of the Initial Properties and the Clairmont Property (2), the Limited Partnership issued the Convertible Notes in an aggregate amount of \$6,500,000, and which accrue interest at a rate of 6% per annum payable monthly. Any amount outstanding 24 months after the date of the Offering Memorandum will be automatically converted into Class “D” LP Units, Series 2 with the price per Class “D” LP Unit, Series 2 equal to equal to \$100 and the outstanding amount under the convertible note is \$4,850,955.04. **See Item (1) – Insufficient Funds.**

(g) **Contribution Agreements (Initial Properties) and Purchase Agreement (Clairmont Property (2)) with Durum LP & Flax LP**

Overview: The Limited Partnership entered into Contribution Agreements with Durum LP and Flax LP to acquire the Initial Properties and entered into a purchase agreement (the “**Purchase Agreement**”) with Durum LP to acquire the Clairmont Property(2).

Asset, Property or Interest Acquired: The Initial Properties and the Clairmont Property (2).

Purchase Price and Payment Terms: The total consideration for the acquisition of the Initial Properties was \$30,176,250. Durum LP and Flax LP transferred the Initial Properties, and assigned the Initial Debt (amounting to \$15,428,402), to the Limited Partnership in consideration of: (a) the issuance of approximately \$8,247,848 of Class “D” LP Units, Series 2 to Durum LP and Flax LP; and (b) the issuance to Durum LP and Flax LP of the Convertible Notes of \$6,500,000, in the aggregate. **See Item (1) – Insufficient Funds.**

Key Terms: The Purchase Agreement and Contribution Agreements contained market standard representations, warranties and covenants for transactions of a similar nature, including that Durum LP or Flax LP (as the applicable Vendor) had title to the applicable property transferred, free and clear of all encumbrances. With respect to the Contribution Agreements only, the Initial Properties were transferred pursuant to Section 97(2) of the Tax Act and Durum LP, Flax LP and the Limited Partnership filed all elections required under the Tax Act following such acquisition. In the event that the Minister of National Revenue, the Minister of Revenue for the Province of Alberta, their authorized representatives, or any similar authority should assess or reassess either of the parties for any tax or propose such assessment or reassessment, the parties shall take all necessary steps to file all documents and elections as required to comply with the terms of the Contribution Agreements.

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

3.1 Compensation and Securities Held

The following table sets out information about each Trustee and Officer and Director of the Manager and each Person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Trust.

Name and municipality of principal residence	Position	Compensation paid to-date in 2017 and the compensation anticipated to be paid in 2018	Number, type and percentage of voting securities of the Trust held after completion of Maximum Offering
David Laycock Calgary, Alberta ⁽²⁾	Trustee and Director of the Manager	2017 – \$10,000 2018 – \$10,000	Nil
Jay Simmons Calgary, Alberta ⁽²⁾	Trustee, Director and Officer of General Partner and Manager, Promoter	2017 – Nil 2018 – Nil	Nil
Joseph Loughheed Calgary, Alberta ⁽¹⁾	Trustee	2017 – \$10,000 2018 – \$10,000	Nil
Michael McGee Calgary, Alberta	Trustee	2017 – \$10,000 2018 – \$10,000	Nil
Durum Capital Inc. ⁽⁴⁾ Calgary, Alberta	Manager of General Partner and Administrator of Trust, Promoter	Note 3	Nil
William Robinson ⁽³⁾ Calgary, Alberta	Director of General Partner	2017 – \$10,000 2018 – \$10,000	Nil
Sean Morgan ⁽³⁾⁽⁵⁾ Calgary, Alberta	Director of General Partner	2017 – \$10,000 2018 – \$10,000	Nil
Steve Allan ⁽³⁾ Calgary, Alberta	Independent Director of General Partner	2017 – \$25,000 2018 – \$25,000	Nil
Gary Bentham ⁽³⁾ Calgary, Alberta	Independent Director of General Partner	2017 – \$25,000 2018 – \$25,000	Nil
Judy Rattanaovong ⁽²⁾ Calgary, Alberta	Officer of the General Partner and Manager	2017 – Nil 2018 – Nil	Nil
Jenna Truong ⁽²⁾ Calgary, Alberta	Officer of the General Partner and Manager	2017 – Nil 2018 – Nil	Nil

Notes:

- (1) Mr. Loughheed is a Partner at the legal firm, Dentons Canada LLP, which provides legal services to the Trust and the Limited Partnership.
- (2) Compensation to be paid as a director and officer of the Manager, from the Management Fee.
- (3) These amounts are an operating expense of the Limited Partnership.
- (4) The Manager will receive the Management Fee from the General Partner.
- (5) Sean Morgan is a representative of Werklund Family Office Inc. Peter Huff was predecessor to Sean Morgan as the Werklund representative, and combined, Werklund received \$10,000 in 2017.

3.2 Management Experience

The following table discloses the principal occupations of the Trustees, the Management Team and the Directors of the Manager over the past 5 years:

Name and Position	Principal Occupation and Related Experience
David Laycock, MAcc, MBA, Trustee, Director of the Manager and the General Partner	Mr. Laycock is an independent business person with experience building growth-oriented companies across a range of industries. His particular areas of expertise include strategic planning, mergers and acquisitions, business development, and leadership. Mr. Laycock served as the CEO and the Chief Transition Officer of Simmons Edco, an international oilfield services company.

Name and Position	Principal Occupation and Related Experience
	<p>Previously, he was a partner at North West Capital Partners where he was actively involved in the creation and launch of several significant energy businesses. Prior to North West, Mr. Laycock was a private equity investor at two noted private equity firms, Northgate Capital Partners near San Francisco and Charlesbank Capital Partners in Boston. He began his career as a strategy consultant at McKinsey & Company. Mr. Laycock is the co-founder and the former Chairman of Attainable Homes Calgary Corporation, a non-profit organization owned by the City of Calgary that provides home ownership opportunities to working individuals residing in Calgary. He is also an investment committee member of the Calgary Chamber of Commerce.</p> <p>Mr. Laycock received his MBA from Harvard Business School, where he graduated as a Baker Scholar, and his Master of Accountancy and B.S. in Accounting from Brigham Young University.</p>
Jay Simmons, CPA, CA, ICD.D, Trustee, Director and Officer of the Manager and the General Partner	<p>Mr. Simmons is the Chairman and CEO of Durum Properties Inc., a real estate management and development company created through the restructuring of a distressed real estate portfolio. Mr. Simmons is also the Founder and CEO of Simmons Financial Holdings Corporation, sole shareholder of the Manager; a private equity company focused on building businesses that require either financial restructuring or patient and active capital to fund new ventures. He currently serves as CEO and Director for two additional land development companies; Chairman of a private software development company; and a director for a number of private companies that include renewable power development and international land based drilling.</p> <p>In the past, Mr. Simmons served as Chairman of Simple Power, a private Texas-based retail power provider; Chairman and Chief Executive Officer of Palko Environmental Ltd., formerly a publicly traded company providing waste management and resource recovery solutions to the oil and gas industry; and President of ENTx Capital Corporation, a private equity firm focused on investments in the power industry. Mr. Simmons was educated at Dalhousie University, and is a Chartered Professional Accountant as well as a member of the Canadian Institute of Corporate Directors.</p>
Joseph Lougheed, LLB, Trustee	<p>Mr. Lougheed is a Partner in the Calgary office of the global law firm Dentons Canada LLP, where he has practiced corporate law since 1992. He is Immediate Past Chair of the Southern Alberta Institute of Technology (SAIT) Board of Governors and served on the SAIT Board from 2008 to 2016. Mr. Lougheed is a director of numerous private companies. Mr. Lougheed is a Past Chair of the Calgary Chamber of Commerce and a past director on the Board of Directors of the United Way of Calgary & Area. Mr. Lougheed was educated at Queen's University, the London School of Economics & Political Science and Dalhousie Law School.</p> <p>Dentons Canada LLP provides legal services to the Trust and to the Limited Partnership.</p>
Michael McGee, M.Sc Finance, Trustee	<p>Mr. McGee has been a Partner with Avrio Capital since 2012. He is a director of Durum Properties Inc. In the past Mr. McGee spent eight years in senior investment positions with well-known Calgary-based family offices, most notably, as Managing Director of Investments with Werklund Capital Corp. and as Executive Vice President of Investments with Cavendish Investing Ltd. Mr. McGee also has extensive institutional experience in Mezzanine / Sub-debt financing, having worked as Managing Director of Bank of Montreal Capital Corporation and Vice President & Director of Toronto Dominion Bank Capital.</p> <p>Past investments include companies in various stages and numerous industries, ranging from start-up technology to telecommunications, from farmland to commercial real estate. Mr. McGee has both private and public company board experience and remains active on several boards. He also sits on the Portfolio Review Committee of Innovate Calgary as well as the Finance Committee of St. Michael's Catholic Community. Mr. McGee has a Master of Finance degree from Loyola University, Maryland and an undergraduate degree from Western University.</p>

Name and Position	Principal Occupation and Related Experience
William Robinson, Director of the General Partner	<p>Mr. Robinson is a corporate director and investor. Mr. Robinson is a director of Durum Properties Inc. Mr. Robinson recently retired as the CEO of Loram 99, a prominent Canadian family office. Prior to Loram, Mr. Robinson served as President of Manvest Inc., a private equity firm, where he served as President and a Director. Prior to Manvest, Mr. Robinson was with the Loram Group of companies from 1981-1988 where he held various positions including Vice President and General Manager of Bowfort Capital, Treasurer of the Loram Group and Manager of Finance for Pembina Resources Ltd. Prior to joining Loram, he worked with Peat Marwick and Partners, an international management consulting firm.</p> <p>Mr. Robinson has participated in many private company financing and acquisitions. He has sat on the following boards: Softchoice Corporation, BuildDirect.com Technologies, ENTx Capital Corporation, On-Line Support Inc., Associate Veterinary Clinics, Listen Up Canada, Cross Oilsands Contracting Ltd., A&W Food Services of Canada Inc., Concert Industries, Graf Canada, Invis Financial Group, Lacent Technologies, Simmons Canada Inc., Sleep Country Canada and Landmark Cinemas.</p> <p>Mr. Robinson has also served as a founding Director of AVAC Ltd. and served as a member of the Alberta Economic Development Authority.</p>
Steve Allan, FCPA, FCA, ICD.D, Independent Director of the General Partner	<p>Mr. Allan is a Corporate Director. A Fellow of the Institute of Chartered Professional Accountants, Mr. Allan spent his career in public practice with a focus on corporate restructuring, insolvency and forensic accounting. He is Past President of the Institute of Chartered Accountants of Alberta. From 2001-2011 Mr. Allan was a Vice President of RSM Richter Inc. and from 2011-2013 Mr. Allan was a Senior Advisor at E&Y. He served as director and Chair of the Audit Committee of Compton Petroleum from 2007-2011. He also served as Chair of the Canadian Tourism Commission from 2007-2014.</p> <p>Mr. Allan is currently Chair of the Boards of Calgary Economic Development, McMahon Stadium Society, Board Vice-Chair of Neyaskweyahk Trust of the Ermineskin Cree Nation, and a Governor of the University of Calgary. He is also a Director of Calgary's new \$100 million Opportunity Calgary Investment Fund.</p> <p>An active community leader, Mr. Allan served as Co-chair of the Calgary Poverty Reduction Initiative and is a Past President of the Calgary Exhibition and Stampede. Mr. Allan was recognized as Calgary's 'Citizen of the Year' in 2006. He was honored with the Lifetime Achievement Award by the Institute of Chartered Accountants and was named Distinguished Alumni of the Year by the Calgary Board of Education. He is also an Honorary Treaty Seven Chief, "Rides Many Horses". In 2017, Mr. Allan was one of two Calgarians to be honoured as a member of the Alberta Order of Excellence. Mr. Allan is a graduate of the University of Calgary.</p>
Gary L. Bentham, CPA, CA, ICD.D, Independent Director of the General Partner	<p>Mr. Bentham is the principal of BTM Advisory, a consulting firm that provides corporate finance, restructuring and business advisory services to Canadian and US companies. In this capacity, Mr. Bentham has advised Boards of Directors, served in various C-level roles and has facilitated financings, acquisitions and divestitures in the real estate development, energy services, manufacturing, financial services and biopharmaceutical industries.</p> <p>Prior to 2005, Mr. Bentham was a corporate recovery and audit partner with KPMG Canada where he served public and private companies primarily in the communications, financial services, and real estate development industries. While at KPMG, Mr. Bentham served on KPMG Canada's Board of Directors for five years. Mr. Bentham is currently a director of several public and private companies, and previously served for six years as a member of the SAIT Polytechnic Board of Governors. A graduate of the University of Saskatchewan, Mr. Bentham is a Chartered Professional Accountant, a Chartered Insolvency and Restructuring Professional and a member of the Canadian Institute of Corporate Directors.</p>
Sean Morgan, CPA, CA, CFA, Director of the General Partner	<p>Mr. Morgan is the Senior Director, Finance for Werklund Family Office Inc., a prominent family owned investment company. He is responsible for financial, operational and administrative functions across a variety of industries. Mr. Morgan has over twenty years of financial analysis and accounting experience with a specific focus on investment fund management and financial, tax and regulatory reporting.</p> <p>Prior to joining Werklund in 2015, Mr. Morgan was the Chief Financial Officer and Chief Compliance Officer for Priviti Capital Corporation, a private equity firm specializing in the Canadian energy industry. Prior to joining Priviti, Mr. Morgan held a position as Controller for the Calgary Flames Limited Partnership and was previously the Chief Financial Officer of EnerVest Management Ltd., an</p>

Name and Position	Principal Occupation and Related Experience
	investment fund management company with over \$2 billion assets under management. Mr. Morgan holds a Bachelor of Commerce (Great Distinction) from the University of Saskatchewan and is a member of the Chartered Professional Accountants of Canada as well as a CFA Charterholder.
Judy Rattanavong, MBA, Officer of the Manager and the General Partner	<p>Ms. Rattanavong serves as Vice President of Durum Capital Inc., Durum Properties Inc. and all its subsidiaries. She began her career with Simmons Financial Holdings Corporation (SFHC) in 2007 as a financial analyst and subsequently became Vice President of the organization. In 2017, Ms. Rattanavong was appointed the President of SFHC. She also serves as the Vice President of Spruce Ridge Capital Inc. and is a Director of Cube Cities Inc. operating as KnoGeo Inc.</p> <p>Ms. Rattanavong obtained her Bachelor of Commerce degree from the University of Saskatchewan with distinction, specializing in Finance and Human Resource Management. Ms. Rattanavong is also a graduate of Queen's University where she received her MBA.</p>
Jenna Truong, CPA, Officer of the Manager	<p>Ms. Truong joined SFHC in 2013, acting as a Senior Analyst. Subsequently, she became a Senior Analyst for Durum Capital Inc., Durum Properties Inc. and all of its subsidiaries in 2014. In 2017, Ms. Truong became Vice President Finance of the Manager, overseeing the finance and accounting team. She also serves as Vice President Finance of Simmons Financial Holdings Corporation (SFHC) and Spruce Ridge Capital Inc.</p> <p>Ms. Truong was educated at the University of Alberta, and is a Chartered Professional Accountant.</p>

3.3 Conflicts of Interest and Independent Review Committee

Conflicts of Interest - Independent Review Committee

Mr. Bentham and Mr. Allan, independent directors of the General Partner, will form the independent review committee (the “**Independent Review Committee**” or “**IRC**”) to the General Partner, on behalf of the Limited Partnership and to the Trust and Manager/Administrator. At all times two (2) members of the board of the directors of the General Partner shall be “independent” as such term is defined in NI 81-107. For clarity, NI 81-107 does not apply to the Trust or the Limited Partnership but is being used as a reference for “independence”.

The Independent Review Committee shall meet at least once annually and as otherwise required to properly undertake their duties. Their decisions will be in writing.

IRC members, in exercising their powers and duties, shall at all times act honestly and in good faith, with a view to the best interests of the Trust and the Limited Partnership and shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Duties of the Independent Review Committee

The approval of *both* IRC members shall be required to consent to or approve the following matters:

- (a) to approve any “conflict of interest matter” (as defined below) regarding the business of the Trust, Limited Partnership or Manager, including but not limited to any related-party transactions or contracts involving the Trust, the Limited Partnership, the General Partner or the Manager or related-party transactions or contracts involving their directors, officers, shareholders or affiliates;
- (b) to approve allocations of expenses, fees or costs as between the Limited Partnership and the General Partner/Manager and the Trust and the Administrator;
- (c) to approve the Contribution Agreements, the specific Future Properties to be acquired and the terms of the acquisition of any such Future Properties;
- (d) to review and approve detailed annual operating and capital budgets of the Limited Partnership and Manager and Trust and Administrator, with any items not contained in the approved budget or deviations or reallocations from such approved budget greater than \$50,000 requiring further review and approval;
- (e) to approve the content of all reporting to Unitholders;
- (f) to approve the reallocation of the use of proceeds from the Offering for any purpose that is materially different than the articulated use of proceeds set out in this Offering Memorandum; and

(g) to approve the fair market value of the Investor Units.

A "conflict of interest matter" means a situation where a reasonable person would consider the person or entity in question, or an entity related to such person or entity, to have an interest which may conflict with their ability act in good faith and in the best interests of the Trust and Limited Partnership.

The IRC may, upon a request of the Trustees or any director of the General Partner or Manager, or by its own initiative or that of any member, review applicable valuations required or conducted from time to time and, if it disagrees with such valuation(s) or conclusions it may refer the issue to the auditor (business valuations group) of the Limited Partnership and Trust or such other independent professional as deemed appropriate by the IRC in such circumstances.

In addition to the above, the IRC shall meet as requested by the Trustees or the directors of the General Partner, Manager / Administrator or any of its members to monitor and assess the performance of the Limited Partnership and Trust relative to the business objectives stated herein. The IRC will also make an annual report reasonably available to the Unitholders. **See Item 9 - Reporting Obligations.**

The General Partner and Manager / Administrator, and their directors and officers, in addition to individual members of the IRC, shall have an obligation to report any "conflict of interest matters" that they may become aware of to the IRC as soon as possible to allow the IRC to consider and make such decisions as they deem necessary.

Before taking any action permitted under this Agreement, the IRC may obtain legal or other advice, as to the effect of its proposed action and the reasonable expenses of such advisors shall be borne by the Limited Partnership as an operating expense.

3.4 Penalties, Sanctions and Bankruptcy

No Trustee, or director, senior officer or control person of the Trust or the Manager has, within the ten years prior to the date of this Offering Memorandum, been subject to any penalties or sanctions or been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual. Nor has any Trustee or director, senior officer or control person of the Trust been, in the past 10 years, a director, executive officer as control person of an issuer that, while such individual served in such capacity, was subject to any penalties or sanctions, declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the issuer.

3.5 Loans

As at the date hereof neither the Trust nor the Limited Partnership has a debenture or loan due to or from the directors, management, promoters and principals, with the exception of the Durum Convertible Note.

ITEM 4 CAPITAL STRUCTURE

4.1 Unit Capital

The following chart sets out the capital structure of the Issuer as at the date indicated:

Description of Security	Number authorized to be issued	Price per Security	Number outstanding as at April 30, 2018	Maximum Number outstanding after Maximum Offering ⁽¹⁾
Series A Trust Units	Unlimited	\$100	3,020 ⁽³⁾	3,020 ⁽²⁾
Series A Trust Units (DRIP)	Unlimited	\$98.03	2,566 ⁽³⁾	N/A
Series B Trust Units	Unlimited	\$100	90,998	90,998 ⁽²⁾
Series B Trust Units (DRIP)	Unlimited	\$98.03	1,831.825	N/A
Series C Trust Units	Unlimited	\$100	0	105,982 ⁽¹⁾

Description of Security	Number authorized to be issued	Price per Security	Number outstanding as at April 30, 2018	Maximum Number outstanding after Maximum Offering ⁽¹⁾
Series C Trust Units (DRIP)	Unlimited	N/A	0	N/A
Series F Trust Units	Unlimited	N/A	0	0 ⁽⁴⁾
Series F Trust Units (DRIP)	Unlimited	N/A	0	N/A
Special Voting Units	Unlimited	N/A	82,478	82,478 ⁽⁵⁾

Notes:

- (1) This amount excludes any Trust Units that may be issued pursuant to the DRIP. This amount also assumes that: (a) that the only Trust Units issued between the date hereof and the date that the Maximum Offering is reached are Series C Trust Units; and (b) all Series C Trust Units are issued at a price per security of \$100.
- (2) These amounts do not include any Trust Units allocated to participants in the DRIP. Further, Series A Trust Units and Series B Trust Units had been previously offered pursuant to the Original OM and are not currently offered pursuant to this Offering Memorandum.
- (3) The number of Series A Trust Units and Series A DRIP Units outstanding does not account for the redemption of Trust Units that occurred on January 15, 2018, whereby 102,566 Investor Units were redeemed by the Trust upon the request of the Unitholder.
- (4) Assumes that no Series F Trust Units will be offered or subscribed for prior to the Maximum Offering.
- (5) An aggregate of 82,478 Special Voting Units were issued to Durum LP and Flax LP in connection with the Limited Partnership's acquisition of the Initial Properties and its issuance of an aggregate of 82,478 Class D LP Units, Series to Durum LP and Flax LP. This amount assumes that no further Exchangeable Units (including any Class D LP Units, Series 2) are issued prior to the Maximum Offering.

4.2 Long Term Debt

Upon the acquisition of the Initial Properties, the General Partner, on behalf of the Limited Partnership, became party to the debt arrangements listed below with respect to the 34th Avenue Property and the Blackfalds Property (collectively, the "Initial Debt") and upon the further acquisition of the remainder of the Existing Properties, the General Partner, on behalf of the Limited Partnership, became party to additional debt arrangements, (collectively, the "Additional Debt" and together with the Initial Debt, the "Existing Debt"). The general terms of the Existing Debt are listed in the following table.

Description of Long Term Debt (including whether secured)	Interest Rate	Repayment Terms	Amount outstanding at March 31, 2018	Principal Payments ¹	Debt Service Coverage Ratio ²
Secured Mortgage on 34 Ave, Calgary Property	Approx. 3.48% (variable)	March 2022	\$7,858,467	\$207,460	1.08
Secured Mortgage on Blackfalds Property, Clairmont Property(1) and Clairmont Property(2)	4% (fixed)	August 2019	\$7,531,976	\$738,002	1.04
Secured Mortgage on Rockyview Property and Edmonton Property	4% (fixed)	August 2019	\$7,186,544	\$254,924	1.49
Secured Mortgage on Saskatchewan Property	3.79% (fixed)	December 2022	\$6,000,000	\$146,164	1.44
Total:			\$28,576,987	\$1,346,551	1.19

Notes:

1. Principal payments are based on existing mortgages, as well as refinancing of the ATB mortgage associated with Blackfalds, Clairmont (1) and Clairmont(2)
2. Debt service coverage ratio is calculated as Net operating income / Total Debt Service

In the event that the Offering is insufficient to repay the Convertible Notes, the Limited Partnership may obtain conventional financing, with such financing to be secured as a charge against the Initial Properties, as determined by the General Partner and Independent Review Committee. **See Item (1) – Insufficient Funds.**

4.3 Prior Sales

The Investor Units issued by the Trust within the last 12 months are set out in the table below.

Date of Issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
April 28, 2017	Series A Trust Units	1,620	\$100	\$1,491,500
	Series B Trust Units	13,295	\$100	
June 1, 2017	Series B Trust Units	4,165	\$100	\$416,500
June 30, 2017	Series B Trust Units (from DRIP)	182.437	\$98.03	\$17,885 ⁽¹⁾
July 1, 2017	Series B Trust Units	3,192	\$100	\$319,200
August 1, 2017	Series A Trust Units	100	\$100	\$862,300
	Series B Trust Units	8,523	\$100	
September 1, 2017	Series B Trust Units	14,649	\$100	\$1,464,900
September 30, 2017	Series A Trust Units (from DRIP)	1.275	\$98.03	\$37,254.90 ⁽¹⁾
	Series B Trust Units (from DRIP)	378.759	\$98.03	
October 1, 2017	Series B Trust Units	7,299	\$100	\$729,900
November 1, 2017	Series B Trust Units	5,027	\$100	\$502,700
December 1, 2017	Series A Trust Units	100	\$100	\$720,600
	Series B Trust Units	7,106	\$100	
December 31, 2017	Series A Trust Units (from DRIP)	1.291	\$98.03	\$53,455.96 ⁽¹⁾
	Series B Trust Units (from DRIP)	544.007	\$98.03	
January 2, 2018	Series A Trust Units	500	\$100	\$673,100
	Series B Trust Units	6,231	\$100	
February 1, 2018	Series B Trust Units	6,834	\$100	\$683,400
March 1, 2018	Series A Trust Units	500	\$100	\$730,800
	Series B Trust Units	6,808	\$100	
March 31, 2018	Series A Trust Units (from DRIP)	0	\$98.03	\$71,229.78 ⁽¹⁾

Date of Issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
	Series B Trust Units (from DRIP)	726.622	\$98.03	
April 1, 2018	Series A Trust Units	200	\$100	\$806,900
	Series B Trust Units	7,869	\$100	
TOTAL:		95,852	-	\$9,401,800 ⁽²⁾

Notes:

- (1) The Trust did not receive any proceeds in connection with the allocation of Trust Units to participants in the DRIP. The amount represented in the "Total funds received" column represents the cash equivalent of the units issued pursuant to the DRIP.
- (2) The Total Funds Received is non inclusive of the cash equivalent from DRIP and represents only the funds received by the Trust in connection with the allocation of Trust Units.

ITEM 5 SECURITIES OFFERED

5.1 Terms of Securities

The following sets forth a summary of the rights, privileges, restrictions and conditions of the Trust Units and the Special Voting Units. Only Trust Units are being issued pursuant to the Offering.

5.1.1 Investor Units

The Trust Units (referred to in the Trust Indenture as "Class 1 Units") are issuable in series and have certain rights, privileges, restrictions and conditions, a summary of which is set out below.

- (a) Issuable in Series: Each Trust Unit may at any time and from time to time be issued in one or more series. As at the date of this Offering Memorandum, there is one series of Trust Units offered pursuant to this Offering Memorandum: Series C Trust Units.
- (b) Parity: The rights of all holders of Trust Units are equal in all respects, without discrimination, preference or priority among them, including with respect to matters such as the right to receive distributions (provided, however, that in accordance with the Trust Indenture, each series of Trust Units is entitled to receive, if, as and when declared by the Trust, up to a varying amount of preferred cumulative annual return as described further in *Item 5.2 – Distribution Policy*), and the distribution of assets of the Trust in the event of any liquidation, dissolution or winding up of the Trust, or other distribution of assets of the Trust for the purpose of winding up its affairs.
- (c) Voting Rights: The holders of the Trust Units shall be entitled to receive notice of and to attend all meetings of the holders of Units of the Trust and to one (1) vote in respect of each Investor Unit held at all such meetings.
- (d) Participation upon Liquidation, Dissolution or Winding Up: In the event of the liquidation, dissolution or winding up of the Trust or other distribution of assets of the Trust among its holders of Units for the purpose of winding up its affairs, the holders of the Investor Units shall be entitled, subject to the rights of the holders of any other class of Units entitled to receive assets of the Trust upon such a distribution in priority to, or concurrently with, the holders of the Investor Units, to participate in the distribution. Such distribution to which the holders of Trust Units are entitled shall be made in equal amounts per Trust Unit on all the Trust Units at the time outstanding without preference or distinction.
- (e) Repurchase of Trust Units by Trust: The Trust shall be entitled to offer, and upon acceptance of such offer by the holder of Trust Units to whom such offer was made, to purchase for cancellation, at any time, the whole or from time to time any part of the outstanding Investor Units in respect of which the offer was accepted, at a price per Trust Unit and on a basis as determined, in each case, by the Trustees in their sole discretion but in compliance with all applicable laws, rules and regulations governing same.
- (f) Redemption: A holder of Trust Units is entitled to require the Trust to redeem, at any time at the demand of the holder, all or any part of the Trust Units registered in the name of the Unitholder. There are certain procedural requirements, set forth in the Trust Indenture, which must be adhered to in connection with any redemption of Trust Units. On the date that the Trust has received all documentation necessary to redeem such Investor Units in accordance with the terms of the Trust Indenture, holders will cease to have any rights with respect to those Investor Units tendered for redemption, including, without limitation, the right to vote at all meetings of the holders of Units of

the Trust. The price per Investor Unit to be received on redemption will be equal to the Redemption Price and payable on the Redemption Payment Date. Payment of the Redemption Price shall be in cash provided that if the aggregate Redemption Price of Trust Units tendered for redemption exceeds the Quarterly Limit, then the Trustees shall only be obligated to make cash payments pro-rata to a maximum of the Quarterly Limit, unless such limit is waived by the Trustees in their sole discretion, and the balance, subject to receipt of any applicable regulatory approvals, shall be paid by the Trust, in the discretion of the Trustees, through the issuance of Redemption Notes and/or through a distribution, in specie, of property of the Trust. In instances where the Quarterly Limit is met or exceeded, priority to receive cash payments upon redemption shall be afforded to Investor Units that have completed their full Redemption Period. There may be significant adverse tax consequences where Redemption Notes or other non-cash property of the Trust are received by Exempt Plans upon the redemption of Investor Units. **See Item 6 – Income Tax Consequences and RRSP Eligibility.**

5.1.2 Special Voting Units

The Special Voting Units have certain rights, privileges, restrictions and conditions, a summary of which is set out below:

- (a) Each Special Voting Unit shall have no economic entitlement nor beneficial interest in the Trust or in the distributions or assets of the Trust until exchanged for Series F Trust Units, but shall entitle the holder of record thereof to a number of votes at any meeting of the Unitholders equal to the number of Exchangeable Units held.
- (b) Special Voting Units shall not be transferable separately from the Exchangeable Units to which they are attached and will automatically be transferred upon the transfer of any such Exchangeable Units.
- (c) The Special Voting Unit is exchangeable for Series F Trust Units at the Exchange Ratio at any time and from time to time upon the election of the holder thereof. Special Voting Units may only be exchanged for Series F Trust Units upon the surrender by the holder thereof of the Exchangeable Units to which the Special Voting Units are attached. Upon surrender of an Exchangeable Unit, the Special Voting Unit attached to such Exchangeable Unit will automatically be cancelled and the holder thereof will be registered by the Trust as a holder of Series F Trust Units.

5.2 Distribution Policy

Trustees have the right, but not the obligation, to make a Cash Distribution from the Trust's Distributable Income to Unitholders of record as at the close of business on the Distribution Record Date. Cash Distributions may be reduced, suspended, deferred or increased at any time and from time to time by the Trustees.

Cash Distributions to Unitholders of the Trust will be dependent upon receipt of distributions from the Limited Partnership. The Trust is completely reliant on receiving funds from the Limited Partnership through its ownership of Class "A" LP Units in order to make Cash Distributions to Unitholders. Please refer to **Item 2.6(a) – Material Agreements – Trust Indenture – Distributions** for a discussion of the target preferred return for each series of Trust Units.

Should such a Cash Distribution be declared by the General Partner, on behalf of the Limited Partnership and subject to the payment of Operating Expenses, the Management Fee (including Management Expenses), the Guarantee Fee (if applicable) and the Class D Series 1 Return (if applicable), the Limited Partnership shall allocate and distribute the Partnership's Distributable Income quarterly in the following order of priority:

- (a) **Preferred Return:** On a *pro rata* basis, payment of: (a) an estimated/targeted 8% cumulative annual distribution (or such other amount as determined by the General Partner) on all unreturned capital contributions to the holders of Class "D" LP Units, Series 2; and (b) an amount sufficient to allow the Trust to pay up to the applicable preferred cumulative annual return to outstanding holders of Series A and B Trust Units (and, if issued, Series F Trust Units) and holders of Series C Trust Units whose capital contributions were used by the Trust in full (less Offering costs) for the subscription by the Trust for Class "A" LP Units, less the Trust Cost Per Unit.
- (b) **Trailer Fee:** To the extent that there are remaining funds, Dealers who have elected to receive the Commission plus Trailer Fee will be paid 1.25% per annum for capital contributions in the Trust on Series C Trust Units if a subscriber does not fully redeem their Investor Units during the respective Redemption Period of the Series C Trust Units. A trailer fee of 1.25% per annum will be paid on any outstanding Series A and Series B Units, as applicable, issued by the Trust pursuant to the terms and conditions of the Original OM.
- (c) **Remaining Funds:** To the extent that there are remaining funds: (a) 30% of such funds will be paid to the Manager; and (b) 70% of such funds will be paid to the Limited Partnership, which shall be reinvested or distributed at the discretion of the General Partner, as approved by the IRC.

At the discretion of the General Partner, the General Partner may also declare at any time and from time to time, a special distribution to Partners by the Limited Partnership in addition to any Limited Partnership distribution described above. A special distribution may be paid to any class or series of units of the Limited Partnership, provided however that the General Partner cannot declare a special distribution if no distribution described above has been declared within the preceding three calendar months.

If any amounts in connection with a special distribution by the Limited Partnership are received by the Trust, the Trust Indenture provides that the Trustees may also declare at any time and from time to time, a special distribution to Unitholders by the Trust in addition to any Trust distribution described above.

5.3 The Partners and Units of the Limited Partnership

5.3.1 Partners

Each Limited Partner (including the Trust) will obtain a percentage interest in the Limited Partnership based on the number of LP Units acquired by such Limited Partner as compared to the total number of LP Units outstanding. The classes of LP Units and the proposed ownership thereof are as follows:

- (a) Class "A" LP Units:
 - (i) The Trust will own Class "A" LP Units upon each Closing.
 - (ii) The Class "A" LP Units will be issued to the Trust for a price equal to the subscription price for the Series C Trust Units less any costs associated with the sale of such Series C Trust Units by the Trust, calculated on a per Series C Trust Unit basis.
 - (iii) As at the date of this Offering Memorandum, 95,852 Class "A" LP Units are issued and outstanding.
- (b) Class "D" LP Units:
 - (i) As at the date of this Offering Memorandum, 40,000 Class "D" LP Units, Series 1 and 82,478.48 Class "D" LP Units, Series 2 are issued and outstanding, and the Limited Partnership is authorized to issue an unlimited number of Class "D" LP Units, issuable in series.
 - (ii) As partial consideration for acquiring the Initial Properties, as well as Clairmont Property (2), the Limited Partnership issued Class "D" LP Units, Series 2, to Durum LP and Flax LP, as vendors of the Initial Properties. Durum LP and Flax LP will were also issued the Convertible Notes on the acquisition of the Initial Properties, which will be convertible into Class "D" LP Units, Series 2 in accordance with its terms.
 - (iii) The General Partner may issue additional Class "D" LP Units, Series 1 (and any other series of Class "D" LP Units) to investors for cash or in consideration for the acquisition of Future Properties, who the General Partner, in its discretion, desires to admit directly to the Limited Partnership as a limited partner.
- (c) GP Unit: The General Partner will own the GP Unit.

The Limited Partners are not entitled to participate in the control of the business of the Limited 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 and addressed below. **See also Item 2.6 – Material Agreements.**

5.3.2 LP Units

The LP Units have *inter alia* the following rights and privileges:

- (a) Voting Rights:
 - (i) Class "A" LP Units and Class "D" LP Units, Series 2 shall be entitled to receive notice of and to attend all meetings of the holders of Units of the Limited Partnership and to one (1) vote in respect of each Class "A" LP Unit and Class "D" LP Unit, Series 2 held at all such meetings.

- (ii) Other than Class "D" LP Units, Series 1 and Series 2, any series of Class "D" LP Units issued by the Limited Partnership and designated as having a voting right shall have such rights, privileges, restrictions and conditions as designated by the General Partner.
 - (iii) Holders of the GP Unit or Class "D" LP Units, Series 1 shall not be entitled to receive notice of or to attend any meeting of holders of Class "A" LP Units and Class "D" LP Units, Series 2 (or any other Class "D" LP Units designated as having the right to vote) or to vote at any such meeting or to vote in respect of any matter whatsoever requiring the approval of holders of Class "A" LP Units Class "D" LP Units, Series 2 (or any other Class "D" LP Units designated as having the right to vote).
- (b) Assignability: Each of the Class "A" LP Units and Class "D" LP Units are assignable by the holders thereof, subject to the approval of the General Partner.

5.4 Subscription Procedure

Subscribing for Investor Units

5.4.1 Subscription Documents

Subscribers who wish to purchase Investor Units will be required to enter into the Subscription Agreement with the Trust and deliver the Subscription Agreement to the Trust. 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 Investor Units, that it is purchasing the Investor Units for investment and not with a view for resale and as to its corporate status or other qualifications to purchase Investor Units on a "private placement" basis.

Investor Units may be purchased in the following manner:

- (a) 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);
- (b) pay the Subscription Price in respect of the Investor Units subscribed for by way of certified cheque or bank draft payable to "Durum Industrial Real Estate Investment Trust"; and
- (c) deliver all of the foregoing to the Trust at 500 – 1414 – 8th Street SW, Calgary, Alberta T2R 1J6.

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. 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 (or direct the 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 proceeds related to the subscription without interest or deduction.

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

Definitive certificates representing the Investor Units will not be created or circulated unless required or requested.

All proceeds from the Offering will be held in escrow until midnight on the 2nd Business Day after the day the Subscriber signs the Subscription Agreement. In the event that such Subscriber provides the Trust with a cancellation notice prior to midnight of the 2nd Business Day after the signing date, or the Trust does not accept such Subscriber's subscription, all subscription proceeds from the Offering will be promptly returned to such Subscriber without interest or deduction, plus applicable documentation.

5.4.2 Exemptions from Prospectus Requirements

The Investor Units are being offered in all the Provinces of Canada pursuant to prospectus exemptions under applicable securities legislation. Such prospectus exemptions relieve the Trust from provisions under applicable securities legislation requiring the Trust 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 Investor Units pursuant to this Offering Memorandum is being made in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador under certain statutory exemptions from the prospectus requirements set out in NI 45-106. Specifically, the sale of Investor Units is being made pursuant to the Offering Memorandum Exemption, Section 2.9 of NI 45-106 and the Accredited Investor exemption, Section 2.3 of NI 45-106 and the Minimum Amount Investment exemption, Section 2.10 of NI 45-106.

Residents of Québec

The sale of Investor Units is being made in Québec pursuant to the Accredited Investor exemption, Section 2.3 of NI 45-106 (as applicable). **If prospective Subscribers resident in Québec are not Accredited Investors they are not permitted to participate in the Offering.**

Other Jurisdictions

The sale of Investor Units pursuant to this Offering Memorandum may also be made in other jurisdictions provided that the Subscriber provides to the Trust 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.

Representation and Agreement

By signing the Subscription Agreement, each Subscriber will also make the representation that the Subscriber meets the conditions of the applicable prospectus exemption in purchasing Investor Units pursuant to the Offering and is thus entitled under the prospectus exemption to purchase Investor Units without the benefit of a prospectus qualified under applicable securities laws.

Acceptance of Subscription Form

THE ACCEPTANCE BY THE TRUST OF A SUBSCRIBER'S SUBSCRIPTION FORM, WHETHER IN WHOLE OR IN PART, CONSTITUTES A SUBSCRIPTION AGREEMENT BETWEEN THE SUBSCRIBER AND THE TRUST UPON THE TERMS AND CONDITIONS SET OUT IN THE OFFERING MEMORANDUM AND IN THE TRUST INDENTURE, whereby the Subscriber, among other things: (i) acknowledges that he or she is bound by the terms of the Trust Indenture; (ii) makes the representations and warranties, including without limitation, representations and warranties as to his or her residency, set out in the Trust Indenture; and (iii) irrevocably nominates, constitutes and appoints the Trust as his or her true and lawful attorney with the full power and authority as set out in the Trust Indenture.

Non-residents of Canada (within the meaning of the Tax Act) may not beneficially own in the aggregate more than 49% of the outstanding Units at any time. The Trust will not accept any subscription for Units from any Person, issue any Units to any Person or register or otherwise recognize the transfer of any Units to any Person if, after giving effect thereto, more than 49% of the outstanding Units, as applicable, would be held or beneficially owned, directly or indirectly, by persons who are Non-residents of Canada.

5.4.3 Investment Limits

In certain jurisdictions in Canada, the prospectus exemption provided by Section 2.9 of NI 45-106 establishes certain investment limits for individual investors.

The acquisition costs of all securities acquired by an individual investor under Section 2.9 of NI 45-106 in the preceding 12 months shall not exceed the following amounts:

- (a) in the case of a purchaser that is not an eligible investor (as such term is defined in Section 1.1 of NI 45-106), \$10,000;

- (b) in the case of a purchaser that is an eligible investor, \$30,000; and
- (c) in the case of a purchaser that is an eligible investor and that received advice from a portfolio manager, investment dealer or exempt market dealer that the investment is suitable, \$100,000.

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

5.5 NAV Valuation Policy

Working with the Manager, the net asset value ("**NAV**") is determined by the Trustees and approved by the IRC Committee. The Manager will work with the Trustees who will use reasonable methods of determining NAV. The Manager and Trustees may adopt alternative methods to calculate the investment property values and NAV from time to time, without notice to or approval by the Investor Unitholders.

Valuation of the Properties

The Limited Partnership's Properties are valued using the fair value model in accordance with IFRS section IAS 40 – Investment Properties. Investment property in IAS 40 is defined as property held to earn rentals or for capital appreciation or both and are initially recorded at cost, including related transaction costs. Subsequent to initial valuation, investment properties are measured at fair value, which reflects market conditions at the reporting date. The Manager applies judgment in determining if the acquisition of an investment property qualifies as a business combination in accordance with IFRS 3 or as an asset acquisition. Transaction costs (including commissions, land transfer tax, appraisals, legal fees and third party inspection reports associated with a purchase) related to property acquisitions not considered business combinations are capitalized in accordance with IAS 40. Transaction costs are expensed in accordance with IFRS 3 where such acquisitions are considered business combinations.

The Properties' fair value is determined using a valuation process developed by the Manager and approved by the IRC Committee. The Manager considers the following in determining fair value; (a) consider recent prices of similar properties in similar market areas and; (b) the direct capitalization method, which is based on the conversion of current and future normalized net earnings potential directly into an expression of market value. The normalized net earnings for the year is divided by an overall capitalization rate to estimate fair value.

The Manager will on an annual basis: (a) determine the capitalization rates that would be used in valuing the properties; (b) provide comparable sales and supporting relevant market information; (c) utilize industry standard set off and normalization assumptions used in the calculation of normalized net earnings; (d) review the valuation process to determine whether any changes or updates are required; (e) review the audited year-end financial statements and compliance with the valuation process and compliance with IAS 40; and (f) provide a fair value report for financial statement purposes.

The Trust's auditors will report on the audited financial statements of the Trust on an annual basis as to the compliance of the financial statements with IFRS. The Trust's auditors complete their audit using Canadian generally accepted auditing standards, which require that they plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement. The audits include evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management.

The Manager is responsible on an annual basis to: (a) gather the property specific data used in the valuation process set forth; (b) review the valuation process to determine whether any changes or updates are required; (c) input the capitalization rates, set offs and normalization assumptions; and (d) deliver the completed valuation process to the auditors at year-end for the completion of the audit on the financial statements.

Investment properties that have been disposed of or permanently withdrawn from the property portfolio will not be included in the fair value process. Any gains or losses on the disposition of investment properties are recognized in the income statement in the year of disposition.

Calculation of Net Asset Value

After the Offering has been completed, the NAV will be calculated quarterly based on the IFRS balance sheet carrying values plus adjustments. The property portfolio is valued on a quarterly basis. The NAV may or may not change in between quarters and at the end of each quarter should there be material changes or considerations that would impact the NAV including but not limited to changes in capitalization rates or acquisitions and dispositions of Properties.

As part of the process for calculating the NAV, there will be important estimates, assumptions and decisions made as part of the calculation process.

The NAV will be calculated by adding IFRS balance sheet assets, subtracting IFRS balance sheet liabilities, adding appropriate non-IFRS adjustments and dividing by the total number of outstanding Investor Units. The non-IFRS adjustments include, but are not limited to: (a) applicable property portfolio premiums, plus; (b) capitalization of certain capital expenses, which accrue over a long period of time and should be allocated between exiting, remaining and incoming Investor Unitholders but may be written off or effectively written off under IFRS, or where the value of such expense is not yet reflected, in whole or in part in the property portfolio valuation due to lags in timing, if any; plus; (c) between quarters property portfolio adjustments, if any; less (d) discretionary adjustments, if any.

Property portfolio premium means an adjustment to IFRS valuations to take into account the difference a buyer may pay for a portfolio of properties versus an individual property. The IFRS valuation approach values each property on a standalone basis and does not consider the value of economies of scale, property grouping advantages, the time, expense and difficulty of assembling a portfolio and desirability of a portfolio of properties to potential buyers.

The NAV is currently determined by the Manager, as per the above methodology, and approved by the IRC Committee for publishing the NAV and for use in, but not limited to processing redemptions, financial statements of the Trust and account statements for Investor Unitholders.

5.6 Distribution Reinvestment Plan

The Trust has implemented a distribution reinvestment plan pursuant to which holders of Investor Units may reinvest all Cash Distributions in additional Investor Units of the same class (the "**DRIP**"). Investors may sign-up to participate in the DRIP immediately upon subscribing for Investor Units or by providing a "Distribution Reinvestment Plan Authorization Form" (available upon request) no later than five business days prior to an applicable Distribution Record Date. Participants in the DRIP may elect to terminate receiving Cash Distributions through the DRIP by providing the Trust with 30 days prior written notice of their intention to terminate participation in the DRIP.

The price at which Investor Units are acquired for DRIP participants will be based on the fair market value of each Investor Unit at the time of the Cash Distributions. Participants electing to reinvest Cash Distributions in Investor Units pursuant to the DRIP will receive a further "bonus" distribution equal to 2% of anticipated declared and paid Cash Distribution which are reinvested, which further distribution will also be reinvested in Investor Units. Participants will receive the same class of Investor Units under the DRIP as the underlying Investor Units upon which such distributions were declared and such units. Investor Units issued under the DRIP will be subject to the Redemption Period applicable to the series of Investor Unit issued under the DRIP.

Participation in the DRIP is open to holders of any class of Investor Units, other than those who are resident or present in the United States. If a participant in the DRIP is not resident in Canada, participation in the DRIP is subject to applicable withholding tax. In those circumstances, cash that would otherwise be distributed to such participants by the Trustees on any given distribution date will be reduced by the amount of applicable withholding tax, and then applied towards the purchase of additional Investor Units pursuant to the DRIP. No third party or broker commission will be payable in connection with the purchase of Investor Units under the DRIP and all administrative costs will be borne by the Trust. Trailer fees may be paid with respect to any Investor Units that issued under the DRIP but are not redeemed.

The Trustees reserve the right to amend, suspend or terminate the DRIP at any time. In the event of suspension or termination of the DRIP by the Trustees, no investment in additional Investor Units on behalf of participants will be made following the effective date of such suspension or termination.

ITEM 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

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

6.1 Income Tax Consequences

In the opinion of Dentons Canada LLP, tax counsel to the Trust, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act of acquiring, holding and disposing of Units acquired pursuant to the Offering generally applicable to a purchaser who is a resident of Canada, who will hold the Investor Units as capital property for purposes of the Tax Act and who, at all material times, deals at arm's length with and is not affiliated with the Trust for purposes of the Tax Act. Generally, the Investor Units will be considered to be capital property to a holder thereof unless they are held in the course of carrying on a business or in connection with an adventure in the nature of trade. Certain holders resident in Canada whose Investor Units might not otherwise qualify as capital property may be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Investor Units and any other "Canadian security" as defined in the Tax Act treated as capital property. Unitholders of Investor Units considering making such an election should consult their own tax advisors. This summary is not applicable to a Unitholder that is a "specified financial institution", a "financial institution", a holder of an interest which would be a "tax shelter investment", a holder that enters into, with respect to their

Investor Units, a "synthetic disposition arrangement" or a "derivative forward arrangement" or a holder subject to the "functional currency" rules all as defined under the Tax Act. Any such holder should consult its own tax advisor with respect to an investment in the Investor 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**"), Tax Counsel's understanding of the current published administrative practices of the CRA and a certificate of an officer of the Trustees as to certain factual matters.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the acquisition, holding or disposition of Investor Units and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, administrative or judicial decision or action. This summary does not take into account any 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 or representations to any particular holder of Units. Consequently, holders of Investor Units are urged to seek independent tax advice in respect of the consequences to them of an investment in Investor Units having regard to their particular circumstances. **You should consult your own professional advisors to obtain advice on the income tax consequences that apply to you.**

Status of the Trust

This summary assumes that the Trust will continue to qualify, as a "mutual fund trust" as defined in the Tax Act. In order to qualify as a mutual fund trust, in addition to qualifying as a "unit trust", the Trust must satisfy the following conditions under the Tax Act:

- (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 (being not fewer than 150 Unitholders of the Trust of at least one of its classes of Units that has qualified for distribution to the public pursuant to this Offering Memorandum, with each Unitholder owning not less than 10 Units having an aggregate fair market value of not less than \$500) 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.

As at the date of the Offering Memorandum, the Trustees have advised counsel that the Trust now meets all of the requirements necessary for it to qualify as a mutual fund trust (including getting at least 150 Unitholders of at least one of its classes of Units) and that the Trust has made the MFT Election so that it will be deemed to be a mutual fund trust pursuant to the MFT Election throughout its first taxation year. The Trustees have also advised counsel that they intend to use commercially reasonable efforts to ensure that the Trust will continuously satisfy the minimum distribution requirement and other requirements set out above so as to continuously qualify as a mutual fund trust thereafter.

If the Trust does not qualify or it ceases 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 also 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 that it has no current intention to arrange to have the Investor Units or other investments in the Trust listed or traded 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 Investor Unitholders would be materially different than those described herein.

Taxation of the Trust

The Trust is subject to tax in each taxation year on its income for the year, computed as though it were a separate individual resident in Canada. The taxation year of the Trust will end on December 31 of each 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 Limited Partnership as is allocated in the year to the Trust for purposes of the Tax Act.

In computing its income, the Trust will generally be entitled to deduct reasonable administrative expenses incurred to earn income. The Trust will be entitled to deduct the costs incurred by it in connection with the issuance of Units on a five-year, straight-line basis, subject to proration for short taxation years. The Trust may also deduct amounts which are paid or become payable by it to holders of Units in the year, to the extent that the Trust has net income for the year after the inclusions and deductions outlined above. An amount will be considered to have become payable to a Unitholder in a taxation year only if it is paid in the year by the Trust or the Unitholder is entitled in that year to enforce payment of the amount. Under the Trust Indenture, net income of the Trust for each year will be paid or made payable by way of cash distributions to the holders of Units. The Trust Indenture also contemplates other situations in which the Trust may not have sufficient cash to distribute all of its net income by way of such cash distributions. In such circumstances, such net income will be payable to holders of Units in the form of additional Units ("**Reinvested Units**").

The Trust will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net taxable capital gains by an amount determined under the Tax Act based on the redemption or retraction of Units during the year (the "**Capital Gains Refund**"). In certain circumstances, the Capital Gains Refund for a particular taxation year may not completely offset the Trust's tax liability on net realized capital gains for such taxation year. Thus, the Trust Indenture provides that any capital gains realized by the Trust as a result of such redemptions may be allocated to the Unitholders of Units redeeming their Units. The taxable portion of such capital gain must be included in the income of the redeeming Unitholder.

For purposes of the Tax Act, the Trust advises that it generally intends to deduct, in computing its income and taxable income, the full amount available for deduction in each year. As a result of such deductions and the Trust's entitlement to a Capital Gains Refund, it is expected that the Trust will not be liable for any material amount of tax under the Tax Act. However, no assurance can be given in this regard.

Taxation of the Limited Partnership

The Limited 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 Limited 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 Limited 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 Limited 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 Limited 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 Limited 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 Limited Partnership is less than zero at the end of a fiscal period of the Limited 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.

Taxation of Investor Unitholders of Investor Units

Income and Distributions

An Investor Unitholder will generally be required to include in computing income for a particular taxation year of the Investor 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 Investor Units or otherwise.

The non-taxable portion of net capital gains of the Trust that is paid or becomes payable to an Investor Unitholder in a year will not be included in computing the Investor 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 Investor Unitholder's income for the year. However, the payment by the Trust of such excess amount, other than as proceeds of disposition of Investor Units, will generally reduce the adjusted cost base of the Investor Units held by such Investor Unitholder. To the extent that the adjusted cost base of an Investor Unit is less than zero, the negative amount will be deemed to be a capital gain of the Investor Unitholder from the disposition of the Investor Unit in

the year in which the negative amount arises and the Investor Unitholder's adjusted cost base of the Investor Unit will be nil immediately thereafter. See the discussion below under "Disposition of Investor Units" with respect to capital gains and capital losses.

It is expected that, in each year, any cash distributions paid by the Trust to the Investor Unitholders will include both income of the Trust, which will be included in the taxable income of the Investor Unitholders, and non-taxable distributions, which will reduce the adjusted cost base of the Investor Unitholders in their respective Investor 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 an Investor Unitholder will effectively retain their character and be treated as such in the hands of the Investor Unitholder for the purposes of the Tax Act. All other income of the Trust that is paid or becomes payable to an Investor 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 Investor 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 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 Investor Unitholder.

Acquisition of Investor Units

The cost for tax purposes of an Investor Unit acquired pursuant to this Offering will be the subscription price of the Investor Unit. Investor Units issued to an Investor Unitholder in lieu of a cash distribution of income will have a cost to the Investor Unitholder equal to the amount of income of the Trust distributed by the issuance of such Reinvested Units. Under the Tax Act, the adjusted cost base of Reinvested Units will be averaged with the adjusted cost base of all other Units already owned by the Investor Unitholder in order to determine the respective adjusted cost base of each such Investor Unit. The adjusted cost base of Investor Units disposed of is based on such average calculated immediately prior to the disposition.

Disposition of Investor Units

Upon the disposition or deemed disposition by an Investor Unitholder of an Investor Unit, the Investor Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of the Investor Unitholder's adjusted cost base of the Investor Unit and any reasonable costs of disposition.

A redemption of Units in consideration for cash, Redemption Notes or other securities distributed to the Investor Unitholder in satisfaction of the redemption price, as the case may be, will be a disposition of such Units for proceeds of disposition equal to the aggregate of any cash and the fair market value of the Redemption Notes or other assets so distributed, as the case may be. Redeeming Investor Unitholders of Investor Units will consequently realize a capital gain (or capital loss), depending upon whether the proceeds of disposition received exceed (or are less than) the adjusted cost base of the Investor Units so redeemed and any reasonable costs of disposition. Where an Investor Unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of an Investor Unit, the Investor Unitholder's capital loss from the disposition will generally be reduced by the amount of dividends from taxable Canadian corporations previously designated by the Trust to the Investor Unitholder except to the extent that a loss on a previous disposition of an Investor Unit has been reduced by such dividends. Similar rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Investor Units.

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Unitholder in a taxation year must be included in the income of the Investor Unitholder for the year, and one-half of any capital loss (an "**allowable capital loss**") realized by an Investor Unitholder in a taxation year is deducted from taxable capital gains realized by the Investor Unitholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net capital gains realized in such years, to the extent and under the circumstances described in the Tax Act.

An Investor Unitholder that throughout the relevant taxation year is a "Canadian controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax on certain investment income, including taxable capital gains. Capital gains realized by an individual may give rise to a liability for alternative minimum tax.

Where the redemption price for Investor Units is paid by the issuance of Redemption Notes or other assets to the redeeming Investor Unitholder, the proceeds of disposition to the Investor Unitholder of the Investor Units will be equal to the fair market value of the property so transferred less the portion of any income or capital gain realized by the Trust in connection with the redemption of those Investor Units that has been designated by the Trust as payable to the redeeming Investor Unitholder as described above. Where the Trust has designated such capital gain or income as payable to a redeeming Investor Unitholder, the Investor Unitholder will be required to include in

income such income and the taxable portion of the capital gain so designated. The adjusted cost base of the Redemption Notes or Trust assets transferred by the Trust to an Investor Unitholder upon an in specie redemption of Investor Units by that Investor Unitholder will generally be equal to the fair market value of such notes (less any accrued but unpaid interest on such notes at that time) or assets at the time of transfer. To the extent that the Investor Unitholder is thereafter required to include in income any interest accrued to the date of the acquisition of Redemption Notes by the Investor Unitholder, an offsetting deduction will be available. The Investor Unitholder will thereafter be required to include in income interest on any Redemption Notes or income in respect of such other assets in accordance with the provisions of the Tax Act.

Tax-Exempt Investor Unitholders of Investor Units

Exempt Plans will generally not be liable for tax in respect of any distributions received from the Trust or any capital gain realized on the disposition of any Investor Units, provided that the Trust continues to qualify as a mutual fund trust within the meaning of the Tax Act.

Taxation of Unitholders Not Resident in Canada

Investor 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.

6.2 Eligibility for Investment

In the opinion of Dentons Canada LLP, counsel to the Trust, based on the provisions of the Tax Act in force as of the date hereof and the Proposed Amendments, provided the Trust qualifies as a "mutual fund trust" within the meaning of the Tax Act at all times by virtue of the Trust having made a valid MFT Election under the Tax Act to be deemed to be a mutual fund trust throughout its first taxation year, the Investor Units will be a qualified investment for Exempt Plans.

Notwithstanding the foregoing, holders, annuitants or subscribers (each a "**Controller**") of an Exempt Plan that is a RRSP, RRIF, RDSP, RESP and a TFSA (collectively, "**Plans**"), will be subject to a penalty tax in respect of Investor Units held in a trust governed by a Plan if such Investor Units are a "prohibited investment" for the purposes of the Tax Act. Investor Units will generally not be a "prohibited investment" for a Plan unless the Controller of the Plan (i) does not deal at arm's length with the Trust for purposes of the Tax Act or (ii) has a "significant interest", as defined in the Tax Act, in the Trust. Generally, a Controller will not have a significant interest in the Trust unless the Controller owns interests as a beneficiary under the Trust that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Trust, either alone or together with persons and partnerships with which the Controller does not deal at arm's length. Prospective purchasers who intend to hold their Investor Units in a Plan should consult their own tax advisors with regard to the application of these rules in their particular circumstances.

Where an Exempt Plan receives Redemption Notes or any other debt or securities as a result of redemption of Investor Units, such Redemption Notes, debt or other securities will 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 attached to the Investors Units.

If the Trust fails to qualify as a mutual fund trust at any time or it ceases to qualify as a mutual fund trust under the Tax Act, the Investor Units will not be qualified investments under the Tax Act for Exempt Plans and this could give rise to adverse consequences to such Exempt Plans or the annuitant or beneficiary under such Exempt Plans. In the case of a RRSP, RRIF or TFSA, the annuitant or holder of the plan is subject to a penalty tax equal to 50% of the fair market value of the investment at the time it becomes non-qualified. Such 50% tax is refundable but only in certain circumstances where the investment becomes a non-qualified investment inadvertently and the investment is disposed of by the plan within the timeframe set out in the Tax Act. Further, the RRSP, RRIF or TFSA will be taxable on any income it earns from such non-qualified investment.

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

The Trust intends, in certain circumstances, to pay to third parties who are entitled to receive the same, Referral Fees or Commissions on the gross proceeds raised in connection with the investment in Series C Trust Units offered hereby. Subscribers who are introduced to the Trust 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 or Commission shall be paid directly to an officer or director of the Trust, Limited Partnership, General Partner, Manager, Administrator or any affiliate thereof such entities. No Referral Fee or Commission will be paid to any party for the purchase of LP Units by the Trust or the exchange of Special Voting Units into Series F Trust Units.

Dealer

Each dealer will receive:

- (a) up to 1.5% administration fee on the principal amount of a subscriber's investment for Series C Trust Units; and
- (b) the option to elect either:
 - (i) a 1.5% commission on the principal amount of a subscriber's investment for Series C Trust Units and a trailer fee of 1.25% per annum for capital contributions in the Trust on Series C Trust Units, so long as the subscriber does not redeem their Investor Units during the respective Redemption Periods of the Series C Trust Units (the "**Commission plus Trailer Fee**"); or
 - (ii) a commission of 5.5% on the principal of a subscriber's investment for Series C Trust Units (the "**One-time Commission Fee**").

A corporate finance front-end fee and/or financial advisory fee may also be paid by the Trust to a dealer, at the discretion of the Trustees. No Referral Fees or Commissions will be paid on the issuance of LP Units or the exchange of Special Voting Units into Series F Trust Units. A trailer fee of 1.25% per annum will be paid on any outstanding Series A and Series B Units, as applicable, previously issued by the Trust pursuant to the terms and conditions of the Original OM.

Wholesaler

Wholesalers will receive up to 1% commission on Capital Contributions to the Trust by investors. In addition, the Wholesaler will receive a monthly fee of up to \$10,000 and is reimbursed for any reasonable actual costs incurred in connection with the Wholesaler's engagement under the Wholesaler Agreement. No Referral Fees or Commissions will be paid on the issuance of LP Units or the exchange of Special Voting Units into Series F Trust Units.

Management

The General Partner, Durum Industrial Real Estate GP Inc. has assigned management of the Limited Partnership to the Manager, Durum Capital Inc., a Simmons Financial Holdings Corporation subsidiary. The Manager will earn the Management Fee for managing the Limited Partnership and the Trust equal to 2% of the total Capital Contributions to the Trust and Limited Partnership for all management services, expenses and fees pursuant to the Administration and Management Agreement.

ITEM 8 RISK FACTORS

It is strongly recommended that each Subscriber, in order to assess tax, legal and other aspects of an investment in the Investor Units, obtain independent legal advice with respect to the Offering and this Offering Memorandum. An investment in the Investor Units is subject to significant risk from, among other things, rapidly changing economic and market conditions.

There is no established market for the Investor Units or the Investor Units of the Trust and none is expected to develop. Therefore, it may be difficult or impossible for a Subscriber to sell any of such securities. The subscription price per Investor Unit was determined arbitrarily by the Trust. This Offering should be considered highly speculative due to the proposed nature of the Trust's business.

There are risks associated with an investment in the Trust as a result of, among other considerations, the proposed nature and operations of the Trust. An investment in Investor Units should only be made after consultation with independent qualified sources of investment and tax advice. An investment in the Trust is speculative and involves a high degree of risk and is not intended as a complete investment program. There is a risk that an investment in the Trust will be lost entirely or in part. Only investors who do not require immediate liquidity of their investment and who can afford the loss of their entire investment should consider the purchase of Investor Units. The following does not purport to be a complete summary of all the risks associated with an investment in the Trust.

8.1 Investment Risk

No Guaranteed Return

There is no guarantee that an investment in Investor Units will earn any positive return in the short or long-term. The value of the Investor Units may increase or decrease depending on market, economic, political, regulatory and other conditions affecting the Trust. Investment in the Investor Units may be more volatile and risky than some other forms of investments. All prospective Unitholders should consider an investment in the Trust within the overall context of their investment policies.

Although the Trust intends to make cash distributions in accordance with the distribution policy set out in the Indenture, the Trustees may reduce or suspend cash distributions indefinitely, which could have a material adverse effect on the market price of the Units. In addition, the actual cash flow available for distribution to Unitholders is dependent on the amount of cash flow paid to the Trust by the Limited Partnership and can vary significantly from period to period for a number of reasons, including among other things: (a) the issuance of

additional Class "D" LP Units, Series 1 whose Class D Series 1 Return ranks in priority to other LP Units upon the General Partner's declaration of a Limited Partnership distribution; (b) the amount of net rental income derived from the Properties of the Limited Partnership; (c) the amount of cash required or retained for debt service or repayment; (d) amounts required to fund capital expenditures and working capital requirements; (e) tenant allowances; (f) leasing commissions; (g) Unit redemptions; (h) interest rates; and (i) other factors that may be beyond the control of the Trust. These amounts are subject to the discretion of the Manager, which will regularly evaluate the distribution payout of the Limited Partnership and the Trust with respect to anticipated cash flows, debt levels, capital expenditure plans and amounts to be retained to fund acquisitions and expenditures. In addition, the level of distributions per Unit will be affected by the number of outstanding Units and other securities that may be entitled to receive cash distributions. Distributions may be increased, reduced or suspended entirely depending on operations and the performance of the assets of the Limited Partnership. The NAV of the Units may materially deteriorate if the Trust is unable to meet distribution expectations in the future.

Blind Pool Investment

The Investor Units represent a partially "blind pool" investment. The Trust expects that the gross proceeds raised pursuant to the Offering will be applied by the Limited Partnership in accordance with ***Item 1 – Use of Funds***. Other than with respect to the Existing Properties, the Trust has not entered into any binding agreements with any third parties for the purpose of acquiring any Future Properties as of the date of this Offering Memorandum.

While the Trust anticipates that the Manager will be able to identify and complete the purchase of Future Properties on an on-going basis that satisfies the Trust's investment and business objectives and achieves acceptable returns, there is no assurance that they will be able to do so.

Highly Speculative

The purchase of Investor Units is highly speculative. A potential Subscriber should purchase Investor Units only if it is able to bear the risk of the entire loss of its investment. An investment in the Investor Units should not constitute a significant portion of a Subscriber's portfolio. The Trust is not a member institution of the Canada Deposit Insurance Corporation and the Investor Units offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation.

Dilution

No assurance can be given that the current position of Investor Unitholders of the Trust will not be diluted due to the issuance of future Units, including by way of the creation and issuance of an additional series of Investor Units or the conversion of any Special Voting Units into Series F Trust Units.

Illiquidity of Units

There is presently no market for the Investor Units offered under this Offering Memorandum, nor is there any guarantee or expectation that such a market will develop. Units are transferable subject to the terms of the Trust Indenture and Canadian securities law restrictions. Under applicable securities laws, the Units are subject to restrictions on resale such that they may be subject to an indefinite hold. Certificates issued for the Units will contain a legend with respect to same. In addition, under certain conditions, redemptions may not be payable in cash but rather satisfied through the distribution of other Trust Property or Redemption Notes, in respect of each of which there will not be a market for such securities. An investment in Units is hence suitable only for sophisticated investors who do not need full liquidity with respect to this investment.

Redemption of Units

Use of Available Cash: The payment in cash by the Trust of the Redemption Price (as opposed to payment of the Redemption Price through the issuance of Redemption Notes) will reduce the amount of cash available to the Trust for the payment of distributions to Unitholders.

Redemption Price: Should Unitholders elect to redeem their Units, as the Redemption Price is, in part, based on the estimated fair market value of the Units as determined by the Trustees in their sole discretion, acting reasonably, there is no guarantee that the estimated fair market value of the Units is exact. Accordingly, any error in the estimated fair market value of the Units at the time of redemption could result in a Unitholder receiving less than they may otherwise have been entitled to receive.

Limitation on Payment of Redemption Price in Cash: In respect of redemptions of Units, once the Quarterly Limit cash threshold (set by the Trustees on an annual basis and from time to time by a resolution of the Trustees) in any one quarter is exceeded, Unitholders of Units may

receive from the Trust (in lieu of cash) Redemption Notes, which will not be eligible under Exempt Plans. In instances where the Quarterly Limited is met or exceeded, priority to receive cash payments upon redemption shall be afforded to Investor Units that have completed their full Redemption Period.

Payment of Redemption Price using Redemption Notes or other Non-Cash Property: In lieu of cash, Unitholders may receive the Redemption Price in the form of Redemption Notes and/or a distribution, in specie, of property of the Trust. Where an Exempt Plan receives Redemption Notes or any other debt or securities as a result of redemption of Units, such Redemption Notes, debt or other securities will 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 attached to the Units.

Redemption Notes will be Unsecured: Redemption Notes issued by the Trust will be unsecured debt obligations of the Trust and may be subordinated to other financing obtained by the Trust.

Unitholders do not have Legal Rights Typically Associated with Ownership of Shares of a Corporation

Unitholders do not have all of the statutory rights normally associated with ownership of shares of a company including, for example the right to bring "oppression" or "derivative" actions against the Trust.

Unitholder Liability

The Trust Indenture provides that no Unitholder will be subject to any liability in connection with the Trust or its assets or obligations and that, in the event that a court determined that Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Unitholder's share of the Trust's assets. The Trust Indenture further provides that the Trustees and the Trust shall make all reasonable efforts to include as a specific term of any obligations or liabilities being incurred by the Trust or the Trustees on behalf of the Trust, a contractual provision to the effect that neither the Unitholders nor the Trustees have any personal liability or obligations in respect thereof. There remains a risk that a Unitholder may be personally liable despite such a provision in the Trust Indenture or other agreements entered into by the Trust.

Personal liability may also arise 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 operations of the Trust will be conducted, upon the advice of 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.

Lack of Diversification

Other than the acquisition of the Existing Properties and the potential acquisition of Future Properties, the Trust has not made any investments nor has it entered into any binding agreements with any other party for the purpose of acquiring any assets or businesses. Accordingly, there is no assurance that the Trust will generate sufficient earnings to pay distributions to Unitholders. The Trust does not have any specific limits on holdings in businesses in any one industry. The Trust may not adopt any fixed guidelines for diversification. As a result, the Trust's portfolio may be subject to more rapid changes in value than would be the case if the Trust adopted other diversification guidelines.

Illiquidity of Investments

Most if not all of the assets that the Trust may invest in, including the Properties, will be unlisted, otherwise illiquid and difficult to value. The valuation of these assets is subject to a significant amount of subjectivity and discretion. There is no guarantee that fair value will be realized by the Trust on the sale of its assets.

Tax

Legal, tax or administrative changes, which occur during the life of the Trust, could have an adverse effect on the Trust, the Unitholders or both. In particular, if Redemption Notes are issued to Investors upon the redemption of Investor Units, Investors purchasing Investor Units through Exempt Plans may be subject to the adverse tax consequences described in ***Item 6 – Income Tax Consequences and RRSP Eligibility***.

In determining its income for tax purposes, the Trust will treat gains or losses on the disposition of securities or assets as capital gains and losses. The CRA's practice is not to grant advance income tax rulings on the characterization of items as capital gains or income and no advance tax ruling has been requested or obtained.

Debt Securities and Debt Instruments

While there is no current intention to do so, the Trust and/or the Limited Partnership may invest in debt securities. Debt securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations and are subject to price volatility due to facts such as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity. In addition, while there is no current intention to do so, the Trust and/or the Limited Partnership may invest in instruments that have a credit quality below investment grade by internationally recognized credit rating organizations or may be unrated, which typically involve greater risk than higher grade issuers.

The Trust may require additional capital to implement its objectives. There can be no assurance that debt or equity financing will be available or sufficient to meet the requirements of the Trust to implement its objectives or, if debt or equity financing is available, that it will be on terms acceptable to the Trust. In the event that the Trust issues Investor Units to finance its objectives, control of the Trust may change and Subscribers may suffer additional dilution of their investment. The inability of the Trust to access sufficient capital for its operations could have a material adverse effect on the Trust's financial condition, results of operations or prospects.

Achievement of Investment Objectives

There can be no assurance that the Trust's investment strategies will be successful, that its investment objective will be achieved or that it will be able to make any distributions. The Trust and the Limited Partnership could realize substantial losses. The past performance of the Management team in prior transactions and business ventures does not guarantee success or similar returns with respect to the business of the Trust and Limited Partnership.

8.2 Issuer Risk

Dependence on Key Personnel

The success of the Trust and its investments depends upon the personal efforts of a small group of senior management. Although the Trust believes it will be able to replace key employees within a reasonable time should the need arise, the loss of key personnel could have a material adverse effect on the Trust's business, financial condition, liquidity and results of operations. The Trust does not carry any key man insurance.

Independence of Officers, Directors and Trustees

No assurance can be given that a majority of the Trustees of the Trust will be considered to be independent within the meaning of applicable securities laws. The Trustees of the Trust will not be devoting all of their time to the affairs of the Trust, but will be devoting such time as required to effectively manage the Trust. There are potential conflicts of interest to which the Trustees of the Trust will be subject in connection with the operations of the Trust. Conflicts, if any, will be subject to similar procedures for dealing with same as required under the ABCA.

Limited Ability to Remove Trustees

As at the date of this Offering Memorandum, Durum LP and Flax LP, each related parties to the Trust, beneficially own or control approximately 82,478 Special Voting Units of the Trust, representing approximately 46.7% of the total issued and outstanding Units of the Trust carrying the right to vote. As a result, Durum LP and Flax LP collectively have the ability to control (or veto) certain matters submitted to Unitholders for approval, including without limitation the election and removal of Trustees. The interests of Durum LP and Flax LP may not in all cases be aligned with interests of Unitholders. So long as Durum LP and Flax LP or their affiliates continue to own, directly or indirectly, a significant amount of Units carrying the right to vote, Durum LP and Flax LP or their affiliates will continue to be able to strongly influence or effectively control the Trust's decisions.

Limited Ability to Remove General Partner

As at the date of this Offering Memorandum, Durum LP and Flax LP, each related parties to the Trust, beneficially own or control approximately 50% of the issued and outstanding LP Units carrying the right to vote. As a result, Durum LP and Flax LP collectively have the ability to control (or veto) certain matters submitted to the Limited Partnership for approval, including without limitation the election and removal of the General Partner. The interests of Durum LP and Flax LP may not in all cases be aligned with interests of the Trust, being the holder of the Class "A" LP Units of the Limited Partnership. So long as Durum LP and Flax LP or their affiliates continue to own, directly or indirectly, a significant amount of LP Units carrying the right to vote, Durum LP and Flax LP or their affiliates will continue to be able to strongly influence or effectively control the Limited Partnership's decisions.

Less than the Maximum Offering

No assurance can be given that the Trust will be able to raise the Maximum Offering. If the Maximum Offering is not raised, the Limited Partnership will require additional financing. There can be no assurance that such additional financing will be available or sufficient to meet the requirements of the Trust to implement its objectives or, if debt or equity financing is available, that it will be on terms acceptable to the Trust. If debt financing is obtained, the Trust will need to fund any interest payments under such debt financing using proceeds from the Offering.

Ability to Pay Cash Distributions

The Trust's ability to pay cash distributions is dependent upon the Trust's ability to generate sufficient cash flow. This in turn depends on the successful acquisition of Properties and implementation of its business plan by the Limited Partnership. The Investor 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.

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 Units and certain restrictions imposed on mutual funds under Canadian securities laws, including National Instrument 81-102 – *Investment Funds*, do not apply to the Trust.

Mutual Fund Trust Status

Income tax laws may in the future be changed or interpreted in a manner that adversely affects the Trust and its Unitholders. The Trust intends to qualify and continue to qualify as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders. Should the Trust fail to qualify as a mutual fund trust under the Tax Act at any time or if it ceases to qualify as a mutual fund trust, the income tax considerations described under **Item 6 - Income Tax Consequences and RRSP Eligibility**, would be materially and adversely different in certain respects. Some of the significant consequences of not having or losing mutual fund trust status are as follows:

- The Investor Units would not be or would cease to be qualified investments for Exempt Plans. This could give rise to adverse consequences to such Exempt Plans or the annuitant or beneficiary under such Exempt Plans. In the case of a RRSP, RRIF or TFSA, the annuitant or holder of the plan is subject to a penalty tax equal to 50% of the fair market value of the investment at the time it becomes non-qualified. Such 50% tax is refundable but only in certain circumstances where the investment becomes a non-qualified investment inadvertently and the investment is disposed of by the plan within the timeframe set out in the Tax Act. Further, the RRSP, RRIF or TFSA will be taxable on any income it earns from such non-qualified investment.
- The Trust will be required to pay a tax under Part XII.2 of the Tax Act.
- The Trust would cease to be eligible for the capital gains refund mechanism available under the Tax Act.

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 Limited Partnership or if it is also the General Partner of the Limited 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 Limited 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 Limited 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. As such,

there is a 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 Limited Partnership. Where a Limited Partner has received a distribution from the Limited Partnership, such Limited Partner may be liable to return to the Limited Partnership or, if the Limited 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 Limited Partnership to all creditors who extended credit or whose claims otherwise arose before such distribution.

Loss of Limited Liability on Dissolution

Upon dissolution of the Limited Partnership, a Limited Partner, such as the Trust, may receive undivided interests in the Limited Partnership assets and will no longer enjoy limited liability with respect to the ownership of such assets.

Potential Undisclosed Liabilities

There may be liabilities and contingencies that the Trust does not discover in its due diligence prior to consummation of an acquisition and the Trust may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies could have a material adverse effect on the Trust's business, financial condition, liquidity and results of operation.

General Partner has Limited Assets

The General Partner has unlimited liability for the obligations of the Limited Partnership. The General Partner will indemnify and hold harmless the Limited Partnership from and against all costs incurred and damages suffered by the Limited 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 Limited 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 Limited 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.

Substantial Losses and Withdrawals

The Trust may at any time incur losses resulting in substantial withdrawals by Unitholders. The Trust could experience difficulties where its assets to be significantly depleted. There is a risk that if the Trust's assets become depleted the Trust's portfolio could become sufficiently restricted to make it difficult to achieve the Trust's investment objective.

Changes in Applicable Law

Legal, tax and regulatory changes may occur that can adversely affect the Trust and Unitholders. There can be no assurance that income tax, securities and other laws will not be changed in a manner which adversely affects the distributions received by the Trust or by the Unitholders. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the Unitholders of Units. If the Trust ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations described in ***Item 6 – Income Tax Consequences and RRSP Eligibility*** could be materially and adversely different in certain respects.

8.3 Industry Risk

Real Estate Business

The value of the Investor Units and the availability of cash to pay cash distributions and the principal on the Investor Units as set out herein is entirely dependent upon the success of the proposed business of Limited 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, terms and cost of mortgage financings and other types of credit), local conditions (such as the supply of office, retail space or warehousing or the demand for real estate in the area, including an oversupply of industrial properties), 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 Properties are located and the attractiveness of properties to potential tenants or purchasers. In addition, each segment in the industrial real estate industry is capital intensive and is typically sensitive to interest rates. There is also no assurance that the Properties can be maintained and operated profitably. The market for real property can be affected adversely by economic factors, which may be regional, national or international in scope. In addition, there may be potential for the discovery of archaeological sites on the Properties which may require the Limited Partnership to preserve the site at its expense and refrain from developing all or a portion of the Properties.

The Limited 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 Properties are producing sufficient income to service such expenses. If the Limited 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.

The Limited Partnership's portfolio of properties generates income through rent payments made by tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease. The Limited Partnership's cash flows and financial position would be materially adversely affected if a number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the Properties were not able to be leased on economically favourable lease terms. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the Limited Partnership's investment may be incurred. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of such tenant and, thereby, cause a reduction in the cash flow available to the Limited Partnership.

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit the Limited Partnership's ability to vary its portfolio promptly in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession the Limited Partnership may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for the Limited Partnership to dispose of properties at lower prices in order to generate sufficient cash for operations and making distributions.

Competition in the Real Estate Market

The Limited Partnership competes with other investors, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. Some of the industrial properties of the Trust's competitors are newer, better located or better capitalized than the Properties. Certain of these competitors have greater financial and other resources and greater operating flexibility than the Trust. The existence of competing managers and owners could have a material adverse effect on the ability to lease space in the Properties and on the rents the Limited Partnership is able to charge, and could materially adversely affect revenues and the ability to meet the obligations of the Trust.

Significant Capital Expenditures and Other Fixed Costs are Required

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, are made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space and to generate adequate revenue over the long term, the Limited Partnership must maintain or, in some cases, improve each Property's condition to meet market demand. Maintaining rental properties in accordance with market standards entails significant costs, which the Limited Partnership may not be able to pass on to its tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment or modernization.

If the actual costs of maintaining or upgrading Properties exceed the Manager's estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if the Limited Partnership is not permitted to raise the rents due to legal constraints, additional and unexpected costs will be incurred. If competing properties of a similar type are built in the area where one of the Properties is located or similar properties located in the vicinity of one of the Properties is substantially refurbished, the net operating income derived from and the value of such property could be reduced.

Any failure by the Limited Partnership to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that is earned from such properties. Any such event could have a material adverse effect on the Trust's and the Limited Partnership's cash flow, financial condition and results of operation and the ability to make distributions on the Units.

Financing Risk, Leverage and Restrictive Covenants May Limit Growth

The real estate industry is capital intensive. The Limited Partnership requires access to capital to maintain the Properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms. Failure to access required capital could materially adversely impact the Trust's or the Limited Partnership's investments, cash flows, operating results or financial condition, its ability to make distributions on the Units and the ability to implement the growth strategy of the Manager.

Access to third-party financing is subject to a number of factors, including:

- general market conditions;
- the market's perception of the growth potential of the Trust and the Limited Partnership;
- current and expected future earnings;
- cash flow and cash distributions; and
- the NAV of the Units.

The Limited Partnership has incurred certain third-party debt service obligations pursuant to the Existing Debt, and the Limited Partnership will incur any indebtedness once Future Properties are acquired. The degree to which the Limited Partnership is leveraged could have important consequences to Unitholders. Such factors include:

- a significant portion of the Limited Partnership's cash flow may be dedicated to the payment of the principal of, and interest on, the Limited Partnership's indebtedness, thereby reducing the amount of funds available for the payment of cash distributions to Unitholders;
- certain of the Limited Partnership's borrowings will be at variable rates of interest which exposes the Limited Partnership to the risk of increased interest rates;
- a high level of debt would increase vulnerability to general adverse economic and industry conditions;
- to the extent debt facilities are obtained, covenants contained in such facilities may limit the Limited Partnership's ability to borrow additional funds, dispose of assets, encumber the Limited Partnership's assets, pay distributions, make potential investments and limit the flexibility in planning for, and reacting to, changes in the economy and in the industry;
- a high level of debt may place the Limited Partnership at a competitive disadvantage compared to other owners of similar real estate assets that are less leveraged and therefore may be able to take advantage of opportunities that the Limited Partnership's indebtedness would prevent it from pursuing; and
- a high level of debt may impair the Limited Partnership's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general trust or other purposes.

Certain competitors of the Trust may operate on a less leveraged basis, and therefore could have greater financing flexibility than the Trust. The Limited Partnership's ability to make scheduled payments of the principal of, or interest on, and to otherwise satisfy its debt obligations will depend on future performance, which is subject to the financial performance of the Properties, prevailing economic conditions, prevailing interest rate levels and financial, competitive, business and other factors, many of which are beyond the control of the Manager, the Limited Partnership and the Trust. These factors might inhibit the Limited Partnership from refinancing indebtedness at all or on favourable terms, which could have a materially adverse effect on the ability to make distributions on the Units.

Upon the expiry of the term of the financing or refinancing of any particular property or debt facilities, the Limited Partnership may need to refinance, and there can be no assurance that it will be able to do so or will be able to do so on terms as favourable as those currently in place with respect to the indebtedness. Future financing may take many forms, including debt or equity financing which could alter the current debt-to-equity ratio or which could be dilutive to Unitholders. If the Limited Partnership is unable to refinance its indebtedness, or are only able to refinance its indebtedness on less favourable terms, this may have a material adverse effect on the Limited Partnership's financial position, or distributable income. Similarly, if the Limited Partnership were to be in default under the terms of its indebtedness, the applicable lender could foreclose on any of the Properties on which the lender took security to satisfy the Limited Partnership's obligations under its indebtedness. In either case, this could result in the reduction or suspension of cash distributions to Unitholders.

If any indebtedness contains restrictive covenants that limits the discretion of management with respect to certain business matters, such covenants may place restrictions upon, among other things, the Limited Partnership's ability to (i) incur additional indebtedness, (ii) create liens or other encumbrances, (iii) pay distributions or certain other payments, investments, loans and guarantees, (iv) sell or otherwise dispose of assets, and (v) merge or consolidate with another entity. The terms of any future indebtedness may also contain financial covenants that require the Limited Partnership to maintain certain financial ratios and financial condition tests. Failure to comply with such obligations could result in an event of default which, if not cured or waived, could result in acceleration of the relevant indebtedness. If any indebtedness was to be accelerated, there can be no assurance that the Limited Partnership's assets would be sufficient to repay that indebtedness in full. If an event of default under any indebtedness was to occur, distributions may be suspended.

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 Limited Partnership's operations.

Properties and Tenants May Be Geographically Concentrated

All of the Existing Properties are located in Alberta and Saskatchewan and, as a result, are impacted by economic and other factors specifically affecting the real estate markets in Alberta and Saskatchewan. These factors may differ from those affecting the real estate markets in other regions. Due to the generally concentrated nature of the Existing Properties, the Existing Properties could experience any of the same conditions at the same time. If real estate conditions in Alberta and/or Saskatchewan decline relative to real estate conditions in other regions, the Limited Partnership's cash flows and financial condition may be more adversely affected than those of companies that have more geographically diversified portfolios of properties.

While the Province of Alberta presents social, economic and political conditions that are reasonably stable, recent declines in economic conditions could adversely affect the operations of the Limited Partnership and the Trust and the value of the Investor Units. Also, the possibility that the municipal government, provincial government and the federal government could implement legislation and policies that would have an adverse effect on the value of the Investor 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.

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 Properties. These costs could be substantial. Such laws could impose liability whether or not the Limited 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 Properties may be operated or developed, could adversely affect the Limited Partnership's ability to maintain, operate or sell the Properties or to borrow using the Properties as collateral and could potentially also result in claims against the Limited 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 Investor Units. The Limited 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.

Uninsured Losses on the Properties

Although the Limited Partnership intends to insure the Properties in a manner that the Limited Partnership determines to be appropriate, there may be risks that are not foreseen and against which the Limited 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 Limited Partnership has insured against loss, the amount of the loss may exceed the limits of the policy, the Limited 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 Limited Partnership will not be able to insure against total loss of the value of the Properties or the total value paid by the Limited Partners for LP Units.

Uninsured and Underinsured Losses and Insurance Costs

The Trust will use its discretion in determining amounts, coverage and limits and deductibility provisions of insurance for acquired businesses or assets, with a view to maintaining appropriate insurance coverage on its assets at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of its assets. A substantial loss without adequate insurance coverage could have a material adverse effect on the Trust's business, financial condition, liquidity and results of operation.

ITEM 9 REPORTING OBLIGATIONS

9.1 Continuous Disclosure Requirements

The Trust is not a reporting issuer in any of the Offering Jurisdictions nor will it become a reporting issuer in any Offering Jurisdiction or any other jurisdiction in Canada or elsewhere following the completion of the offering of Investor Units pursuant to this Offering Memorandum. As a result, the Trust will not be subject to the continuous disclosure requirements of such securities legislation, including, without limitation, the dissemination of news releases disclosing material changes in the business and affairs of the Trust and the filing of material change

reports. In addition, as the Trust is not a corporation, it is not subject to requirements with respect to delivery of financial statements to security holders as provided under applicable corporate law.

The fiscal year end and the tax year end of the Trust is December 31. The Trust Indenture provides that on or before March 31 in each year the Trust will distribute to each Unitholder such income tax information regarding the Trust and its operations as is reasonably necessary to enable each Unitholder to file returns with respect to his or her income or loss from the Trust in respect of the most recently completed fiscal year.

Reporting to Unitholders

The fiscal year end and the tax year end of the Trust is December 31.

The Trust will, within 120 days after the end of each fiscal year end, and in accordance with the terms of the Trust Indenture and the requirements of Section 2.9 of NI 45-106, send to Unitholders and file with applicable securities regulatory authorities, (i) the annual audited financial statements of the Trust and the accompanying Form 45-106F16 – *Notice of Use of Proceeds* and (ii) so long as required by applicable securities laws in New Brunswick, Nova Scotia and Ontario, Form 45-106F17 – *Notice of Specified Key Events*. In addition, the IRC will also make an annual report reasonably available to Unitholders on or around the same time as the Trust provides Unitholders and applicable securities regulatory authorities with its annual audited financial statements.

In accordance with applicable securities laws, the Trust will post the following documents on a timely basis onto an external web-portal to provide Unitholders with transparent reporting of the business of the Trust and Limited Partnership:

- (a) Annual Financial Statements; and
- (b) Form 45-106F16 – *Notice of Use of Proceeds*.

While the distribution of securities under this Offering Memorandum is part of a continuous Offering, the Trust will not prepare or send Quarterly Interim Financial Statements to Unitholders unless the Trust believes that their inclusion in this Offering Memorandum is necessary to prevent this Offering Memorandum from containing a misrepresentation. However, once the Offering has been completed, the Trust will post Quarterly Interim Financial Statements on a timely basis onto the external web-portal referenced above.

The Trustee or Administrator will, within the time required under the Tax Act, cause to be forwarded to each Unitholder who received distributions from the Trust in the prior calendar year, such information and forms as may be needed by the Unitholder in order to complete its income tax return in respect of the prior calendar year under the Tax Act and equivalent provincial legislation in Canada.

The Trust is not a "reporting issuer" or its equivalent under the securities legislation of any jurisdiction. Accordingly, the Trust is not subject to the "continuous disclosure" requirements of any securities legislation and there is therefore no requirement that the Trust make ongoing disclosure of its affairs including, without limitation, the disclosure of financial information on a quarterly basis or the disclosure of material changes in the business or affairs of the Trust. The Trust files information on SEDAR only as required pursuant to section 2.9 of NI 45-106, which information is available electronically from SEDAR (www.sedar.com).

The Trust will deliver to prospective investors certain documents, including this Offering Memorandum, a subscription agreement and any updates or amendments to the Offering Memorandum, from time to time by way of facsimile or e-mail. Delivery of such documents by email or facsimile shall constitute valid and effective delivery of such documents unless the Trust receives actual notice that such electronic delivery failed. Unless the Trust receives actual notice that the electronic delivery failed, the Trust is entitled to assume that the facsimile or e-mail and the attached documents were actually received by the prospective investor and the Trust will have no obligation to verify actual receipt of such electronic delivery by the prospective investor.

ITEM 10 RESALE RESTRICTIONS

10.1 General Statement

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

The Trust is not a reporting issuer in any Canadian province or territory.

A transfer or sale of an Investor 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 an Investor 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 Investor Units before the date that is four months and a day after the date the Trust becomes a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restrictions

Unless permitted under securities legislation, you must not trade the Investor Units without the prior written consent of the regulator in Manitoba unless (a) the Trust has filed a prospectus with the regulator in Manitoba with respect to the Investor Units you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or (b) you have held the Investor Units for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

ITEM 11 PURCHASER'S RIGHTS OF ACTION

A subscriber to the Offering will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

Two-Day Cancellation Right for a Subscriber

You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the Investor Units.

Statutory Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum (such as this Offering Memorandum) with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment thereto and, in some cases, advertising and sales material used in connection therewith, contains a "misrepresentation", as defined in the applicable securities legislation. A "misrepresentation" is generally defined under applicable provincial securities laws to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation and are subject to limitations and defenses under applicable securities legislation.

The following is a summary of the rights of action for damages or rescission, or both, available to certain purchasers resident in certain of the provinces of Canada and is subject to the express provisions of the securities laws, regulations, and rules governing such provinces and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and statutory defences not described herein which the issuer and other applicable parties may rely. Subscribers should refer to the applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal advisor.

The rights described below are in addition to and without derogation from any other right or remedy which Canadian purchasers may have at law and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defenses contained therein.

Alberta

The right of action for damages or rescission described herein is conferred by section 204 of the Securities Act (in this section, the "**Alberta Act**"). The Alberta Act provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the Alberta Act, when a person or company purchases a security offered by the offering memorandum, the purchaser has a statutory right of action (a) for damages against (i) the issuer; (ii) every director of the issuer at the date of the offering memorandum; and (iii) every person or company who signed the offering memorandum; and (b) for rescission against the issuer.

Where a purchaser elects to exercise a right of rescission against the issuer, such purchaser has no right of action for damages against (i) the issuer; (ii) every director of the issuer at the date of the offering memorandum; nor (iii) every person or company who signed the offering memorandum.

The Alberta Act provides a number of limitations and defenses in respect of such rights. Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for damages or rescission:

- (a) where the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (b) where the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Executive Director of the Alberta Securities Commission and the issuer that it was sent without the knowledge and consent of the person or company;
- (c) if the person or company proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Executive Director of the Alberta Securities Commission and the issuer of the withdrawal and the reason for it;
- (d) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
 - (i) there had been a misrepresentation; or
 - (ii) the relevant part of the offering memorandum:
 - (A) did not fairly represent the report, opinion or statement of the expert; or
 - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert,
- (e) if, with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, after conducting a reasonable investigation, the person or company had no reasonable grounds to believe, and did not believe, that there was a misrepresentation;
- (f) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (g) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

Section 211 of the Alberta Act provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) 3 years after the date of the transaction that gave rise to the cause of action.

British Columbia

The right of action for damages or rescission described herein is conferred by section 132.1 of the *Securities Act* (British Columbia) (the "**BC Act**"). The BC Act provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the BC Act, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase, and has a statutory right of action for damages against (i) the issuer; (ii) every director of the issuer at the date of the offering memorandum; and (iii) every person who signed the

offering memorandum. The purchaser may elect to exercise a right of rescission against the issuer, in which case the purchaser has no right of action for damages against the issuer.

The BC Act provides a number of limitations and defenses in respect of such rights. A person is not liable for damages if the person proves that:

- (a) the purchaser had knowledge of the misrepresentation;
- (b) the offering memorandum was delivered to purchasers without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the issuer that it was sent without the person's knowledge or consent;
- (c) on becoming aware of the misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave written notice to the issuer of the withdrawal and the reason for it; or
- (d) with respect to any part of the offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, opinion or statement of an expert, the person had no reasonable grounds to believe and did not believe that:
 - (i) there had been a misrepresentation; or
 - (ii) the relevant part of the offering memorandum:
 - (A) did not fairly represent the report, opinion or statement of the expert; or
 - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

In addition, a person is not liable for damages with respect to any part of the offering memorandum not purporting (a) to be made on the authority of an expert, or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person (c) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (d) believed there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security resulting from the misrepresentation.

The amount recoverable by a plaintiff in any action for misrepresentation must not exceed the price at which the securities were offered under the offering memorandum.

Section 140 of the BC Act provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) 3 years after the date of the transaction that gave rise to the cause of action.

Manitoba

The right of action for damages or rescission described herein is conferred by section 141.1 of *The Securities Act* (Manitoba) (the "**Manitoba Act**"). The Manitoba Act provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the Manitoba Act, a purchaser who purchases a security offered by the offering memorandum is deemed to have relied on the representation if it was a misrepresentation at the time of purchase. Such purchaser has a statutory right of action for damages against the issuer, every director of the issuer at the date of the offering memorandum and every person or company who signed the offering memorandum or, alternatively, while still an owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer or the directors. Pursuant to section 141.4(2) of the Manitoba Act, no such action may be commenced to

enforce the right of action for rescission or damages more than (a) 180 days after the day of the transaction that gave rise to the cause of action, in the case of an action for rescission; or (b) the earlier of (i) 180 days after the day that the plaintiff first had knowledge of the facts giving rise to the cause of action; or (ii) 2 years after the day of the transaction that gave rise to the cause of action, in any other case.

The Manitoba Act provides a number of limitations and defenses, including the following:

- (a) no person or company is liable if the person or company proves that the purchaser purchased the security having knowledge of the misrepresentation;
- (b) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (c) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

All persons or companies referred to above that are found to be liable or accept liability are jointly and severally liable. A defendant who is found liable to pay a sum in damages may recover a contribution in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all circumstances of the case, the court is satisfied that it would be just and equitable.

In addition, a person or company, other than the issuer, will not be liable:

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

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into, an offering memorandum, the misrepresentation is deemed to be contained in the offering memorandum.

New Brunswick

The right of action for damages or rescission described herein is conferred by section 150 of the *Securities Act* (New Brunswick) (the "**New Brunswick Act**"). The New Brunswick Act provides, in relevant part, that where an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the New Brunswick Act, a purchaser who purchases securities offered by the offering memorandum shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and:

- (a) the purchaser has a right of action for damages against (i) the issuer, (ii) any selling security holder(s) on whose behalf the distribution is made, (iii) every person who was a director of the issuer at the date of the offering memorandum or (iv) every person who signed the offering memorandum; or
- (b) where the purchaser purchased the securities from a person referred to in paragraph (a)(i) or (ii), the purchaser may elect to exercise a right of rescission against the person, in which case the purchaser shall have no right of action for damages against the person.

This statutory right of action is available to New Brunswick purchasers whether or not such purchasers relied on the misrepresentation. However, there are various defenses available to the issuer and the selling security holder(s). In particular, no person will be liable for a

misrepresentation if such person proves that the purchaser purchased the securities with knowledge of the misrepresentation when the purchaser purchased the securities. Moreover, in an action for damages, the amount recoverable will not exceed the price at which the securities were offered under the offering memorandum and any defendant will not be liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation.

In addition, a person or company, other than the issuer, will not be liable:

- (i) if such person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the person's or company's knowledge and consent;
- (ii) if such person or company proves that after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
- (iii) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, if the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum (A) did not fairly represent the expert's report, opinion, or statement; or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (iv) with respect to any part of the offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed there had been a misrepresentation.

If the purchaser intends to rely on the rights described in (a) or (b) above, such purchaser must do so within strict time limitations. The purchaser must commence an action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. The purchaser must commence its action for damages within the earlier of:

- (a) 1 year after the purchaser first had knowledge of the facts giving rise to the cause of action, or
- (b) 6 years after the date of the transaction that gave rise to the cause of action.

Newfoundland and Labrador

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador) (the "**Newfoundland Act**") The Newfoundland Act provides, in relevant part, that where an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the Newfoundland Act, a purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, (a) a statutory right of action for damages against (i) the issuer; (ii) every director of the issuer at the date of the offering memorandum; and (iii) every person or company who signed the offering memorandum; and (b) for rescission against the issuer.

Where a purchaser elects to exercise a right of rescission against the issuer, such purchaser has no right of action for damages against (i) the issuer; (ii) every director of the issuer at the date of the offering memorandum; nor (iii) every person or company who signed the offering memorandum.

The Newfoundland Act provides a number of limitations and defenses in respect of such rights. Where a misrepresentation is contained in an offering memorandum, a person or company shall not be liable for damages or rescission:

- (a) where the person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (b) where the person or company proves that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
- (c) if the person or company proves that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

- (d) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
 - (i) there had been a misrepresentation; or
 - (ii) the relevant part of the offering memorandum:
 - (A) did not fairly represent the report, opinion or statement of the expert; or
 - (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert,
- (e) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:
 - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or
 - (ii) believed there had been a misrepresentation;
- (f) in the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (g) in no case will the amount recoverable in any action exceed the price at which the securities were offered under the offering memorandum.

Section 138 of the Newfoundland Act provides that no action shall be commenced to enforce these rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of an action for damages, the earlier of:
 - (i) 180 days after the date that the purchaser first had knowledge of the facts giving rise to the cause of action; or
 - (ii) 3 years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

The right of action for damages or rescission described herein is conferred by section 138 of the *Securities Act* (Nova Scotia) (the "**Nova Scotia Act**"). The Nova Scotia Act provides, in relevant part, that in the event that an offering memorandum (such as this Offering Memorandum), together with any amendment thereto, or any advertising or sales literature, as defined in the Nova Scotia Act, contains a misrepresentation, as defined in the Nova Scotia Act, the purchaser will be deemed to have relied upon such misrepresentation if it was a misrepresentation at the time of purchase and has, subject to certain limitations and defenses, a statutory right of action for damages against the issuer or other seller and, subject to certain additional defenses, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum or, alternatively, while still the owner of the securities purchased by the purchaser, may elect instead to exercise a statutory right of rescission against the issuer, in which case the purchaser shall have no right of action for damages against the issuer or other seller, directors of the issuer or any other person who has signed the offering memorandum, provided that, among other limitations:

- (a) no action shall be commenced to enforce the right of action for rescission or damages by a purchaser later than 120 days after the date on which the initial payment was made for the securities;
- (b) no person will be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and

- (d) in no case will the amount recoverable in any action exceed the price at which the securities were offered by the purchaser.

In addition, a person or company, other than the issuer, will not be liable if that person or company proves that:

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

Ontario

The right of action for damages or rescission described herein is conferred by section 130.1 of the *Securities Act* (Ontario) (the "**Ontario Act**"). The Ontario Act provides, in relevant part, that every purchaser of securities pursuant to an offering memorandum (such as this Offering Memorandum) shall have a statutory right of action for damages or rescission against the issuer and any selling security holder in the event that the offering memorandum contains a misrepresentation, as defined in the Ontario Act. A purchaser who purchases securities offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied upon the misrepresentation, a right of action for damages or, alternatively, while still the owner of the securities, for rescission against the issuer and any selling security holder provided that.

- (a) if the purchaser exercises its right of rescission, it shall cease to have a right of action for damages as against the issuer and the selling security holders, if any;
- (b) the issuer and the selling security holders, if any, will not be liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) the issuer and the selling security holders, if any, will not be liable for all or any portion of damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon;
- (d) the issuer and the selling security holders, if any, will not be liable for a misrepresentation in "forward looking information" ("**FLI**"), as such term is defined under applicable Canadian securities laws, if it proves that:
 - (i) the offering memorandum contains, proximate to the FLI, reasonable cautionary language identifying the FLI as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection set out in the FLI, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the FLI;
 - (ii) the issuer had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the FLI; and
- (e) in no case shall the amount recoverable exceed the price at which the securities were offered.

Section 138 of the Ontario Act provides that no action shall be commenced to enforce these rights more than:

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

- (ii) 3 years after the date of the transaction that gave rise to the cause of action.

The rights referred to in section 130.1 of the Ontario Act described above do not apply where this offering memorandum is delivered to a prospective purchaser in connection with a distribution made in reliance on the exemption from the prospectus requirement in section 73.3 of the Ontario Act (the "accredited investor exemption") if the purchaser is:

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

Prince Edward Island

The right of action for damages or rescission described herein is conferred by section 112 of the *Securities Act* (Prince Edward Island) (the "PEI Act"). The PEI Act provides, in the relevant part, that if an offering memorandum (such as this Offering Memorandum) contains a misrepresentation, as defined in the PEI Act, a purchaser who purchases a security offered by the offering memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, a right of action for damages. Such purchaser has a statutory right of action for damages against the issuer, the selling security holder on whose behalf the distribution is made, every director of the issuer at the date of the offering memorandum and every person who signed the offering memorandum. Alternatively, the purchaser who purchases a security offered by the offering memorandum during the period of distribution has a right of action for rescission against the issuer or the selling security holder on whose behalf the distribution is made, in which case the purchaser shall have no right of action for damages against the persons described above. No such action may be commenced to enforce the right of action for rescission or damages more than (a) 180 days after the day of the transaction that gave rise to the cause of action, in the case of an action for rescission; or (b) the earlier of (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action; or (ii) 3 years after the day of the transaction giving rise to the cause of action, in any other case.

The PEI Act provides a number of limitations and defenses, including the following:

- (a) no person is liable if the person proves that the purchaser purchased securities with knowledge of the misrepresentation;
- (b) in the case of an action for damages, the defendant is not liable for any damages that the defendant proves do not represent the depreciation in value of the security resulting from the misrepresentation; and
- (c) the amount recoverable by a plaintiff in respect of such action must not exceed the price at which the securities purchased by the plaintiff were offered.

In addition, a person, other than the issuer and selling security holder, is not liable if the person proves that:

- (a) the offering memorandum was sent to the purchaser without the person's knowledge or consent, and that, upon becoming aware of its being sent, the person had promptly given reasonable notice to the issuer that it had been sent without the knowledge and consent of the person;
- (b) the person, upon becoming aware of the misrepresentation in the offering memorandum, had withdrawn the person's consent to the offering memorandum and had given reasonable notice to the issuer of the withdrawal and the reason for it;
- (c) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, the person had no reasonable grounds

to believe and did not believe that (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum (A) did not fairly represent the report, statement or opinion of the expert; or (B) was not a fair copy of, or an extract from, the report, statement or opinion of the expert; or

- (d) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, statement or opinion of an expert, unless the person (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had no representation; or (ii) believed that there had been a misrepresentation.

In addition, a person is not liable with respect to a misrepresentation in FLI if:

- (a) the offering memorandum containing the FLI also contains, proximate to the FLI (i) reasonable cautionary language identifying the FLI as such and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the FLI; and (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the FLI, and
- (b) the person had a reasonable basis for drawing the conclusions or making the forecast or projections set out in the FLI.

The above paragraph does not relieve a person of liability respecting FLI in a financial statement required to be filed under Prince Edward Island securities laws.

Québec

Purchasers in Québec will be entitled to the rights of action for damages or rescission similar to those provided to purchasers in Ontario.

Saskatchewan

The right of action for damages or rescission described herein is conferred by section 138 of *The Securities Act, 1988* (Saskatchewan), as amended (the "**Saskatchewan Act**"). The Saskatchewan Act provides, in relevant part, that where an offering memorandum (such as this Offering Memorandum), or any amendment thereto, is sent or delivered to a purchaser and it contains a misrepresentation, as defined in the Saskatchewan Act, a purchaser who purchases a security covered by the offering memorandum or any amendment thereto has, without regard to whether the purchaser relied on the misrepresentation:

- (a) a right of action for damages or rescission against the issuer or the selling security holder on whose behalf the distribution is made;
- (b) a right of action for damages against every promoter and director of the issuer or the selling security holder, as the case may be, at the time the offering memorandum or any amendment thereto was sent or delivered;
- (c) a right of action for damages against 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;
- (d) a right of action for damages against every person or company that, in addition to the persons or companies mentioned in (a) to (c) above, signed the offering memorandum or any amendment thereto, and
- (e) a right of action for damages against every person or company that sells securities on behalf of the issuer or the selling security holder under the offering memorandum or any amendment thereto.

Such rights of action for damages or rescission are subject to certain limitations including the following:

- (a) if the purchaser elects to exercise its right of rescission against the issuer or selling security holder, it shall have no right of action for damages against that party;
- (b) in an action for damages, a defendant will not be liable for all or any portion of the damages that he, she, or it proves do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (c) no person or company, other than the issuer or a selling security holder, will be liable for any part of the offering memorandum or any amendment thereto not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation,

- (d) in no case shall the amount recoverable exceed the price at which the securities were offered; and
- (e) no person or company is liable in an action for damages or rescission if that person or company proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no person or company, other than the issuer or selling security holder, will be liable if the person or company proves that:

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

Not all defenses upon which an issuer, selling security holder or other person may rely are described herein. Canadian investors should refer to the full text of the Saskatchewan Act for a complete listing.

Similar rights of action for damages and rescission are provided in section 138.1 of the Saskatchewan Act in respect of a misrepresentation in advertising and sales literature disseminated in connection with an offering of securities.

Section 138.2 of the Saskatchewan Act also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the Saskatchewan Act provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the Saskatchewan Act, the regulations to the Saskatchewan Act or a decision of the Financial and Consumer Affairs Authority of Saskatchewan.

Section 141(2) of the Saskatchewan Act also provides a right of action for damages or rescission to a purchaser of securities to whom an offering memorandum or any amendment thereto was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by section 80.1 of the Saskatchewan Act.

Section 147 of the Saskatchewan Act provides that no action shall be commenced to enforce any of the foregoing rights more than:

- (a) in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- (b) in the case of any other action, other than an action for rescission, the earlier of:
 - (i) 1 year after the plaintiff first had knowledge of the facts giving rise to the cause of action; or
 - (ii) 6 years after the date of the transaction that gave rise to the cause of action.

The Saskatchewan Act also provides a purchaser who has received an amended offering memorandum delivered in accordance with subsection 80.1(3) of the Saskatchewan Act with a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who or company that is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within 2 Business Days of receiving the amended offering memorandum.

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

If a misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, the offering memorandum or any amendment thereto, the misrepresentation is deemed to be contained in the offering memorandum or any amendment thereto.

The foregoing summary is subject to the express provisions of the securities legislation of the applicable provinces and the rules, regulations and other instruments thereunder, and reference should be made to the complete text of such provisions. Such provisions may contain limitations and statutory defenses.

The rights of action described above are in addition to and without derogation from any other right or remedy which purchasers may have at law.

ITEM 12 FINANCIAL STATEMENTS

Please see attached.

Durum Industrial Real Estate Investment Trust

Financial Statements

Periods ended January 30, 2017 and December 31, 2017

(expressed in Canadian dollars)



April 30, 2018

Independent Auditor's Report

To the Unitholders of Durum Industrial Real Estate Investment Trust

We have audited the accompanying financial statements of Durum Industrial Real Estate Investment Trust, which comprise the statements of financial position as at December 31, 2017 and January 30, 2017 and the statements of income/(loss) and comprehensive income/(loss), changes in net assets and cash flows for the one day period of January 30, 2017, and the period from January 31, 2017 to December 31, 2017, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*PricewaterhouseCoopers LLP
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T: +1 403 509 7500, F: +1 781 1825*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Durum Industrial Real Estate Investment Trust as at December 31, 2017 and January 30, 2017 and its financial performance and its cash flows for the one day period of January 30, 2017 and the period from January 31, 2017 to December 31, 2017 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Durum Industrial Real Estate Investment Trust

Statements of Financial Position

As at December 31, 2017 and January 30, 2017

(in Canadian dollars)

	December 31, 2017 \$	January 30, 2017 \$
Assets		
Current assets		
Cash	146,709	100
Accounts receivable (note 6(b))	29,885	-
Prepaid expenses	24,847	-
	<u>201,441</u>	<u>100</u>
Investment in Durum Industrial Real Estate LP (note 7)	5,406,443	-
	<u>5,607,884</u>	<u>100</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	85,085	-
Subscriptions pending close	108,000	-
	<u>193,085</u>	<u>-</u>
Net assets attributable to unitholders		
Net assets attributable to unitholders	<u>5,414,799</u>	<u>100</u>
	<u>5,414,799</u>	<u>100</u>
Net assets attributable to unitholders:		
Series A (note 8)	149,377	-
Series B (note 8)	5,265,422	100
	<u>5,414,799</u>	<u>100</u>

Commitments (note 9)
Subsequent events (note 11)

See accompanying notes to the financial statements.

Approved by the Trustees,

“signed” Joseph Lougheed _____, Trustee

“signed” Jay Simmons _____, Trustee

Durum Industrial Real Estate Investment Trust

Statements of Income/(Loss) and Comprehensive Income/(Loss)

For the one day period of January 30, 2017 and from the period of January 31, 2017 to December 31, 2017

(in Canadian dollars)

	For the period of January 31, 2017 to December 31, 2017 \$	For the one day period of January 30, 2017 \$
Expenses		
General and administration expenses	34,109	-
Operating expenses	22,331	-
Professional fees	19,312	-
	<u>75,752</u>	<u>-</u>
Net loss, Decrease in net assets attributable to unitholders before share of profits from investees	<u>(75,752)</u>	<u>-</u>
Share of profit from investment in Durum Industrial Real Estate LP (note 7)	<u>29,890</u>	<u>-</u>
Net loss, Decrease in net assets attributable to unitholders	<u>(45,862)</u>	<u>-</u>

See accompanying notes to the financial statements.

Durum Industrial Real Estate Investment Trust

Statements of Changes in Net Assets

For the period January 31, 2017 to December 31, 2017

(in Canadian dollars)

	Net assets attributable to unitholders		
	Investor units	Accumulated earnings	Total net assets
Notes	\$	\$	\$
Net assets attributable to unitholders, January 30, 2017	100	-	100
Investor units issued for cash	8(b) 6,507,600	-	6,507,600
Investor units issued from DRIP	8(b) 111,074	-	111,074
Issuance costs related to investor units	8(b) (898,916)	-	(898,916)
Distributions to unitholders	8(d) -	(259,197)	(259,197)
Net loss, Decrease in net assets attributable to unitholders	-	(45,862)	(45,862)
Net assets attributable to unitholders, December 31, 2017	5,719,858	(305,059)	5,414,799

See accompanying notes to the financial statements.

Durum Industrial Real Estate Investment Trust

Statements of Cash Flows

For the one day period of January 30, 2017 and from the period of January 31, 2017 to December 31, 2017

(in Canadian dollars)

	For the period of January 31, 2017 to December 31, 2017 \$	For the one day period January 30, 2017 \$
Cash provided by (used in)		
Operating activities		
Net loss, Decrease in net assets attributable to unitholders	(45,862)	-
Adjustments for		
Share of profit from investment in Durum Industrial Real Estate LP	(29,890)	-
Net changes in non-cash working capital items		
Increase in accounts receivable	(29,885)	-
Increase in prepaid expenses	(24,847)	-
Increase in accounts payable and accrued liabilities	85,085	-
Cash used by operating activities	<u>(45,399)</u>	<u>-</u>
Financing activities		
Distributions to unitholders	(148,123)	-
Issuance of common units	6,507,600	100
Issuance costs related to investor units	(898,916)	-
Increase in subscriptions pending close	108,000	-
Cash provided by financing activities	<u>5,568,561</u>	<u>100</u>
Investing activities		
Investment in Durum Industrial Real Estate LP	(5,659,074)	-
Distributions received from Investment in Durum Industrial Real Estate LP	282,521	-
Cash used by investing activities	<u>(5,376,553)</u>	<u>-</u>
Increase in cash during the period	<u>146,609</u>	<u>100</u>
Cash – beginning of year	<u>100</u>	<u>-</u>
Cash – end of year	<u>146,709</u>	<u>100</u>

See accompanying notes to the financial statements.

Durum Industrial Real Estate Investment Trust

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

1. Nature of Operations

Durum Industrial Real Estate Investment Trust (the "Trust") is an unincorporated open-ended investment trust governed by the laws of the Province of Alberta, established by a Declaration of Trust dated January 30, 2017.

The Trust is established for the purpose of investing in Durum Industrial Real Estate LP ("the LP") to facilitate the acquisition, maintenance and operation of industrial real estate properties. The LP is managed by the General Partner, Durum Industrial Real Estate GP Inc. ("the GP"). The GP's sole activity is managing the business and affairs of the LP pursuant to the Administration and Management Agreement dated January 30, 2017 between the GP, Trust and Durum Capital Inc. The powers, rights and duties of the GP are set out in the Limited Partnership Agreement ("LP agreement") dated January 30, 2017 between the Trust and the GP. The LP agreement provides that the GP has unlimited liability for the debts, liabilities and obligations of the LP. The liability of each limited partner is limited to the aggregate amount of capital contributed and such limited partner's share of the undistributed income of the LP. The LP will continue until all of its assets have been sold and the net proceeds therefrom, after settlement of all debts and obligations have been distributed in accordance with the LP agreement.

The beneficiaries of the unincorporated trust are the unitholders. The financial statements present only the assets, liabilities and results of the operations of the Trust. The Trust is qualified as a "mutual fund trust" as defined in the Income Tax Act (Canada), but is not a "mutual fund" within the meaning of applicable Canadian securities legislation. Under the Income Tax Act (Canada), the Trust is subject to income taxes only on income that is not distributed or distributable to the unitholders. The Trust, to date, has no undistributed income. The income tax consequences of the LP and ultimately those of the Trust are deemed to be those of the unitholders individually. Consequently, no income tax provision or recovery, nor income tax asset or liability is reflected in the financial statements.

The head office and registered office of the Trust is located at Suite 500, 1414 - 8th Street SW, Calgary, Alberta, T2R 1J6. The Board of Trustees approved these financial statements on April 30, 2018.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Trust.

Durum Industrial Real Estate Investment Trust

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

3. Significant accounting policies

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

(a) Cash

Cash includes deposits held at call with banks. Cash amounts are generally used for short-term purposes.

(b) Financial instruments

Financial instruments are any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments 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 obligation specified in the contract is charged, cancelled or expire.

Classification and measurement

The Trust's non-derivative financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities, and subscription pending close. Non-derivative financial instruments are recognized at fair value on initial recognition of the instrument except for assets or liabilities measured at amortized cost which are initially measured at fair value less directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

	Classification	Measurement
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Subscriptions pending close	Other liabilities	Amortized cost
Net assets	Other liabilities	Amortized cost

Impairment of financial instruments

At each reporting date, the Trust assesses whether there is objective evidence that a financial instrument is impaired. If an instrument carried at amortized cost is impaired, it is recognized as an impairment expense. The amount of the loss is measured as the difference between the amortized cost and the present value of the estimated future cash flows, discounted using the original effective interest rate.

(c) Investments under significant influence

The Trust has an investment in Durum Industrial Real Estate LP which has been accounted for under the equity method. The investment is initially recognized at cost and adjusted thereafter to recognize the Trust's share of the post-acquisition profits or losses of the investee

Durum Industrial Real Estate Investment Trust

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

in profit or loss. Distributions received or receivable are recognized as a reduction in the carrying amount of the investment.

(d) Trust capital

Initial Unit

The Initial Unit is classified as equity. On or immediately after the closing of the Offering Memorandum, the Initial Unit is to be repurchased and cancelled.

Investor Units/Special Voting Units ("Trust Units")

In determining whether the Trust Units should be classified as liabilities or equity, management has assessed whether the Trust Units contain a contractual agreement to deliver cash or another financial asset to another entity, whether the Trust Units are puttable, and whether the criteria in IAS 32 Financial Instruments: Presentation, which permit classification of a puttable instrument as equity are satisfied. The Trust has multiple classes of redeemable units that do not have identical features and therefore, do not qualify as equity under IAS 32. Accordingly, the Trust units are classified as liabilities.

Incremental costs directly attributable to the issue of Trust Units are recognized as a deduction from net assets attributable to unitholders. The amount of distributions declared in any year is recognized as a deduction from net assets attributable to unitholders.

(e) Income taxes

The Trust intends to be taxed as a "mutual fund trust" for income tax purposes and intends to distribute its income for income tax purposes each year to unitholders to such an extent that it would not be liable for income tax under Part I of the Income Tax Act (Canada) ("Tax Act"). Accordingly, no provision for income taxes is included in the financial statements.

(f) Prepaid expenses

Prepaid expenses are carried at cost less any accumulated amortized expenses.

(g) Provisions and contingent liabilities

Provisions are recognized by the Trust when it has a legal or constructive obligation as a result of past events. It is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

(h) Subscriptions pending close

Subscriptions pending close consist of funds held in trust prior to closing on subscriptions, whereby units are issued to investors. These funds are classified as liabilities until the units have been issued.

Durum Industrial Real Estate Investment Trust

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

4. New IFRS standards and interpretations not yet adopted

(a) IFRS 16 – Leases

IFRS 16, “Leases” requires entities to recognize lease assets and lease obligations on the statement of financial position. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements and may continue to be treated as operating leases. The new standard is effective for years beginning on or after January 1, 2019 and may be applied retrospectively or using a modified retrospective approach.

(b) IFRS 15 - Revenue from contracts with customers

IFRS 15 “Revenue from Contracts with Customers” provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. The new standard is effective for years beginning on or after January 1, 2018 and may be applied retrospectively or using a modified respective approach.

(c) IFRS 9 - Financial Instruments

IFRS 9, “Financial Instruments” provides a comprehensive new standard for accounting for all aspects of financial instruments. It includes a logical model for classification and measurement, a single, forward-looking “expected-loss” impairment model and a substantially reformed approach to hedge accounting. The new standard is effective for years beginning on or after January 1, 2018.

The Trust has not yet assessed the impact of adopting IFRS 16, 15 and 9 on the financial statements. There are no other IFRS standards or interpretations issued that are not yet effective that the Trust anticipates will have a material impact on its financial statements once adopted.

5. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions and judgments are reviewed on an ongoing basis and are based on historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Equity accounted investments are those entities over which the Trust can exert significant influence but which the Trust does not control. These entities are accounted for using the equity method and are initially recognized at cost, and adjusted thereafter to recognize the Trust's share of the entities' profit or loss and other comprehensive income.

Durum Industrial Real Estate Investment Trust

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

6. Financial risk management and capital management

The Trust's activities expose it to a variety of financial risks that arise as a result of its business activities. The Trust employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Trust's business objectives and risk tolerance levels. While the Trustees have the overall responsibility for the Trust's risk management framework, management has the responsibility to administer and monitor these risks. This note presents information about the Trust's exposure to each of the below risks, the Trust's objectives, policies and processes for measuring and managing risk, and the Trust's management of capital.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, including interest rate risk and foreign exchange risk. The Trust is not subject to market or foreign exchange risk.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trust has no significant concentrations of credit risk. Credit risk arises from cash held at banks and accounts receivables.

The Trust's maximum exposure to credit risk by class of financial assets is as follows:

	\$
Cash	146,709
Accounts receivable	29,885

Cash is held with a regulated Canadian banking institute.

Analysis by credit quality of financial assets is as follows:

Past due but not impaired:	\$
Less than 30 days past due	26,630
30 to 90 days past due	3,255
90 to 365 days past due	-
Total trade receivables	29,885
Individually determined to be impaired (gross):	
30 to 90 days past due	-
90 to 180 days past due	-
Total individually determined to be impaired (gross)	-
Less: impairment provision	-
Total trade receivables, net of provisions for impairment	29,885

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Durum Industrial Real Estate Investment Trust

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

A summary table with maturity of financial assets and liabilities presented below is used by management to manage liquidity risks. The amounts disclosed in the below tables are the contractual cash flows. Cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

The maturity analysis of financial instruments as at December 31, 2017 is as follows:

	Demand on less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 2 years	More than 2 years	Total
	\$	\$	\$	\$	\$	\$
Assets						
Cash	146,709	-	-	-	-	146,709
Accounts receivable	29,885	-	-	-	-	29,885
	176,594	-	-	-	-	176,594
Liabilities						
Accounts payable and accrued liabilities	56,118	28,467	500	-	-	85,085
Subscriptions pending close	108,000	-	-	-	-	108,000
	164,118	28,467	500	-	-	193,085

(d) Capital risk management

The Trust's objective when managing capital is to safeguard the Trust's ability to continue as a going concern in order to provide returns for unitholders. Capital is defined as the net assets attributable to unitholders.

In order to maintain or adjust the capital structure, the Trust may adjust the amount of distributions paid to unitholders, return capital to unitholders, and receive capital advances from unitholders.

7. Investment in Durum Industrial Real Estate LP

The investment in Durum Industrial Real Estate LP pertains to an investment in Durum Industrial Real Estate Class "A" LP units, over which the Trust has significant influence. The Trust possesses significant influence by holding 32% interest in Durum Industrial Real Estate LP, as well as through its participation in the policy making process through their representation on the LP's board of directors through the Independent Review Committee members. The Trust's participation in this entity is accounted for using the equity method. Durum Industrial Real Estate LP is a private entity and there is no quoted market price available for their units.

Durum Industrial Real Estate Investment Trust

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

The summarized financial information presents the balance sheet data as of the period-ended December 31, 2017 for Durum Industrial Real Estate LP:

	As at December 31, 2017
Current assets	1,221,027
Non-current assets	49,470,000
Current liabilities	(1,771,349)
Non-current liabilities	(32,166,935)
Net assets	16,752,743

The following table presents the summarized statement of operations for the period January 31, 2017 to December 31, 2017, and a reconciliation of the net income reported by Durum Industrial Real Estate LP:

	January 31, 2017 to December 31, 2017
	\$
Revenue	
Rental income	2,123,637
Expenses	
General and administration	315,779
Operating expenses	53,692
Interest and finance fees	944,674
Amortization expenses	39,069
Unrealized loss in fair value	675,845
Net income	94,578

The table below summarizes the changes in the Trust's investment in Durum Industrial Real Estate LP:

Balance – as at January 30, 2017	100
Capital contribution – cash	5,548,000
Capital contribution - DRIP	111,074
Distributions received	(282,621)
Share of profit of investment	29,890
Balance – as at December 31, 2017	5,406,443

Durum Industrial Real Estate Investment Trust

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

8. Trust capital

(a) Authorized

In accordance with the declaration of Trust, the beneficial interest of the Trust shall be represented and constituted by two classes of trust units described herein as Class 1 Units and Special Voting Units. The Trust is authorized to issue unlimited number of both trust units.

Class 1 Units

There are three series of Class 1 Units, including Series A, Series B, and Series F, with details set out below. The unitholders for all three series are entitled to one vote in respect of each unit held. The units may be redeemed at any time, but if redeemed prior to redemption period, the redeemed units will incur penalties as set forth on the Offering Memorandum of the Trust dated January 30, 2017.

Trust units	Entitlement	Return	Redemption
Series A	All Subscribers	Targeted 5%	3 years
Series B	All Subscribers	Targeted 8%	5 years
Series F	Institutional Investors	Targeted 8%	5 years

All returns are allocated on a pro-rata basis, based on the targeted rates noted above. Trustees have the right, but not the obligation to make cash distributions. Such distributions are dependent on receiving distributions from Durum Industrial Real Estate LP.

Special Voting Units

Special Voting unitholders have neither economic entitlement nor beneficial interest in the Trust or distributions or assets of the Trust. Special Voting Units are entitled to one vote in respect of each unit held. Special Voting Units may only be issued in connection with or in relation to Exchangeable Units of the Limited Partnership, being Class D LP Units, Series 2 and such other units designated from time to time, for the purpose of providing voting and exchange rights with respect to the Trust to the holders of such securities and it is exchangeable for Series F Units. At all times, there shall be that number of Special Voting Units issued and outstanding equal to the number of Exchangeable Units issued by the Trust multiplied by the Exchange Ratio. Special Voting units shall not be transferrable separately from the Exchangeable Units to which they are attached and will automatically be transferred upon the transfer of any such Exchangeable Units. As of December 31, 2017, no Special Voting Units are outstanding.

Durum Industrial Real Estate Investment Trust

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

(b) Trust Capital

Unitholders Interest

	Number of Units #	Stated Value \$
Balance, January 30, 2017	1	100
Issuance of investor units from cash	65,076	6,507,600
Issuance costs	-	(898,916)
Issuance of Investor Units from DRIP	1,111	111,074
Balance, December 31, 2017	66,188	5,719,858

	Number of Units #	Stated Value \$
Series A Trust Units		
Balance, January 30, 2017	1	100
Issued for cash	1,820	182,000
Issued from DRIP	3	257
Issuance costs	-	(25,140)
Balance, December 31, 2017	1,824	157,217

	Number of Units #	Stated Value \$
Series B Trust Units		
Balance, January 30, 2017	-	-
Issued for cash	63,256	6,325,600
Issued on DRIP	1,108	110,817
Issuance costs	-	(873,776)
Balance, December 31, 2017	64,364	5,562,641

2017 transactions

The Trust issued 66,188 Series A and Series B units for gross cash proceeds of \$6,507,700 under the Trust's Offering Memorandum dated January 30, 2017 at an issue price of \$100 per unit. Concurrent with the funds raised from the Offering Memorandum, the Trust invested in LP Units using \$5,548,000 of cash and \$111,074 from DRIP proceeds, whereby the LP issued 56,592 Class A LP Units to the Trust.

Distribution Reinvestment Plan

The Trust has implemented a distribution reinvestment plan pursuant to which holders of Investor Units may reinvest all Cash Distributions in additional Investor Units of the same class (the "DRIP").

Durum Industrial Real Estate Investment Trust

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

The price at which Investor Units are acquired for DRIP participants will be based on the fair market value of each Investor Unit at the time of the Cash Distributions. Participants electing to reinvest Cash Distributions in Investor Units pursuant to the DRIP will receive a further "bonus" distribution equal to 2% of anticipated declared and paid Cash Distribution which are reinvested, which further distribution will also be reinvested in Investor Units.

During the period ended December 31, 2017, the Trust paid cash distributions of \$148,123 to Class 1 unitholders and invested \$111,074 from DRIP back into the Trust.

(c) Distributions

The following distributions were paid during the period ended December 31, 2017:

	\$
Series A	6,457
Series B	252,740
<u>Total distributions paid</u>	<u>259,197</u>

The decrease in net assets has been allocated on a pro-rata basis during the period ended December 31, 2017 as follows:

	\$
Series A	(1,283)
Series B	(44,579)
<u>Decrease in net assets attributable to unitholders</u>	<u>(45,862)</u>

9. Commitments

Administration and Management Agreement ("Admin Agreement")

The Trust and the GP have entered into an Admin Agreement dated January 31, 2017 with Durum Capital Inc. (a company with common directors, officers and is controlled and managed by a Trustee) whereby Durum Capital Inc. acts as the administrator of the Trust and has full and absolute right, power and authority to carry out delegated trust duties in accordance with the Admin Agreement.

10. Related party transactions

Three Trustees of the Trust were compensated \$10,000 per annum during the period ended December 31, 2017.

A company controlled and managed by a Trustee of the Trust charged wholesaler fees of \$36,400 for the period ended December 31, 2017. This has been recorded as a cost of unitholders net assets.

11. Subsequent events

Subsequent to year-end, the Trust issued 28,942 investor units for gross proceeds of \$2,894,200. In conjunction with this issuance, the Trust invested a total of \$2,528,000 in cash, whereby the LP issued a total of 25,280 Class A LP units to the Trust.

Durum Industrial Real Estate Limited Partnership

Financial Statements

Periods ended January 30, 2017 and December 31, 2017

(expressed in Canadian dollars)



April 30, 2018

Independent Auditor's Report

To the Partners of Durum Industrial Real Estate Limited Partnership

We have audited the accompanying financial statements of Durum Industrial Real Estate Limited Partnership, which comprise the statements of financial position as at December 31, 2017 and January 30, 2017 and the statements of income and comprehensive income, changes in net assets and cash flows for the one day period of January 30, 2017, and the period from January 31, 2017 to December 31, 2017, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Durum Industrial Real Estate Limited Partnership as at December 31, 2017 and January 30, 2017 and its financial performance and its cash flows for the one day period of January 30, 2017 and the period from January 31, 2017 to December 31, 2017 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Durum Industrial Real Estate Limited Partnership

Statements of Financial Position

As at December 31, 2017 and January 30, 2017

(in Canadian dollars)

	December 31, 2017 \$	January 30, 2017 \$
Assets		
Current assets		
Cash	582,125	101
Accounts receivable (note 6(b))	365,442	-
Prepaid expenses	273,460	-
	<u>1,221,027</u>	<u>101</u>
Investment properties (note 9, 10)	49,470,000	-
	<u>50,691,027</u>	<u>101</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	222,126	-
Unearned revenue	90,851	-
Current portion of mortgages (note 11)	1,458,372	-
	<u>1,771,349</u>	<u>-</u>
Mortgages (note 11)	26,964,635	-
Security deposit	351,345	-
Convertible note (note 7)	4,850,955	-
	<u>33,938,284</u>	<u>-</u>
Net assets attributable to partners		
GP Unit	1	1
Class A	5,406,443	100
Class D – Series 1	3,705,564	-
Class D – Series 2	7,640,735	-
	<u>16,752,743</u>	<u>101</u>

Commitments (note 13)

Subsequent events (note 15)

See accompanying notes to the financial statements.

Durum Industrial Real Estate Limited Partnership

Statements of Income and Comprehensive Income

For the one day period of January 30, 2017 and from the period of January 31, 2017 to December 31, 2017

(in Canadian dollars)

	For the period of January 31, 2017 to December 31, 2017 \$	For the one day period of January 30, 2017 \$
Revenue		
Rental income	2,123,637	-
	<u>2,123,637</u>	<u>-</u>
Expenses		
General and administration expenses	290,681	-
Operating expenses	53,692	-
Amortization of deferred financing fees	23,800	-
Amortization of leasing expenses	15,269	-
Professional fees	25,098	-
Interest and finance fees	944,674	-
	<u>1,353,214</u>	<u>-</u>
Net income before fair value adjustments	<u>770,423</u>	<u>-</u>
Unrealized loss in fair value of investment properties (note 10)	(675,845)	-
Net income, Increase in net assets attributable to partners	<u>94,578</u>	<u>-</u>

See accompanying notes to the financial statements.

Durum Industrial Real Estate Limited Partnership

Statements of Changes in Net Assets

For the period January 31, 2017 to December 31, 2017

(in Canadian dollars)

	Notes	Partnership units \$	Retained earnings \$	Total net assets \$
Balance – At January 30, 2017		101	-	101
Issuance of units – Partners' contributions	8(b)	17,906,922	-	17,906,922
Distributions to partners	8(c)	-	(1,248,858)	(1,248,858)
Net income, Increase in net assets attributable to partners		-	94,578	94,578
Balance – At December 31, 2017		<u>17,907,023</u>	<u>(1,154,280)</u>	<u>16,752,743</u>

See accompanying notes to the financial statements.

Durum Industrial Real Estate Limited Partnership

Statements of Cash Flows

For the one day period of January 30, 2017 and from the period of January 31, 2017 to December 31, 2017

(in Canadian dollars)

	For the period of January 31, 2017 to December 31, 2017 \$	For the one day period January 30, 2017 \$
Cash provided by (used in)		
Operating activities		
Net income, Increase in net assets attributable to partners	94,578	-
Adjustments for		
Amortization of leasing costs	15,269	-
Amortization of deferred financing fees	23,800	-
Unrealized loss in fair value of investment properties	675,845	-
	<u>809,492</u>	<u>-</u>
Net changes in non-cash working capital items		
Increase in accounts receivable	(365,442)	-
Increase in prepaid expenses excluding leasing fees	(58,927)	-
Increase in prepaid leasing fees	(229,802)	-
Increase in unearned revenues	90,851	-
Increase in security deposits	351,345	-
Increase in accounts payable and accrued liabilities	222,126	-
Cash provided by operating activities	<u>819,643</u>	<u>-</u>
Financing activities		
Repayment of convertible notes	(1,649,045)	-
Mortgages related to asset acquisition	13,970,000	-
Repayment of mortgages	(821,416)	-
Deferred financing fees	(177,779)	-
Distributions to partners	(1,248,858)	-
Contributions from partners	9,659,074	100
Issuance of General Partner unit	-	1
Cash provided by financing activities	<u>19,731,976</u>	<u>101</u>
Investing activities		
Acquisition of investment properties	(19,350,000)	-
Capitalized expenditures to investment properties	(619,595)	-
Cash used by investing activities	<u>(19,969,595)</u>	<u>-</u>
Increase in cash during the period	582,024	101
Cash – beginning of year	101	-
Cash – end of year	<u>582,125</u>	<u>101</u>

See accompanying notes to the financial statements.

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

1. Nature of Operations

Durum Industrial Real Estate Limited Partnership (the "Partnership" or "LP") is a limited partnership established in Alberta by the Limited Partnership Agreement dated January 30, 2017.

The Partnership is managed by the General Partner, Durum Industrial Real Estate GP Inc. ("the GP"). The GP's sole activity is managing the business and affairs of the Partnership pursuant to the Administration and Management Agreement dated January 30, 2017 between the GP, Durum Industrial Real Estate Investment Trust (the "Trust") and Durum Capital Inc. The powers, rights and duties of the GP are set out in the Limited Partnership Agreement ("LP agreement") dated January 30, 2017 between the Trust and the GP. The LP agreement provides that the GP has unlimited liability for the debts, liabilities and obligations of the Partnership. The liability of each limited partner is limited to the aggregate amount of capital contributed and such limited partner's share of the undistributed income of the Partnership. The Partnership will continue until all of its assets have been sold and the net proceeds therefrom, after settlement of all debts and obligations have been distributed in accordance with the LP agreement.

The objectives of the Partnership is to carry on the business and activities generally associated with the purchase, development, investment and sale of real estate and real estate related assets.

The Partnership's interest is not traded in a public market, nor does it file its financial statements with a regulatory organization for the purpose of issuing any class of equity instrument in a public market.

The head office and registered office of the Partnership is located at Suite 500, 1414 - 8th Street SW, Calgary, Alberta, T2R 1J6. The Board of General Partner approved these financial statements on April 30, 2018.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment properties and convertible notes which are measured at fair value through profit or loss. Historical cost is generally based on the fair value of the consideration given in exchange for assets at the time of the transaction.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Partnership.

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

3. Significant accounting policies

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

(a) Cash

Cash includes deposits held at call with banks. Cash amounts are generally used for short-term purposes.

(b) Financial instruments

Financial instruments are any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial instruments 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 obligation specified in the contract is charged, cancelled or expire.

Classification and measurement

The Partnership's non-derivative financial instruments are comprised of cash, accounts receivable, accounts payable and accrued liabilities, convertible note, mortgages and security deposits payable. Non-derivative financial instruments are recognized at fair value on initial recognition of the instrument except for assets or liabilities measured at amortized cost which are initially measured at fair value less directly attributable transaction costs.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

	Classification	Measurement
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Convertible note	Other liabilities	FVTPL
Mortgages	Other liabilities	Amortized cost
Security deposits	Other liabilities	Amortized cost

Impairment of financial instruments

At each reporting date, the Partnership assesses whether there is objective evidence that a financial instrument is impaired. If an instrument carried at amortized cost is impaired, it is recognized as an impairment expense. The amount of the loss is measured as the difference between the amortized cost and the present value of the estimated future cash flows, discounted using the original effective interest rate.

(c) Partnership units

In determining whether the Partnership units should be classified as liabilities or equity, management has assessed whether the Partnership units contain a contractual agreement to deliver cash or another financial asset to another entity, whether the Partnership units are

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

puttable, and whether the criteria in IAS 32 Financial Instruments: Presentation, which permit classification of a puttable instrument as equity are satisfied. The Partnership has multiple classes of units that do not qualify as equity under IAS 32. Accordingly, the Partnership units are classified as liabilities.

(d) Income taxes

The income or loss of the Partnership flows through to the unitholders and there are no income taxes incurred by the Partnership.

(e) Investment properties

Properties that are held for a long-term rental yields or capital appreciation or both, are classified as investment properties under IAS 40.

Investment properties are measured initially at their cost, including related transaction costs and where applicable, borrowing costs.

After initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. If this information is not available, the Partnership uses alternative valuation methods, such as recent prices in less active markets or discounted cash flow projections. Management or professional appraisers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued perform valuations. These valuations form the basis for the carrying amounts in the financial statements. The fair value of investment properties reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property including, among other things, operating costs and leasing costs.

Subsequent expenditures are capitalized to the investment property's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Partnership and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Changes in fair values are recognized in the statement of profit and comprehensive income. Investment properties are derecognized when they have been disposed.

(f) Prepaid expenses

Prepaid expenses are carried at cost less any accumulated amortized expenses.

(g) Leases

As the Partnership has retained substantially all of the risks and benefits of ownership of its investment properties, it accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased property. This occurs on the lease inception date, or upon completion of improvements that would enhance the value of the property if any are required at as part of the lease arrangement. The Partnership makes judgments in determining whether certain leases, in particular those tenant leases with long contractual terms where the lessee is the sole tenant in a property, are

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

operating or finance leases. The Partnership has determined that all of its leases are operating leases.

(h) Leasing costs

Direct leasing costs are incurred by the Partnership in the negotiation and execution of leasing transactions, including leasing commissions and legal fees. These costs are capitalized to investment properties and amortized over the lease term.

(i) Security deposits

Security deposits are recognized initially at the fair value of the cash received and subsequently measured at amortized cost. The Partnership obtains deposits from tenants as a guarantee for returning the leased premises at the end of the lease term in a specified good condition or for specified lease payments according to the terms of the lease.

(j) Borrowing costs and finance costs

Borrowing costs on debt not directly attributable to the acquisition of qualifying assets are expensed. Finance expenses consist of interest incurred in connection with convertible notes and mortgages are classified as liabilities.

(k) Convertible note

The Partnership has a convertible note which is classified entirely as liability because it contains a conversion feature that is affected by changes in the fair value of the Class D LP units. As the instrument contains an embedded derivative, it has been designated at fair value through profit or loss on initial recognition and as such the embedded conversion feature is not separated.

(l) Revenue recognition

Revenue from the investment properties includes base rents, other rental revenue and recoveries of operating expenses. The Partnership uses the straight-line method for base rental revenue recognition whereby the total of cash rents due over the initial term of a lease is recognized evenly over that term. Recoveries of operating expenses are recognized as revenues in the period in which the corresponding costs are incurred and collectibility is reasonably assured. Other rental income is recognized as revenue in the period incurred and collectibility is reasonably assured.

(m) Provisions and contingent liabilities

Provisions are recognized by the Partnership when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of that obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

4. New IFRS standards and interpretations not yet adopted

(a) IFRS 16 – Leases

IFRS 16, “Leases” requires entities to recognize lease assets and lease obligations on the statement of financial position. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements and may continue to be treated as operating leases. The new standard is effective for years beginning on or after January 1, 2019 and may be applied retrospectively or using a modified retrospective approach.

(b) IFRS 15 - Revenue from contracts with customers

IFRS 15 “Revenue from Contracts with Customers” provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on leases, insurance contracts and financial instruments. The new standard is effective for years beginning on or after January 1, 2018 and may be applied retrospectively or using a modified respective approach.

(c) IFRS 9 - Financial Instruments

IFRS 9, “Financial Instruments” provides a comprehensive new standard for accounting for all aspects of financial instruments. It includes a logical model for classification and measurement, a single, forward-looking “expected-loss” impairment model and a substantially reformed approach to hedge accounting. The new standard is effective for years beginning on or after January 1, 2018.

The Partnership has not yet assessed the impact of adopting IFRS 16, 15 and 9 on the financial statements. There are no other IFRS standards or interpretations issued that are not yet effective that the Partnership anticipates will have a material impact on its financial statements once adopted.

5. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions and judgments are reviewed on an ongoing basis and are based on historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Significant estimates, judgments and assumptions that management used in the process of applying the Partnership’s accounting policies and that have the most significant effect on the amounts recognized in the Partnership’s financial statements are as follows:

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period relate to the, fair values for investment properties.

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

The fair values for investment properties at December 31, 2017 agree to valuations as reported by management and independent professional appraisers. This judgement is based on management's review of changes in various factors from December 31, 2017 to the date of the valuations including:

- i. Property tenancies
- ii. Market rents
- iii. Market terminal capitalization rates
- iv. Discount rates
- v. Direct capitalization rates
- vi. Economic environment and market conditions
- vii. Market activity

The Partnership acquires investment properties in its normal course of business. At the time of acquisition, the Partnership considers whether or not the acquisition represents the acquisition of a business. The Partnership accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the property.

6. Financial risk management and capital management

The Partnership's activities expose it to a variety of financial risks that arise as a result of its business activities. The Partnership employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Partnership's business objectives and risk tolerance levels. While the GP has the overall responsibility for the Partnership's risk management framework, management has the responsibility to administer and monitor these risks. This note presents information about the Partnership's exposure to each of the below risks, the Partnership's objectives, policies and processes for measuring and managing risk, and the Partnership's management of capital.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, including interest rate risk and foreign exchange risk. As at December 31, 2017, a 100 basis points increase or decrease in the market interest rates on mortgages would result in an increase or decrease in interest expense of \$79,315 for 2017. The Partnership is not subject to foreign exchange risk.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Partnership has no significant concentrations of credit risk. Credit risk arises from cash held at banks and accounts receivables, including rental receivables from lessees. The Partnership has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, and the Partnership monitors the credit quality of receivables on an ongoing basis.

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

The Partnership's maximum exposure to credit risk by class of financial assets is as follows:

	\$
Cash	582,125
Accounts receivable	365,442

Security deposits refundable to tenants may be withheld by the Partnership in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

Cash is held with a regulated Canadian banking institute.

Analysis by credit quality of financial assets is as follows:

Past due but not impaired:	\$
Less than 30 days overdue	53,979
30 to 90 days overdue	170,782
90 to 365 days overdue	4,601
Total past due but not impaired	229,362
Receivables related to rent-free period provided to tenant*	136,080
Total trades receivables	365,442
Individually determined to be impaired (gross):	
30 to 90 days overdue	-
90 to 180 days overdue	-
Total individually determined to be impaired (gross)	-
Less: impairment provision	-
Total trade receivables, net of provisions for impairment	365,442

*Accounts receivable includes a \$136,080 balance related to the rent-free period provided to a tenant, \$35,280 of which are allocated to 30 to 90 days overdue and the remaining \$100,800 are allocated to 90 to 365 days overdue.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

A summary table with maturity of financial assets and liabilities presented below is used by management to manage liquidity risks. The amounts disclosed in the below tables are the contractual cash flows. Cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

The maturity analysis of financial instruments as at December 31, 2017 is as follows:

	Demand on less than 1 month \$	From 1 to 3 months \$	From 3 to 12 months \$	From 12 months to 2 years \$	More than 2 years \$	Total \$
Assets						
Cash	582,125	-	-	-	-	582,125
Accounts receivable	365,442	-	-	-	-	365,442
	947,567	-	-	-	-	947,567
Liabilities						
Accounts payable and accrued liabilities	189,058	27,458	5,610	-	-	222,126
Convertible note	-	-	-	4,850,955	-	4,850,955
Mortgages*	111,680	246,978	1,143,576	1,581,546	25,493,206	28,576,986
Security deposits	-	-	-	95,789	255,556	351,345
	300,738	274,436	1,149,186	6,528,290	25,748,762	34,001,412

* Mortgages in the maturity analysis are reflected on a cash basis. Deferred financing fees are not included. Current deferred financing fees are \$43,862 and non-current deferred financing fees are \$110,117.

Additional information is disclosed below as it relates to expected principal and interest payments on mortgages:

	Demand on less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 2 years	More than 2 years	Total
Mortgage principal	111,680	246,978	1,143,576	1,581,546	25,493,206	28,576,986
Mortgage interest	73,051	184,249	705,907	758,599	1,806,276	3,528,082
Total	184,731	431,227	1,849,483	2,340,145	27,299,482	32,105,068

The following maturity analysis provides additional information on leases receivable:

	Demand on less than 1 month	From 1 to 3 months	From 3 to 12 months	From 12 months to 2 years	More than 2 years	Total
Leases receivable	296,718	600,610	2,454,017	2,679,453	10,295,857	16,326,655

(d) Capital risk management

The Partnership's objective when managing capital is to safeguard the Partnership's ability to continue as a going concern in order to provide returns for unitholders. Capital is defined as the net assets attributable to partners.

In order to maintain or adjust the capital structure, the Partnership may adjust the amount of distributions paid to partners, return capital to partners, receive capital advances from partners and increase or decrease long-term debt.

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

(e) Fair Value Estimation

The Partnership obtains independent appraisals on its properties. The appraisals are performed by accredited independent appraisers with relevant professional qualifications and experience in the location and category of the investment properties being valued. Management reviews each appraisal and ensures that the assumptions used are reasonable and the final fair value reflects those assumptions used in the determination of the fair value of the properties. Management, along with the appraisers, used their market knowledge and professional judgment and did not rely solely on historical transactional comparisons.

The level in the fair value hierarchy within which the fair value measurement of financial instruments is categorized in its entirety and is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The fair value hierarchy for measurement of financial instruments is as follows:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Inputs for the asset or liability that are not based on observable market data.

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, and net assets attributable to partners as at December 31, 2017 approximate their carrying values due to the short-term maturity of these instruments.

7. Convertible note

	2017
	\$
Balance, January 30, 2017	-
Convertible notes issued	6,500,000
Repayments	<u>(1,649,045)</u>
Balance, December 31, 2017	<u>4,850,955</u>

On May 8, 2017, a partner as well as a company controlled and managed by a partner of the Partnership agreed to provide a loan facility in the amount of \$6,500,000 repayable in cash or shares, as part of the Partnership's acquisition of the \$30,176,250 of its investing properties (note 10). The terms of the convertible note is as follows:

- Bears interest rate of 6% per annum
- 24-month term from the date of initial advance, repayable on or before May 5, 2019. Cash repayments over the term of the note are paid at the discretion of the directors of the GP.
- At maturity, any outstanding principal and unpaid interest will automatically convert into fully paid Class D LP units at the conversion price of \$100 per unit less the average costs (\$13.82/Unit as of December 31, 2017) of the offering as defined in the Offering Memorandum of the Trust dated January 30, 2017

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

During the year, the Partnership repaid \$1,649,045 in principal and paid \$236,590 in interest on the note. The fair value of the convertible note approximates its carrying value.

8. Partnership units

(a) Authorized

In accordance with the LP agreement (note 1), the interest of the limited partners of the Partnership are divided into and represented by an unlimited number of units designated as:

- Class A LP units
 - entitled to vote
 - entitled to share in returns of capital and to share in cash and other distributions
 - Class A LP units are to be held solely by the Trust, and;
 - rank in priority over Class D LP units, Series 2
- Class D LP units, Series 1 and Series 2
 - issuable in series
 - Series 1, not entitled to vote, 8% annual return, redeemable at any time, rank in priority over Class A LP units and Class D LP units, Series 2 to share in returns of capital and to share in cash and other distributions
 - Series 2, entitled to vote and share in returns of capital and to share in cash and other distributions
- General Partner unit
 - not entitled to vote
 - entitled to share in returns of capital and to share in cash and other distributions

(b) Partnership units

Unitholders Interest

	Number of Units #	Stated Value \$
Balance, January 30, 2017	1	100
Issuance of units from Cash	177,959	17,795,848
Issuance of units from DRIP	1,110	111,074
Balance, December 31, 2017	179,070	17,907,022

	Number of Units #	Stated Value \$
Class A		
Balance, January 30, 2017	1	100
Issued for cash	55,480	5,548,000
Issued on DRIP	1,110	111,074
Balance, December 31, 2017	56,591	5,659,174

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

Class D Series 1

Balance, January 30, 2017	-	-
Issued for cash	40,000	4,000,000
Balance, December 31, 2017	40,000	4,000,000

Class D Series 2

Balance, January 30, 2017	-	-
Issued in exchange for investment properties	82,478.48	8,247,848
Balance, December 31, 2017	82,478.48	8,247,848

2017 transactions

The Partnership issued 177,959 Class A and D LP units for gross cash proceeds of \$17,795,848 at an issue price of \$100 per unit and issued 1,110 Class A LP for \$111,074 from DRIP cash proceeds.

(c) Distributions

Under the terms of the LP agreement, the income allocations and distributions to limited partners are as follows:

- (i) first, to the holders of Class D LP Units Series 1, in accordance with the provisions governing each series of such Partnership Units; and
- (ii) second, to the holders of Class A LP units, the distributable cash per unit less the Trust cost per unit and the holders of Class D LP units, Series 2, the distributable cash per unit.

The General Partner, in its sole discretion, shall make distributions out of the funds of the Partnership and be entitled to withhold from any distributions certain amounts, as specified in the LP agreement, it considers necessary.

The following distributions were paid during the period ended December 31, 2017:

	\$
Class A	282,621
Class D Series 1	315,562
Class D Series 2	650,675
Total distributions paid	1,248,858

The following net income has been attributed to unitholders during the period ended December 31, 2017:

	\$
Class A	29,890
Class D Series 1	21,126
Class D Series 2	43,562
Total net income	94,578

The General Partner shall make distributions following any payments of operating expenses, management fee, guarantee fee and the Class D Series 1 Return.

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

9. Fair value of investment properties

Fair value measurements recognized in the Statements of Financial Position are categorized in accordance with the levels under note 6(e).

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

The following tables classifies the Partnership's investment properties measured at fair value according to the three levels of hierarchy at December 31, 2017:

	December 31, 2017	Level 1	Level 2	Level 3
Income producing properties	\$49,470,000	\$ -	\$ -	\$49,470,000
Total	\$49,470,000	\$ -	\$ -	\$49,470,000

The Partnership's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels during the year. The fair value of the Partnership's investment properties is considered to be at level 3 in the hierarchy, as significant unobservable inputs are required to determine fair value.

The significant assumptions made to determine the fair values of the investment properties are set out below:

	Capitalization rate (Direct income capitalization)	Discount rate (Discounted cash flow analysis)	Price per square foot (Discounted cash flow analysis)	Price per square foot (Direct comparison approach)
December 31, 2017				
Maximum	7.26%	7.50%	\$435.00	\$435.00
Minimum	6.02%	7.19%	\$195.00	\$175.00
Weighted average	6.77%	7.38%	\$195.46	\$219.37

Fair value of investment properties calculated using direct comparison approach result in an analysis of comparable investment properties based on size, location, classification, and in place leases sold at or near the valuation date.

Investment properties are valued on a highest and best use basis. For all of the Partnership's investment properties, the current use is considered to be the highest and best use.

Fair values are most sensitive to changes in capitalization rates. A 0.25% increase in the weighted average capitalization rate for investment properties would decrease fair value by \$1.76 million and a 0.25% decrease in the weighted average capitalization rate for investment properties would increase fair value by \$1.89 million.

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

10. Investment properties

	\$
Balance, as at January 30, 2017	-
Acquisition of investment properties:	
Acquisition through rollover	30,176,250
Acquisition through direct purchase	19,350,000
Capitalized expenditures	619,595
Unrealized loss on revaluation	(675,845)
Balance, as at December 31, 2017	<u>49,470,000</u>

Fair value adjustments are made on the investment property based on appraisals prepared by independent valuation specialists. These values are a representation of the properties values as at December 31, 2017.

Supplemental information related to rollover:

	\$
Acquisition through rollover	<u>30,176,250</u>
Consideration provided on purchase:	
Issuance of convertible notes	(6,500,000)
Issuance of Class D LP units	(8,247,848)
Assumption of mortgages	<u>(15,428,402)</u>
Total consideration provided on purchase	<u>(30,176,250)</u>

On May 8, 2017 the Partnership entered into a contribution agreement to acquire four of its investment properties through a rollover with a partner of the Partnership, as well as a company controlled and managed by a partner of the Partnership.

Supplemental information related to unrealized loss on revaluation:

	\$
Fair value on acquisition	<u>49,526,250</u>
Capitalized expenditures incurred:	
Capitalized expenditures to properties	426,095
Acquisition fees paid	193,500
Fair value at December 31, 2017	<u>(49,470,000)</u>
Unrealized loss on revaluation	<u>(675,845)</u>

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

11. Mortgages

Investment properties, general assignment of rent and leases, postponement and assignment of claims and guarantees by unitholders and companies owned by shareholders of the General Partner limited to a principal amount of \$29,398,402 are provided as security for the mortgages. The borrowing rates range from 3.60% to 4.00% per annum. For the period ended December 31, 2017, the Partnership paid \$608,644 in mortgage interest.

An analysis of the net debt for each of the periods is presented as follow:

Net debt	31-Dec-17	30-Jan-17
	\$	\$
Cash	582,125	101
Borrowing - repayable within one year	(1,502,234)	-
Borrowing - repayable after one year	(27,074,752)	-
Net debt	<u>(27,994,861)</u>	<u>101</u>
Cash	582,125	101
Gross debt - fixed interest rates	(20,718,519)	-
Gross debt - variable rates	(7,858,467)	-
Net debt	<u>(27,994,861)</u>	<u>101</u>

*Mortgages are reflected on a cash basis. Deferred financing fees of \$153,979 are not included, \$43,862 of which are allocated to the current portion of mortgages.

All of the bank covenants have been complied with as of December 31, 2017.

The fair value of the mortgages at December 31, 2017 has been determined to equal its carrying value since market rates have remained similar since the inception of the mortgages. The fair value of the mortgages is determined by discounting the contractual principal and interest payments at estimated current market interest rates which are determined by reference to current benchmark rates for debt with similar terms and risk.

12. Movement of liabilities from financing activities

An analysis of the cash flows of financial liabilities has been presented as follows:

Net debt	Borrowings	Convertible note repayable after one year	Total
	\$	\$	\$
Net debt, January 30, 2017	-	-	-
Cash flows	(13,148,584)	1,649,045	(11,499,539)
Assumption of mortgages	(15,428,403)	(6,500,000)	(21,928,403)
Other non-cash movements	153,979	-	153,979
Net debt, December 31, 2017	<u>(28,423,008)</u>	<u>(4,850,955)</u>	<u>(33,273,963)</u>

Durum Industrial Real Estate Limited Partnership

Notes to Financial Statements

For the periods ended January 30, 2017 and December 31, 2017

13. Commitments

Administration and Management Agreement ("Admin Agreement")

The Trust and the GP have entered into an Admin Agreement dated January 31, 2017 with Durum Capital Inc. (a company with common directors, officers and is controlled and managed by a Trustee) whereby Durum Capital Inc. acts as the administrator of the Trust and has full and absolute right, power and authority to carry out delegated trust duties in accordance with the Admin Agreement. In addition, the GP appointed Durum Capital Inc. as manager of the GP and has full and absolute right, power and authority to carry out delegated general partner duties in accordance with the Admin Agreement. The Admin Agreement is in effect until the dissolution of the Trust and the Partnership.

- Durum Capital Inc. will receive a Management Fee as compensation for its management services and to reimburse all reasonable expenses and costs incurred. The Partnership will pay an annual management fee to Durum Capital Inc. equal to 2% of the aggregate of all capital contributed to the Trust and the Partnership (not including capital contributed by the Trust to the Partnership) during the year. Durum Capital Inc. charged management fees of \$220,249 for the period ended December 31, 2017.
- In consideration for providing acquisition and disposition services, the Partnership shall pay an acquisition/disposition fee to Durum Capital Inc. The acquisition/disposition fee shall equal to 1% of the aggregate purchase price for any properties acquired or disposed of. The manager was paid an acquisition fee of \$193,500 which has been capitalized in investment properties.
- In consideration for providing mortgage guarantees and other guarantee services, the Partnership shall pay Durum Capital Inc. a Guarantee Fee equal to 1% of the value of the obligation guaranteed. During the period ended December 31, 2017, loan guarantee fee of \$98,291 have been paid.
- Durum Capital Inc. shall also be entitled to monthly profit share incentives, if available, in addition to the Management Fee. Such profit share incentives shall be equal to 30% of the remaining distributable cash, as defined in the LP Agreement, after payment of distributions to all unitholders of the Partnership. During the period ended December 31, 2017, no profit share incentives have been paid.

14. Related party transactions

Two Directors of the Partnership were compensated during the period ended December 31, 2017 a total of \$10,000 per annum, while two independent directors were compensated \$25,000 per annum. All services performed for the Partnership by its officers and directors are governed by the Admin Agreement (note 13 (a)).

15. Subsequent events

Subsequent to year-end, the Trust invested a total of \$2,528,000 in cash, whereby the Partnership issued a total of 25,280 Class A LP units to the Trust.

ITEM 13 CERTIFICATE

DATED: April 30, 2018

This Offering Memorandum does not contain a misrepresentation.

**DURUM INDUSTRIAL REAL ESTATE INVESTMENT TRUST
by its Trustees**

David Laycock Title: Trustee, Durum Industrial Real Estate Investment Trust	"Signed"
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Jay Simmons Title: Trustee, Durum Industrial Real Estate Investment Trust	"Signed"
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Joseph Loughheed Title: Trustee, Durum Industrial Real Estate Investment Trust	"Signed"
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Michael McGee Title: Trustee, Durum Industrial Real Estate Investment Trust	"Signed"
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"Signed"

Durum Capital Inc.
Administrator of the Trust; Manager of the General
Partner

"Signed"

Jay Simmons
Director and CEO of the Administrator / Manager,
Durum Capital Inc.

"Signed"

Judy Rattanaovong
CFO of the Administrator / Manager, Durum Capital
Inc.

"Signed"

David Laycock
Director of the Administrator / Manager, Durum
Capital Inc.