

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. See Item 8- "Risk Factors". The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. You could lose all the money you invest. This Offering Memorandum constitutes an offering of securities only in those jurisdictions and to those persons 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.

## Issue #2

### CONFIDENTIAL OFFERING MEMORANDUM

**Dated:** March 31, 2016  
**Fund:** NORTH RIVER TRUST (the "Fund")  
4203 Roper Road, Edmonton, Alberta T6B 3S5  
**Phone:** (780) 461-2679 **Fax:** (780) 461-2699  
**E-mail:** subscription@northrivertrust.ca

**Currently Listed or Quoted:** No. These securities do not trade on any exchange or market.  
**Reporting Issuer:** No.  
**SEDAR Filer:** No.

### THE OFFERING

**Securities Offered:** Up to 320,000 Class B Units of the Fund (the "Offered Securities").  
**Price per Security:** \$10.22 per Class B Unit to be sold in blocks of 50 Class B Units (each a "Class B Block").  
**Description of Units** The Fund is offering up to 6,400 Class B Blocks at \$511 per Class B Block.  
**Minimum Subscription Amount:** The minimum subscription amount for Class B Units is \$5,110 (500 Class B Units or 10 Class B Blocks). The Trustees may, in their sole discretion, reduce the minimum amount per Subscribers for Class B Units.  
**Maximum Offering:** \$3,270,400 (320,000 Class B Units or 6,400 Class B Blocks).  
**Minimum Offering:** There is no minimum offering for these Offered Securities. You may be the only Subscriber. Funds available under the Offering may not be sufficient to accomplish our proposed objectives.  
**Payment Terms:** Each Subscriber (as defined herein) must deliver to the Fund, at 4203 Roper Road, Edmonton, Alberta T6B 3S5, Attention: Paul Belter, a certified cheque, cheque (with adequate time to clear account), bank draft or money order payable to "North River Trust" for the aggregate subscription price.  
**Proposed Closing Date:** The initial Closing is scheduled for March 31, 2016 or such later date as the Trustees (as defined herein) may determine in their sole discretion. The Fund shall continue to conduct Closings until the Maximum Class B Unit Offering (as defined herein) has been reached or until the Trustees determine.  
**Tax Consequences:** There are important tax consequences to the ownership of the Class B Units. See Item 6 – "Certain Canadian Income Tax Consequences and Deferred Plan Eligibility".  
**Selling Agent:** Eligible market participants may receive a commission or finder's fee in connection with sales made by such eligible market participants pursuant to this Offering Memorandum. See Item 7 – "Compensation Paid to Sellers and Finders".

### RESALE RESTRICTIONS

You will be restricted from selling your Offered Securities for an indefinite period. See Item 10 – "Resale Restrictions".

### PURCHASER'S RIGHTS

You have two (2) business days to cancel your agreement to purchase the Offered Securities. If there is a misrepresentation in this Offering Memorandum, you have the right to either sue for damages or to cancel the agreement. See Item 11 – "Purchasers' Rights". You will not be able to sell the Offered Securities except in very limited circumstances. You may never be able to resell the Offered Securities. See Item 10- "Resale Restrictions".

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 – "Risk Factors".

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

Schedule A - Declaration of Trust;  
Schedule B - North River Limited Partnership – Partnership Agreement;  
Schedule C - North River Trust Pro Forma (including Commercial Solutions Acquisition);  
Schedule D - Financials for North River Trust, North River Limited Partnership, and North River Properties Inc.;  
and  
Schedule E Commercial Solutions Land and Building Financials.

The information contained in this Offering Memorandum is intended only for the Persons to whom it is transmitted for the purposes of evaluating the Offered Securities offered hereby. Prospective Subscribers should only rely on the information in this Offering Memorandum. No Persons are authorized to give any information or make any representation in respect of the Fund or the Offered Securities offered herein and any such information or representation must not be relied upon.

Prospective Subscribers should consult their own legal and tax advisors regarding their particular circumstances.

### FORWARD-LOOKING INFORMATION

Certain statements in this Offering Memorandum as they relate to the Fund and its operations are "forward-looking statements". Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "does not expect", "is expected", "anticipates", "does not anticipate", "plans", "estimates", "believes", "does not believe" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or achieved) are not statements of historical fact and may be "forward-looking statements". The forward-looking statements are based on our beliefs, assumptions and expectations, of our future performance, taking into account information currently available to us at the time the statements are made. These forward-looking statements involve a number of risks and uncertainties. See Item 8 – "Risk Factors". These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity, results of operations and potential return to Subscribers may vary materially from those expressed in our forward looking statements.

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

- Ability to raise sufficient capital to fund the second acquisition of the Commercial Solutions Property (as defined herein);
- Economic growth in Canada and the United States and the implications on the industrial and commercial land development and rental/lease industry of Edmonton, Alberta and surrounding areas ("**Capital region**");
- Population and employment growth in the Capital region;
- Demand for, supply of, and relative pricing of industrial and commercial property in the Capital region;
- Infrastructure projects in and around Leduc and the energy sector supply regions, specifically in the Leduc, Edmonton, and Fort McMurray area;
- The belief that commercial and industrial growth in the Leduc, Alberta region will be desired in and around the area where the Property (as defined herein) is located and that the Property (as defined herein) will be desired as commercial viable and advantageous locations for commercial leases and let in and around that region;
- The price of the Property as the Asset Manager (as defined herein) anticipates to negotiate, and receive for the purchase, lease, and eventual sale of commercial/industrial lands, properties or buildings;
- The ability of the Asset Manager to purchase, lease, and ultimately sell the commercial property;
- Views regarding the real estate market, in particular relating to the prices and trends;
- The expectation that the Property will meet the Partnership's investment objectives and strategy;
- The anticipated costs to be incurred by the Partnership to manage and administer the Property;
- The prospects for obtaining certain approvals and the timing of these approvals;
- Financing available on reasonable terms;
- The expectation that the Property will be suitable for profitable returns;
- The creditworthiness of the tenants.

Important factors that could cause the Fund's actual results and performance in future periods to differ materially from the Funds expectations include, among other things, tenant occupancy in the Property and the properties within the Asset Portfolio (as defined herein), the prices at which space within the Property can be leased, general economic and market factors, including interest rates, a decline in the real estate market, changes in government policies and regulation or in tax laws and changes in municipal and/or regional planning strategies, in addition to those factors discussed or referenced under the heading Item 8 – "Risk Factors".

The Partnership's and therefore the Fund's actual results could differ materially from those anticipated in these forward looking statements due to, among other things, the risk factors set in this Offering Memorandum under Item 8 – "Risk Factors", in particular the risk factors set out under the following headings (among others):

- No guarantee that investment in offered securities will be successful;
- Operating history;

- Limited number of assets in asset pool/portfolio;
- Leasing risk;
- Risks of real property development and ownership;
- Builder contract risk; and
- General real estate risks.

All forward-looking statements contained herein are made as of the date of this Offering Memorandum. Except as required by applicable law, the Fund does not undertake any obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the events described by the Fund's forward-looking statements might not occur. The Fund qualifies any and all of its forward-looking statements by these cautionary factors. Please keep this cautionary note in mind as you read this Offering Memorandum.

### **Reliance**

Prospective Subscribers should rely only on information contained in the Offering Memorandum. The Fund has not authorized any other person to provide prospective Subscribers with different information. If a prospective Subscriber is provided with different or inconsistent information, the prospective Subscriber should not rely on such information. The Fund is not making an offer to sell in any jurisdiction where an offer or sale is not permitted.

### **Industry and Market Data**

The Fund obtained industry and market data used throughout this Offering Memorandum from surveys or studies conducted by third parties and industry or general publications. Industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. Although the Fund believes that each of these studies and publications is reliable, the Fund has not independently verified such data and does not make any representations as to the accuracy of such information.

### **Investment Not Liquid**

The Offered Securities offered hereunder will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, if ever, a Subscriber will not be able to trade their Offered Securities unless it complies with very limited exemptions from the prospectus and registration requirements under applicable securities legislation. As the Fund has no intention of becoming a reporting issuer in any jurisdiction in Canada, these trading restrictions will not expire. Consequently, a Subscriber may not be able to liquidate their Offered Securities in a timely manner, if at all, or pledge their Offered Securities as collateral for loans. See Item 10 - "*Resale Restrictions*".

## TABLE OF CONTENTS

	Page
GLOSSARY OF TERMS .....	1
SUMMARY .....	5
ITEM 1 USE OF AVAILABLE FUNDS .....	9
1.1 Funds .....	9
1.2 Use of Available Funds .....	9
1.3 Reallocation .....	10
ITEM 2 BUSINESS OF NORTH RIVER TRUST FUND.....	11
2.1 Structure .....	11
2.2 Our Business .....	13
2.3 Development of Business.....	18
2.4 Long Term Objectives of the Fund .....	19
2.5 Short Term Objectives of the Fund and How the Fund Intends to Achieve Them .....	19
2.6 Insufficient Funds .....	20
2.7 Material Agreements .....	20
ITEM 3 TRUSTEES, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS .....	29
3.1 Compensation and Securities Held .....	29
3.2 Management Experience.....	30
3.3 Penalties, Sanctions and Bankruptcy .....	31
ITEM 4 CAPITAL STRUCTURE .....	31
4.1 Capital .....	31
4.2 Long Term Debt.....	31
4.3 Prior Sales .....	32
ITEM 5 SECURITIES OFFERED .....	32
5.1 Terms of Securities .....	32
5.2 Subscription Procedure .....	32
5.3 Through a Deferred Plan.....	33
ITEM 6 CERTAIN CANADIAN INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY .....	33
6.1 General .....	33
6.2 Eligibility for Investment by Deferred Plans .....	36
ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS.....	36
ITEM 8 RISK FACTORS .....	37
ITEM 9 REPORTING OBLIGATIONS .....	44
ITEM 10 RESALE RESTRICTIONS .....	44
ITEM 11 PURCHASERS' RIGHTS.....	45
11.1 Rights for Subscribers Resident in Alberta .....	45

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
11.2 Rights for Subscribers Resident in British Columbia .....	46
11.3 Rights for Subscribers Resident in Saskatchewan .....	46
11.4 Rights for Subscribers resident in Manitoba .....	46
11.5 Rights for Subscribers resident in Ontario .....	47
ITEM 12 FINANCIAL STATEMENTS .....	48
ITEM 13 DATE AND CERTIFICATE.....	49
SCHEDULE A - DECLARATION OF TRUST	
SCHEDULE B - PARTNERSHIP AGREEMENT	
SCHEDULE C - NORTH RIVER TRUST PRO FORMA (INCLUDING COMMERCIAL SOLUTIONS ACQUISITION)	
SCHEDULE D - FINANCIALS FOR NORTH RIVER TRUST, NORTH RIVER LIMITED PARTNERSHIP, AND NORTH RIVER PROPERTIES INC.	
SCHEDULE E - COMMERCIAL SOLUTIONS LAND AND BUILDING FINANCIALS	

## GLOSSARY OF TERMS

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

**"1298226"** means 1298226 Alberta Ltd., a corporation registered under the laws of the Province of Alberta, being the entity from which the Property will be acquired which is an Affiliate of the Partnership;

**"Adjusted Cost Base"** has the meaning ascribed thereto in the Tax Act;

**"Affiliate"** means a Person who is affiliated or associated with the Person who is the object of the description for the purposes of the *Business Corporations Act* (Alberta) and the regulations thereunder, as amended from time to time;

**"Aggregate Contribution"** means the aggregate amount of contributions by the Limited Partners to the Partnership for the Partnership Units;

**"Asset Fee"** means the fee payable to the General Partner pursuant to the Management Agreement equal to 1.0% of the net annual rent collected from the leased units in each of the properties within the Asset Portfolio including the Property payable quarterly;

**"Asset Manager"** means the General Partner;

**"Asset Portfolio"** means all of the assets and investments made by the Partnership since formation, including the purchase of the Property.

**"Capital Contribution"** means, with respect to the Fund, the proceeds of the Class B Unit Offering contributed by the Fund to the Partnership as reflected in the Fund's partnership capital account;

**"Class A Partnership Distributable Income"** means the amount of taxable income of the Partnership that the General Partner, in its sole discretion, may distribute to Class A Partnership Unitholders, after payment and reservation of all amounts necessary for payment of all expenses and liabilities of the Partnership and reservation of such amounts as in the reasonable opinion of the General Partner are necessary having regard to the then current and anticipated resources of the Partnership;

**"Class A Partnership Distribution"** means all distributions from time to time by or on behalf of the Partnership to the Class A Partnership Unitholders, including the Distribution Rate, pursuant to the terms of the Partnership Agreement attached hereto as Schedule B;

**"Class A Partnership Unit"** means the class A units of the Partnership entitling the holder of record thereof to the rights, restrictions, privileges and obligations provided in the Partnership Agreement, including the Distribution Rate;

**"Class A Partnership Unitholders"** means at any time the Persons who are the holders of record at that time of one or more Class A Partnership Units, as shown on the registers of such holders maintained by the Partnership or by the Transfer Agent on behalf of the Partnership;

**"Class A Unit"** means a class A unit of the Fund issued in connection with the formation of the Fund entitling the holder of record thereof to the rights, restrictions, privileges and obligations provided in the Declaration of Trust;

**"Class A Unit Certificate"** means a certificate in the form approved by the Trustees of the Fund evidencing one or more Class A Units, issued and certified in accordance with the Declaration of Trust and registered in the name of a Class A Unitholder representing the Class A Units issued pursuant to the establishment of the Fund;

**"Class A Unitholders"** means at any time the Persons who are the holders of record at that time of one or more Class A Units, as shown on the registers of such holders maintained by the Fund or by the Transfer Agent on behalf of the Fund;

**"Class B Block"** means 50 Class B Units of the Fund;

**"Class B Unit"** means a class B unit of the Fund representing an equal and undivided interest in the Fund entitling the holder of record thereof to the rights, restrictions, privileges and obligations provided in the Declaration of Trust, including the Distribution Rate;

**"Class B Unit Capital Contribution"** means, with respect to any Class B Unitholder, the amount of capital contributed by such Class B Unitholder to the Fund, as reflected in each Class B Unitholders capital account;

**"Class B Unit Certificate"** means a certificate in the form approved by the Trustees of the Fund evidencing one or more Class B Units, issued and certified in accordance with the Declaration of Trust and registered in the name of a Class B Unitholder representing the Class B Units held by the Class B Unitholder;

**"Class B Unit Distributable Income"** means cash flow, that has been or will be made on, or in respect of, the Class B Units, determined in accordance with the provisions in Article 5 of the Declaration of Trust;

**"Class B Unit Distributions"** means all distributions from time to time by or on behalf of the Fund to the Class B Unitholders, including the Distribution Rate, pursuant to the terms of the Declaration of Trust;

**"Class B Unit Distribution Period"** means the period between two consecutive Class B Unit Distribution Record Dates commencing from and including the day next following the first Class B Unit Distribution Record Date to and including the second Class B Unit Distribution Record Date;

**"Class B Unit Distribution Record Date"** means the end of each fiscal quarter commencing on June 30, 2016 or such other dates as may be determined from time to time by the Trustees;

**"Class B Unit Offering"** means the offering by the Fund of up to 320,000 Class B Units;

**"Class B Unitholders"** means at any time the Persons who are the holders of record at that time of one or more Class B Units, as shown on the registers of such holders maintained by the Fund or by the Transfer Agent on behalf of the Fund;

**"Closing"** means a closing of a Class B Unit Offering;

**"Commercial Solutions Property"** - see "Property";

**"Declaration of Trust"** means the Declaration of trust of the Fund dated October 14, 2015, as the same may be amended, supplemented or restated from time to time. See *"Business of North River Trust – Material Agreements"*;

**"Deferred Plan"** means a trust governed by a RRSP, a RRIF, a registered educational savings plan, a deferred profit sharing plan and a TFSA under the Tax Act;

**"Distribution Rate"** means a notional distribution amount which shall accrue on Class B Units at a rate expected to equal to 8.20% per annum, cumulative and non-compounding and calculated as of December 31 of each calendar year and pro-rated for the first year of a Class B Unitholder's investment based on the number of days elapsed from the clear day of such investment to December 31 of that same year;

**"Fund"** means North River Trust;

**"Fund Assets"** means all monies, property and other assets as are held by the Trustees on behalf of the Fund as further described in the Declaration of Trust;

**"General Partner"** means North River Properties Inc., a corporation incorporated as 1405399 Alberta Ltd. on June 04, 2008, under the laws of the Province of Alberta and renamed North River Properties Inc. on October 1, 2015, and which is the general partner of North River Limited Partnership;

**"Glenville Building"** means the lands acquired by the Partnership in December of 2015, and legally described as 7606 42 Street, Leduc, Alberta, Plan 142199, Block 8, Lot 39. This land is a part of the Asset Portfolio, see also "Initial Property";

**"Initial Limited Partner"** means Paul Belter, an individual resident in the City of Edmonton in the Province of Alberta;

**"Initial Property"** means the lands acquired by the Partnership and legally described as 7606 42 Street, Leduc, Alberta, Plan 142199, Block 8, Lot 39, see also "Glenville Building";

**"Lender"** means ATB, Alberta Treasury Branch, or other such registered bank or institution for which financing is provided at or below the current prescribed and committed rate;

**"Limited Partners"** means each of those parties who is accepted as and becomes a limited partner of North River Limited Partnership in accordance with the terms and conditions of an agreement governing the Partnership;

**"LTT"** means land transfer tax;

**"Management Agreement"** means the agreement dated October 21, 2015 between the Partnership and the General Partner, pursuant to which the General Partner has been retained to provide services with respect to the management of the Property;

**"Management Costs"** means, with respect to the Property, the gross costs directly related to the management, administration and marketing of the Property which have been approved, or provided in a budget approved, pursuant to the management agreements, in force and effect, at any particular time;

**"Maximum Class B Unit Offering"** means the maximum Class B Unit Offering hereunder of up to 320,000 Class B Units for gross proceeds of up to \$3,270,400;

**"Mortgage"** means the principal indebtedness owing by the Partnership to the Lender with respect to the purchase of the Property pursuant to the ATB Lending/Mortgage Agreement and Mortgage Interest accruing thereon from time to time at the Mortgage Interest Rate during the Term;

**"Mortgage Advance"** means \$6,800,000 to be borrowed by the Partnership from the Lender in accordance with the Mortgage Agreement;

**"Mortgage Advance Date"** means the date on which the Mortgage Advance is made by the Lender to the Partnership;

**"Mortgage Agreement"** means the mortgage agreement to be entered into between the Lender and the Partnership with respect to the Mortgage, as amended from time to time;

**"Mortgage Interest"** means the interest payable by the Partnership to the Lender on the principal of the Mortgage during the Term at the Mortgage Interest Rate;

**"Mortgage Interest Rate"** means an expected rate of 3.10% per annum, subject to change, calculated and payable in arrears on an annual basis on the principal of the Mortgage;

**"Mortgage Term"** means the term of each Mortgage Advance, commencing on the subject Mortgage Advance Date and ending on the date which is three (3) years after the Mortgage Advance Date, unless earlier terminated;

**"North River Project"** or **"Project"** means the real estate investments to be undertaken by the Partnership. The Project includes the purchase of the Property at a purchase price of approximately \$9,900,000 plus applicable closing and LTT costs. See Item 2 – *"Business of North River Trust – Structure"*;

**"North River Trust"** means the trust established by Declaration of Trust dated October 14, 2015;

**"Offer to Purchase"** means that offer to purchase dated February 23, 2016 and any subsequent amendments related thereto;

**"Offered Securities"** means the Class B Units;

**"Offering"** means the Class B Unit Offering;

**"Offering Memorandum"** means this confidential offering memorandum, including any amendment;

**"Partnership"** means North River Limited Partnership, registered under the Partnership Act on October 21, 2015 in Alberta;

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

**"Partnership Agreement"** means the limited partnership agreement dated October 21, 2015 as amended from time to time, between the General Partner and the Limited Partner, as attached hereto as Schedule B. See Item 2.7 *"Business of North River Trust – Material Agreements"*;

**"Partnership Distributions"** means the Class A Partnership Distributions;

**"Partnership Distributable Income"** means the Class A Partnership Distributable Income;

**"Partnership Units"** means the Class A Partnership Units;

**"Person"** means any individual, company, corporation, limited partnership, general partnership, firm, joint venture, syndicate, trust, joint stock company, limited liability corporation, association, bank, pension Fund, business trust or other organization, whether or not a legal entity, and any government agency or political subdivision thereof or any other form of entity or organization;

**"Previous Financing"** means the offering of Class B Units initially offered on or after December 1, 2015.

**"Property"** means the lands to be acquired by the Partnership from 1298226, municipally described as 2714/16 5<sup>th</sup> Street, Nisku, Alberta, and legally described as Lot 16A, Block 3, Plan 072 4908. This land is also known as the Commercial Solutions Property;

**"Redemption and Expense Reserve"** means 1% of the gross proceeds from each of the Closings, which will be set aside by the Fund at the Closing, and will be utilized by the Fund to pay Class B Unitholders who wish to redeem their Class B Units as described herein as well as to pay ongoing administrative and operating expenses of the Fund (but not selling commissions under the Offering or expenses of the Offering) incurred by it. See Item 1 – *"Use of Net Proceeds"*;

**"Related Issuer"** means an issuer of securities (the Fund) over which a person exercises a controlling influence (for example, through the ownership of, or direction or control over voting securities) or an issuer of securities that exercises a controlling influence over a person. In this context, the term "influence" means having the power, directly or indirectly, to exercise a controlling influence over the management and policies of the company, whether alone or in combination with one or more other Persons or companies. See Item 8- *"Risk Factors - Conflicts of Interest"*;

**"RRIF"** means a registered retirement income fund as defined in the Tax Act;

**"RRSP"** means a registered retirement savings plan as defined in the Tax Act;

**"Securities"** has the meaning ascribed thereto in the Declaration of Trust;

**"Subscribers"** means those Persons subscribing for Class B Units pursuant to this Offering;

**"Subscription Agreement"** means a subscription agreement and power of attorney to be executed by the Subscriber providing for the purchase by Subscribers for Class B Units in the form provided by the Fund;

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

**"TFSA"** means a tax free savings account as defined in the Tax Act;

**"Transfer Agent"** means such Person as may from time to time be appointed by the Fund to act as registrar and transfer agent for the Units together with any sub-transfer agent duly appointed by the Transfer Agent;



**"Trustees"** mean Paul Belter, an individual residing in St. Albert, Alberta, Terry Kemp, an individual residing in Edmonton, Alberta and Paul Gaudreau, an individual residing in Sherwood Park, Alberta, each of whom act as a trustee of the Fund;

**"Units"** means, collectively, the Class A Units and the Class B Units;

**"Unit Certificates"** means, collectively, the Class A Unit Certificates and the Class B Unit Certificates; and

**"Unitholder"** or **"Unitholders"** means at any time the Persons who are the holders of record at the time of one or more Class A Units or Class B Units, as the case may be, as shown on the registers of such holders maintained by the Fund or by the Transfer Agent on behalf of the Fund.

## SUMMARY

*This summary does not constitute an offering of securities, and cannot be relied upon for making your investment decision. It is qualified in its entirety by the Offering Memorandum. Please read the Offering Memorandum thoroughly before making any investment decision and investing. This investment is not guaranteed, or insured, and its value changes depending, among other things, on economic factors and market trends.*

### Highlights of the Offering

- The Fund has been formed to qualify as a mutual fund trust with its head office in Edmonton, Alberta.
- Pursuant to the Class B Unit Offering, the Fund will issue Class B Units to Subscribers. The Fund will use the gross proceeds from the sale of Class B Units to make the Capital Contribution to the Partnership. The Partnership will use the Capital Contribution to finance the purchase of the Property.
- The Trustees of the Fund are Paul Belter, Terry Kemp, and Paul Gaudreau.
- Based on representations made by the Fund to tax counsel the Fund is currently and will be a qualified investment under the Tax Act for Deferred Plans.
- The Fund has been established to provide Class B Unitholders with the opportunity to participate in the returns available on the Property. The Fund believes that the Property is strategically located and that Class B Unitholders can benefit from the opportunity associated with the ownership and management of the Property. The Fund relies on the General Partner as the Asset Manager who is best qualified because of its past involvement in management of commercial properties.
- The Property is a **55,110** square foot industrial warehouse located in Leduc, Alberta. 100% of the Property has been leased since construction with leases expiring **April 30, 2018**.
- The Partnership will use the gross proceeds raised from the Class B Unit Offering to finance the purchase of the Property from 1298226 for a purchase price of \$9,900,000 plus applicable closing and LTT costs.
- The Trustees shall oversee the management, administration and day to day activities of the Fund.
- With respect to Class B Units, profits, if any, realized from the North River Project will ultimately form the basis of the Class B Unit Distributions. The Partnership intends to utilize a portion of the cash flow generated from the Project to repay the Mortgage Advance and the Mortgage Interest and to pay the Asset Fee. Class B Unit Distributions shall be made from the Class A Partnership Distribution at the sole discretion of the Trustees and only after paying the Fund's liabilities and commitments.
- After payment towards all of the Partnership expenses, including those attributable to all holdings in the Asset Portfolio, the Mortgage Advance, Mortgage Interest and Asset Fee, at the end of each quarter, the Partnership shall distribute 100% of the Partnership Distributable Income that was apportioned to the Limited Partners pursuant to the Partnership Agreement to the Fund (as a Limited Partner).

### Offering Details

<b>Class B Unit Offering:</b>	<p>Class B Units. \$10.22 per Class B Unit to be sold in Class B Blocks of 50 Class B Units. The Fund is offering up to 6,400 Class B Blocks at \$511 per Class B Block. Maximum Class B Unit Offering of \$3,270,400 (320,000 Class B Units or 6,400 Class B Blocks). There is no minimum offering for the Class B Units. Minimum subscription amount will be \$5,110 (500 Class B Units or 10 Class B Block) per Subscriber. The Trustees may, in their sole discretion, reduce the minimum amount per Subscriber of Class B Units in limited circumstances.</p>
<b>Proposed Closing Date:</b>	<p>The initial Closing is scheduled for March 31, 2016, or such later date as determined by the Trustees, in their sole discretion. The Fund shall continue to conduct Closings until the Maximum Class B Unit Offering has been reached or until the Trustees determine.</p>
<b>RRSP, RRIF, RESP, DPSP, RESP, and TFSA Eligibility:</b>	<p>Based on representations made by the Fund to tax counsel, and based on the fact that prior to the 91st day after the end of the Fund's first taxation year the Fund had at least 150 Unitholders each holding at least 100 Units with an aggregate fair market value of at least \$500, Offered Securities when issued, is and will be a qualified investment under the Tax Act for Deferred Plans. Notwithstanding that the Offered Securities may be qualified investments as described above, the holder of a TFSA or the annuitant under a RRSP or RRIF that holds Offered Securities will be subject to a penalty tax if such Offered Securities are a "prohibited investment" for the purposes of the Tax Act. The Offered Securities will generally be a "prohibited investment" if the holder or the annuitant, as the case may be, has a "significant interest" (within the meaning of the Tax Act) in the Fund or a corporation, partnership or</p>

trust with which the Fund does not deal at arm's length for the purposes of the Tax Act. See Item 6 - "*Certain Canadian Income Tax Consequences and Deferred Plan Eligibility*".

**Prospective Subscribers should consult their own tax advisors regarding their particular circumstances.**

**North River Trust:**

The Fund was created to act as the investment vehicle for Unitholders to pool their funds to indirectly invest in the North River Project, which is intended to hold various industrial and commercial properties over time. The Initial Property was purchased on October 1, 2015 and makes up part of the Asset Portfolio, therefore investors will have an investment interest in the Initial Property. See Item 2 – "*Business of North River Trust*".

**Objectives:**

The Fund will use the gross proceeds from each Closing to provide the Capital Contribution to the Partnership. The Partnership will use the Capital Contribution to finance the purchase of the Property.

The Partnership intends to utilize a portion of the cash flow generated from the Property, if any, to repay the Mortgage Advance and the Mortgage Interest and to pay the Asset Fee. The Fund shall use the Class A Partnership Distribution, if any, to pay Class B Unit Distributions. Such Class B Unit Distributions shall be made at the sole discretion of the Trustees and only after paying the Fund's liabilities and commitments.

The Partnership will continue to manage and collect rent from the Property over time and distribute a portion of the income generated by such rental income to repay the Mortgage Advance and the Mortgage Interest, to pay the Asset Fee and to make the Partnership Distributions. See Item 2 – "*Business of North River Trust*".

**Payment Terms:**

The subscription price for the Offered Securities is due and payable at the time of your subscription by certified cheque, cheque (with adequate time to clear account), bank draft or such other manner as may be acceptable to the Trustees in their sole discretion.

**Tax Consequences:**

There are important tax considerations relating to these securities. This Offering Memorandum contains a general description of certain of the tax consequences for information purposes but it does not purport to be a complete analysis of all potential tax considerations that apply to the purchase of these Offered Securities. Prospective Subscribers should seek independent professional advice based on their own circumstances. See Item 6 – "*Certain Canadian Income Tax Consequences and Deferred Plan Eligibility*".

**Risk Factors:**

The purchase of the Offered Securities is highly speculative. A prospective Subscriber should purchase Offered Securities only if it is able to bear the risk of the entire loss of its investment and has no need for immediate liquidity. An investment in the Offered Securities should not constitute a significant portion of a Subscriber's portfolio.

Payment of the Class B Unit Distributions by the Fund is entirely dependent on the Partnership being able to generate profit from the ownership and management of all assets held in its Asset Portfolio, including the Property. If the Partnership is not able to generate profits from the ownership and management of the Asset Portfolio, then ultimately the Fund will not be able to pay the Class B Unit Distributions.

There can be no guarantee against losses resulting from an investment in the Offered Securities and there can be no assurance that the Fund's strategy of investing in and making the Capital Contribution to the Partnership will be successful or that the Partnership's objective of earning a profit on the ownership and management of the Asset Portfolio will be achieved. More importantly, even if profit is made from the ownership and operation of the Property, it is only a part of the Asset Portfolio, and as a result there may be other factors that would reduce or eliminate profits earned by the Partnership.

The Fund's and the Partnership's operations are subject to all the risks inherent in the establishment of a new enterprise, including a lack of operating history.

Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. Globally, real estate markets have been experiencing increased weakness and volatility. The increased default rates on sub-prime mortgages and their effect on the mortgage backed securities market have significantly reduced the amount of debt financing available for real estate projects, in particular, real estate projects in the U.S. Some experts believe that as a consequence of significant drops in prices in the real estate sector the current value of real estate investments could considerably decrease. This could mean that the investment in the Fund may not turn out as planned or may even decrease in value. These factors may have a negative impact on the value of the real estate development projects and of the Offered Securities held.

Unitholders must be prepared to rely on the General Partner of the Partnership. The success of the Fund will depend on the efforts and abilities of the General Partner to manage, oversee the North River Project with a view to making a profit. Subscribers who purchase Offered Securities are investing in the ability of the General Partner of the Partnership to implement the investment strategy and achieve the investment objectives of the Partnership.

The directors of the General Partner are Paul Belter, Terry Kemp and Dan Walsh. Paul Belter and Terry Kemp also act as Trustees of the Fund. The General Partner will receive the Asset Fee for the management services it provides to the Partnership.

The ability of the Fund to pay the Class B Unit Distributions depends on numerous factors including the Partnership's cost of owning and managing the Property, its Asset Portfolio, the timing and amount of capital expenditures, management and administrative expenses incurred by the underlying business structures, the ability of the Partnership to repay the Mortgage Advance and the Mortgage Interest, and factors beyond the control of the Fund. **There can be no assurance as to the level of the Class B Unit Distributions to be paid by the Fund, if any.**

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

If the Fund ceases to qualify as a mutual fund trust, the Offered Securities may cease to be qualified investments for Deferred Plans, which will have adverse tax consequences to Deferred Plans and their annuitants, holders or beneficiaries. There can be no assurance that income tax laws and the treatment of unit trusts will not be changed in a manner that adversely affects Unitholders.

The Offered Securities will be subject to a hold period, which may never expire which will restrict the transfer of Offered Securities except in very limited circumstances. There is no market over which the Offered Securities can be transferred and none is expected to develop.

Class A Unitholders are entitled to vote and pass resolutions that bind the Trustees only with respect to a limited number of matters under the Declaration of Trust. Class A Unitholders are entitled to one vote for each Class A Unit held by that Class A Unitholder at all meetings of Class A Unitholders. Unitholders do not have the right to vote on matters with respect to the Partnership. Class B Unitholders are not entitled to vote and pass resolutions that bind Trustees (other than certain amendments to the Declaration of Trust) and do not have a right to vote on matters with respect to the Partnership.

Unitholders will have very limited voting rights, if any, in the Fund and must rely solely on the Trustees of the Fund. The Subscriber will not have the right to elect the Trustees, which right is held solely with the Trustees. There is no limitation in the Declaration of Trust restricting the acts of the Trustees with respect to the Fund and as such they may do any acts they see fit provided only that they comply with applicable law.

To the extent that the Fund has voting rights in the Partnership as holder of Class A Partnership Units, the Fund will determine how the Fund will vote on matters to be voted on by Class A Partnership Unitholders.

Maintenance of the limited liability status of the Fund with respect to its capacity as a Limited Partner of the Partnership requires compliance with certain legal requirements and there is a risk that the Fund as a Limited Partner could lose its limited liability in certain circumstances and be liable beyond its contribution to the Partnership. Furthermore, to maintain its limited liability, the Fund cannot participate in any way in the management of the Partnership and must rely solely on the General Partner. The loss of the limited liability by the Fund could adversely affect the Fund and the investment by a Subscriber.

The General Partner has been incorporated for the purpose of administering the business of the Partnership and does not have a record of achievement to be relied upon. Any past experiences and accomplishments of the General Partner may not be indicative of the performance that the Partnership will achieve.

Subscribers of the Offered Securities hereunder will have no right to the use of, to occupy or to seek partition of any part of the Property nor may any purchaser of the Offered Securities encumber any part of the Property.

The Partnership may experience uninsurable losses on the Asset Portfolio, the Property, or with respect to the North River Project.

The Partnership Units represent the only significant assets of the Fund. Therefore, the Fund's financial performance will be directly tied to the performance of the Partnership and the North River Project.

In addition, leases in place may terminate and vacant units within the properties in the the Asset Portfolio, or the Property may not be leased on a timely basis, if at all. Rent may not be paid on time. These factors could have a detrimental effect on returns for Class B Unitholders.

Certain transactions contemplated in the Offering are among related parties. As such, certain contractual terms one would see in documentation that is negotiated with an unrelated party are not necessarily included in the Offer to Purchase, Partnership Agreement or the Management Agreement.

Legal counsel that assisted with the preparation of the documentation in connection with the Offering also acts as legal counsel for the Partnership and the General Partner. No independent counsel was retained on behalf of the Fund or the Subscribers.

**Other material risks applicable to an investment in the Offered Securities are set out in Item 8 of this Offering Memorandum under the heading "Risk Factors".**

**Trustees of the Fund:**

Paul Belter, Terry Kemp and Paul Gaudreau

**Directors and Officers of the General Partner:**

The following individuals are directors and officers of the General Partner:

Paul Belter            Director, President

Terry Kemp           Director, Treasurer

Dan Walsh            Director, Secretary

**Commissions to Sellers and Finders:**

It is not expected that any eligible market participants will receive a commission or finder's fee in connection with sales made by such eligible market participants pursuant to this Offering Memorandum. See Item 7 – "*Compensation Paid to Sellers and Finders*".

There will be no additional fees paid by Subscribers to the Fund, however, there may be fees associated with the Transfer Agent or any other entity managing the registered investment portion of the Fund, pursuant to TFSAs, RRSPs, or RRIFs, from time to time.

**Purchase of Property by Partnership:**

The Fund will make the Capital Contribution to the Partnership. The Partnership will use the Capital Contribution to finance the purchase of the Property from 1298226. The purchase price of the Property is \$9,900,000 and shall be funded through the Mortgage Advance. The Mortgage is for a term of three (3) years amortized over 25 years with an estimated interest rate of 3.10%.

**Project Management Agreement:**

On October 21, 2015, the Partnership entered into a Management Agreement with the General Partner. The General Partner will be responsible for all of the duties involved in the ownership and management of the Property. See Item 2 – "*Business of North River Trust - Material Agreements*".

**Distributions:**

With respect to Class A Units, there shall be no distributable income.

With respect to Class B Units, profits, if any, realized from the North River Project will ultimately form the basis of the Class B Unit Distributions. The Partnership intends to utilize a portion of the cash flow generated from the Asset Portfolio and the Property to repay the Mortgage Advance and the Mortgage Interest and to pay the Asset Fee. The Fund shall use the Class A Partnership Distribution received from the Partnership to pay the Class B Unit Distributions. Such Class B Unit Distributions shall be made at the sole discretion of the Trustees and only after paying the Fund's liabilities and commitments.

The Trustees shall declare payable to the Class B Unitholders of record upon the Class B Unit Distribution Record Date a portion of the available Class B Unit Distributable Income (if any), less any anticipated operation expenses, such amount to be determined by the Trustee. The proportionate share of each Class B Unit shall be determined by dividing such amount by the number of issued and outstanding Class B Units on the applicable Class B Unit Record Distribution Date. See Item 2 – "*Business of North River Trust*".

**Redemption**

Other than as set out under Item 2.7 – "*Material Agreements*", the Units have no other conversion, retraction, redemption or pre-emptive rights. The Fund has the right to automatically redeem outstanding Class B Units in the discretion of the Trustee in the event that North River Limited Partnership disposes of the property or assets purchased with funds obtained from the Fund and upon the Trustees concluding that no further Class B Unit Distributable Income of the Fund is due and owing from North River Limited Partnership to the Fund.

**Property:**

Is located at: municipally described as 2714/16 5<sup>th</sup> Street, Nisku, Alberta, and legally described as Lot 16A Block 3 Plan 072 4908. This land is also known as the Commercial Solutions Property.

## ITEM 1 USE OF AVAILABLE FUNDS

### 1.1 Funds

#### Class B Unit Offering

The following table sets forth the anticipated and estimated use of proceeds of this Class B Unit Offering. The use of net proceeds of the Class B Unit Offering reflects the intention of the Fund based on information presently available and on current circumstances, economic and otherwise and may be subject to change at the discretion of the Trustees. It is the current intention of the Fund that the available proceeds from this Offering will be used as follows:

	<b>Assuming Maximum Class B Unit Offering (\$)</b>
A. Amount to be raised by this Class B Unit Offering <sup>(1)</sup>	3,270,400
B. Selling Commissions and fees <sup>(2)</sup>	Nil
C. Estimated Offering costs (including legal, accounting, audit, Redemption and Expense Reserve, etc.) <sup>(3)</sup>	170,400
D. Available Funds: $D = A - (B+C)$	3,100,000
E. Additional sources of funding required <sup>(4)</sup>	<b>6,800,000</b>
F. Working Capital Deficiency	Nil
G. Total Available Funds	9,900,000

- (1) The price to the public under this Class B Unit Offering was determined by the Trustees. **The Fund may terminate the Class B Unit Offering, in its sole discretion, at any time, irrespective of the amounts raised under this Class B Unit Offering prior to that time. See Item 8 – "Risk Factors".**
- (2) It is not expected that any eligible market participants will receive a commission or finder's fee in connection with sales made by such eligible market participants pursuant to this Offering Memorandum. See Item 7 – "Compensation Paid to Sellers and Finders".
- (3) This figure represents the estimated legal, printing, filing, transfer agent, accounting, audit and other costs and fees associated with the Class B Unit Offering including the preparation of this Offering Memorandum. Concurrent with the initial Closing and each Closing thereafter, the Fund will set aside 1% of the gross proceeds which will be used by the Fund as a reserve for Class B Unitholders exercising their rights to redeem Class B Units under the Declaration of Trust and also to pay for the anticipated ongoing administrative and operating expenses of the Fund which expenses are anticipated to be approximately \$170,400 and will include, among other things, legal, accounting and auditing expenses, maintenance fees, annual appraisals, insurance and other ongoing costs. Thereafter, the Fund anticipates that it will be able to cover such expenses out of revenues received from its interest in the Partnership. There can be no guarantee that the Fund will be able to obtain any third party financing if it exhausts the Redemption and Expense Reserve and it has not earned sufficient revenues to pay the ongoing administrative costs and expenses of the Fund. See Item 2 - "Business of North River Trust - Material Agreements- Declaration of Trust".
- (4) This figure represents the Mortgage Advance expected from the Lender to the Partnership. See Item 4 – "Capital Structure" and Item 5 – "Securities Offered".

### 1.2 Use of Available Funds

The initial Closing is scheduled to occur on March 31, 2016, whereby up to 320,000 Class B Units will be issued for total gross proceeds of up to \$3,270,400. As set out above, these proceeds together with the additional sources of funding set the Total Available Funds at \$9,900,000.

#### Class B Units

The Fund and the Partnership intend to use the Total Available Funds (up to \$9,900,000 assuming the Maximum Class B Unit Offering) as follows:

The Fund: Description of Intended Use of Gross Fund Proceeds Listed in Order of Priority		Assuming Maximum Class B Unit Offering (\$)
A.	Provide Capital Contribution to the Partnership for the Partnership to purchase the Property <sup>(1)</sup>	3,270,400
B.	Remaining available funds	Nil

**Notes:**

- (1) The gross proceeds will be used by the Fund to make the Capital Contribution to the Partnership. The Partnership will use the Capital Contribution to finance the purchase of the Property. The Property is expected to be acquired for an aggregate purchase price of \$9,900,000. The purchase price will be financed by the Lender pursuant to the Mortgage.

The Partnership: Description of Intended Use of Gross Partnership Proceeds Listed in Order of Priority		Assuming Maximum Class B Unit Offering (\$)
A.	Receive Contribution from the Fund	3,270,400
B.	Receive Mortgage from Lender	6,800,000
C.	Bank Mortgage Application Fee	(20,400)
D.	Remaining available Funds	10,050,000
E.	Selling commission and fees <sup>(2)</sup>	(Nil)
F.	Management, Acquisition and Marketing Fee <sup>(3)</sup>	(30,000)
G.	Purchase of the Property, applicable taxes, LTT costs <sup>(4)</sup>	(9,900,000)
H.	Credit for damage deposit, rents, and adjustments	57,750
I.	Remaining available funds	\$177,750

**Notes:**

- (2) It is not expected that eligible market participants will receive a commission or finder's fee in connection with sales made by such eligible market participants pursuant to this Offering Memorandum. See Item 7 – "*Compensation Paid to Sellers and Finders*".
- (3) The Partnership shall set aside funds in reserve for the ongoing expenses of the Property which will include: expenses relating to the Property such as owners title, insurance, maintenance, tax consulting and appraisals; entity expenses which will include annual audit, ongoing external legal costs, dissolution of the entity, mailing investor communications, costs associated with the exit strategy and administrative services and; expenses related to the concept planning and development of the Property. These amounts will include the anticipated ongoing operating expenses of the Partnership. The Partnership will retain the General Partner to manage and oversee the Property. The General Partner will receive a 1% Asset Fee for the ongoing administration and management of the Property.
- (4) The purchase of the Property by the Partnership is from a related party, 1298226 Alberta Ltd. This company has a relationship with the Fund as its director is also a Trustee of the Fund. See section 2.1 – "*Structure*", "*The Fund*".

### 1.3 Reallocation

The Fund intends to spend the gross proceeds of the Offering as stated. The Fund will reallocate funds only for sound business reasons.

## ITEM 2 BUSINESS OF NORTH RIVER TRUST FUND

### 2.1 Structure

#### *The Fund*

The Fund was formed by way of declaration of trust ("**Declaration of Trust**") dated and settled October 14, 2015 in the Province of Alberta. The Fund was created to raise money through the offering of Class B Units. A copy of the Declaration of Trust is available upon written request to the Fund.

The gross proceeds of the Class B Unit Offering will be used to make the Capital Contribution to the Partnership. The Partnership will use the Capital Contribution to finance the purchase of the Property.

With respect to Class B Units, profits, if any, realized from the North River Project will ultimately form the basis of the Class B Unit Distributions. The Partnership intends to utilize a portion of the cash flow generated from the Property to repay the Mortgage Advance and the Mortgage Interest and to pay the Asset Fee. The Fund shall use the Class A Partnership Distributions received from the Partnership to pay the Class B Unit Distributions. Such Class B Unit Distributions shall be made at the sole discretion of the Trustees and only after paying the Fund's liabilities and commitments.

The Trustees shall declare payable to the Class B Unitholders of record upon the Class B Unit Distribution Record Date a portion of the available Class B Unit Distributable Income (if any), less any anticipated operation expenses, such amount to be determined by the Trustee. The proportionate share of each Class B Unit shall be determined by dividing such amount by the number of issued and outstanding Class B Units on the applicable Class B Unit Record Distribution Date.

The directors of the General Partner are Paul Belter, Terry Kemp and Dan Walsh. Paul Belter and Terry Kemp also act as Trustees of the Fund.

As a result, there exists the possibility for Paul Belter and Terry Kemp to be in a position of conflict as it relates to the Fund, the General Partner, the Partnership and other Affiliates. See Item 8 – "*Risk Factors – Conflicts of Interest*".

#### *Unitholders*

Unitholders must be prepared to rely on the General Partner of the Partnership. Class A Unitholders are entitled to vote and pass resolutions that bind the Trustees only with respect to a limited number of matters under the Declaration of Trust. The success of the Fund will depend on the efforts and abilities of the General Partner to manage, oversee the Property (and possible subsequent investments) with a view to exiting and making a profit. Subscribers who purchase Class B Units are investing in the ability of the General Partner of the Partnership to implement the investment strategy and achieve the investment objectives of the Partnership and to repay the Mortgage Advance and the Mortgage Interest. See – "*Securities Offered*". Also see Item 2 – "*Business of North River Trust – Material Agreements – Declaration of Trust*".

#### *Trustees*

Paul Belter, Terry Kemp and Paul Gaudreau currently act as the Trustees of the Fund. The Trustees are responsible for the general control and direction of the Fund and will oversee the Fund's activities. The Trustees, in their capacity as Trustees, will not receive Class B Unit Distributions. The Class B Unit Distributable Income shall be distributed to the Class B Unitholders pursuant to the Declaration of Trust. See – "*Securities Offered*". See Item 2 – "*Business of North River Trust – Material Agreements – The Declaration of Trust*".

The Trustees may be reached at: telephone (780) 461-2679; fax: (780) 461-2699; email: [subscription@northrivertrust.ca](mailto:subscription@northrivertrust.ca).



## ***The Partnership***

The Partnership is a limited partnership operating under the name of North River Limited Partnership. It was registered under the Partnership Act on October 21, 2015, by the filing of the certificate of limited partnership within the corporate registry. The principal place of business of the Partnership is at 4203 Roper Road, Edmonton, Alberta T6B 3S5, and may be changed to such other location as the General Partner may from time to time determine. The Partnership is governed pursuant to the terms of the Partnership Agreement dated October 21, 2015 attached hereto as Schedule B.

The business strategy of the Partnership is to use the proceeds from the Class B Unit Offering to finance the purchase of the Property. The Property is expected to be acquired for an aggregate purchase price of \$9,900,000 plus applicable closing and LTT costs. The purchase price will be financed by the Lender pursuant to the Mortgage. The Partnership intends to manage and maintain the Property over time and to utilize the cash flow generated from the Property to repay the Mortgage Advance and the Mortgage Interest and to make payments to the holders of record at that time of one or more Partnership Units in the form of Partnership Distributions. Partnership Distributions will be made at the sole discretion of the General Partner, only after paying the Partnership's expenses, liabilities and commitments, including the Mortgage Advance, the Mortgage Interest and the Asset Fee.

The Fund and the relationship among the Fund, the Trustees and the Unitholders are governed by the Declaration of Trust. See Item 2 – "*Business of North River Trust - Material Agreements*".

The office of the Partnership is located at 4203 Roper Road, Edmonton, Alberta T6B 3S5; telephone: (780) 461-2679; fax: (780) 461-2699; email: [subscription@northrivertrust.ca](mailto:subscription@northrivertrust.ca).

## ***General Partner***

The General Partner was incorporated in Alberta as 1405399 Alberta Ltd. on June 04, 2008, and renamed as North River Properties Inc. on October 1, 2015, under the *Business Corporations Act* (Alberta) and the regulations thereunder, as amended from time to time, to manage the business of the Partnership. All of the issued and outstanding voting securities of the General Partner are directly, or indirectly owned and controlled by Paul Belter, Terry Kemp and Dan Walsh. Paul Belter is a director and the President of the General Partner and is also a Trustee of the Fund. Terry Kemp and Dan Walsh are directors and Treasurer and Secretary, respectively, of the General Partner and Terry Kemp is also a Trustee of the Fund.

The General Partner will oversee and administer the Partnership's investment in the Property. The General Partner will receive (subject to certain restrictions), as General Partner, the Asset Fee. The General Partner shall cause the Partnership to distribute the Class A Unit Partnership Distributable Income among the Limited Partners in accordance with the Partnership Agreement. The General Partner shall apportion the Class A Partnership Distributable Income to the Class A Partnership Unitholders proportionately to the number of Class A Partnership Units held by each Class A Partnership Unitholder to the total number of Class A Partnership Units outstanding.

The amount initially apportioned to each Limited Partner shall be divided between such Limited Partner and the General Partner as described below:

After payment towards all of the Partnership expenses, including those attributable to all holdings in the Asset Portfolio, the Mortgage Advance, Mortgage Interest and Asset Fee, at the end of each quarter, the Partnership shall distribute 100% of the Partnership Distributable Income that was apportioned to the Limited Partners pursuant to the Partnership Agreement to the Fund (as a Limited Partner).

See – "*Securities Offered*". See also Item 2 – "*Business of North River Trust – Material Agreements – Partnership Agreement*".

The General Partner's registered office is located at 301 - 10080 Jasper Avenue NW, Edmonton, Alberta, T5J 1V9; telephone (780) 652-1311; fax: (780) 652-1312; email: [info@albertacounsel.com](mailto:info@albertacounsel.com).

## ***Limited Partners***

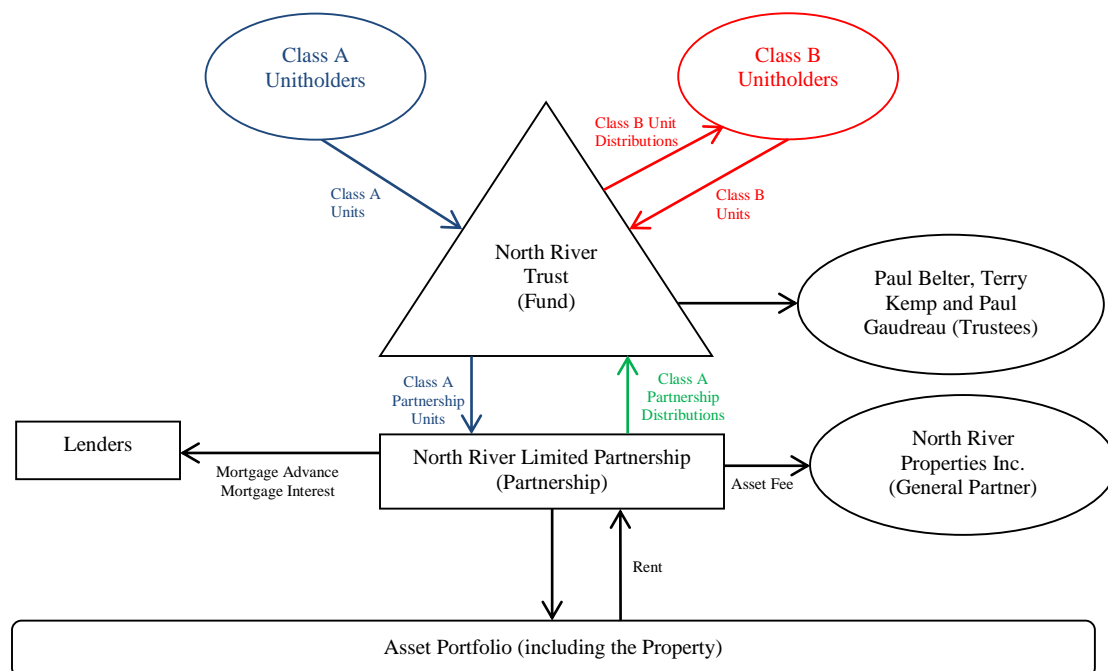
The Fund is the only Limited Partner of the Partnership. The Limited Partner owns 100% interest in the Partnership based on the number of Partnership Units issued to the Limited Partner as compared to the total number

of Partnership Units then outstanding. The Limited Partner is not entitled to participate in the management or control of the affairs of the Partnership or it will lose the protection of limited liability. Rights as to allocations, Partnership Distributions and other matters are conferred by the Partnership Agreement upon the Limited Partners and the General Partner. See – "Securities Offered". Also see Item 2 – "Business of North River Trust – Material Agreements – the Partnership Agreement".

## 2.2 Our Business

The Fund's business is investing in real properties through making Capital Contributions to the North River Limited Partnership. The properties will be managed by North River Properties Inc. (the General Partner). The subject of this Offering Memorandum is the acquisition of the Property. The format of the business structure is illustrated as follows:

**Trust Diagram**



Details of the financial aspect of the proposed acquisition of the Property can be found in Schedule C (the Commercial Solutions Property Acquisition Pro Forma) and Schedule E (the Commercial Solutions Building Financials) attached to this Offering Memorandum.

The Class B Unit Offering is for maximum proceeds of \$3,270,400 (which will be comprised of 320,000 Class B Units (or 6,400 Class B Blocks)).

The gross proceeds of the Class B Unit Offering will be used to make a Capital Contribution to the Partnership. The Partnership will use the Capital Contribution to finance the purchase of the Property.

With respect to Class B Units, profits, if any, realized from the Asset Portfolio, including the Property, will ultimately form the basis of the Class B Unit Distributions. The Partnership intends to utilize a portion of the cash flow generated from the Asset Portfolio (including the Property) to pay the Partnership expenses, including those attributable to any holdings in the Asset Portfolio, repay the Mortgage Advance and the Mortgage Interest and to pay the Asset Fee. The Fund shall use the proceeds received from the Class A Partnership Distributions to pay the Class B Unit Distributions. Such Class B Unit Distributions shall be made at the sole discretion of the Trustees and only after paying the Fund's liabilities and commitments.

On October 21, 2015, the Initial Limited Partner was issued one Class A Partnership Unit at a price of \$10.00 per Class A Partnership Unit to set up the Partnership. Immediately following the first Closing of the Previous

Financing, the Fund reimbursed the initial Class A Partnership Unit at a purchase price of \$10.00 and issued Class A Partnership Units to the Fund as the only Limited Partner of the Partnership.

Pursuant to the Partnership Agreement, the General Partner has the general power and authority to manage the business and affairs of the Partnership which includes the ability to enter into agreements with third parties to provide services for the Partnership. The Partnership entered into the Management Agreement with the General Partner on October 21, 2015. The General Partner provides administrative and management services for the each of the properties within the Asset Portfolio and will provide similar services for the Property. The General Partner also receives an Asset Fee of 1% per annum based on the base rent collected from the each of the properties within the Asset Portfolio and will receive a similar fee in respect of the Property.

The General Partner will oversee and administer the Partnership's investment in the Property. The General Partner shall cause the Partnership to distribute the Class A Unit Partnership Distributable Income among the Limited Partners in accordance with the Partnership Agreement. The General Partner will initially apportion the Class A Partnership Distributable Income to the Class A Partnership Unitholders proportionately to the number of Class A Partnership Units held by each Class A Partnership Unitholder to the total number of Class A Partnership Units outstanding. The amount initially apportioned to each Limited Partner shall be divided between such Limited Partner and the General Partner as described below.

After payment towards the all of the Partnership expenses, including those attributable to all holdings in the Asset Portfolio (including the Property), the Mortgage Advance, Mortgage Interest and Asset Fee, at the end of each quarter, the Partnership shall distribute 100% of the Partnership Distributable Income that was apportioned to the Limited Partners pursuant to the Partnership Agreement to the Fund (as a Limited Partner).

The primary business of the Partnership is to acquire various industrial and commercial properties over time and to retain the General Partner to administer and manage such properties. The Partnership intends to hold the Property for at least 40 years. The Partnership entered into the Management Agreement with the General Partner on October 21, 2015. See Item 2 – "*Business of North River Trust - Material Agreements - Project Management Agreement*".

With respect to Class B Units, profits, if any, realized from the North River Project will ultimately form the basis of the Class B Unit Distributions. The Partnership intends to utilize a portion of the cash flow generated from the Property towards payment of the Partnership expenses, including those attributable to all holdings in the Asset Portfolio, the Mortgage Advance, Mortgage Interest and Asset Fee. The Fund shall use the proceeds received from the Class A Partnership Distributions to pay the Class B Unit Distributions. Such Class B Unit Distributions shall be made at the sole discretion of the Trustees and only after paying the Fund's liabilities and commitments.

## **Investment Strategy**

The Fund will use the gross proceeds of the Class B Unit Offering to make the Capital Contribution to the Partnership. The Partnership will use the Capital Contribution to finance the purchase of the Property.

The General Partner oversees the management and administration of the Asset Portfolio and will provide similar services for the Property, with the objective of performing at a level that would be expected to increase the value of the investment.

The primary purpose of the Partnership is to generate cash flow from the ownership of the Asset Portfolio, where such cash flow will be used towards payment of the Partnership expenses, including those attributable to all holdings in the Asset Portfolio, the Mortgage Advance, Mortgage Interest and Asset Fee. The Fund will use the Class A Partnership Distribution to pay the Class B Unit Distributions.

The following is a summary of the permitted encumbrances of the Property:

<u>Registration Number</u>		<u>Particulars</u>
4841HF	06/12/1948	UTILITY RIGHT OF WAY GRANTEE - KEYERA ENERGY LTD. "PT."

**Registration Number****Particulars**

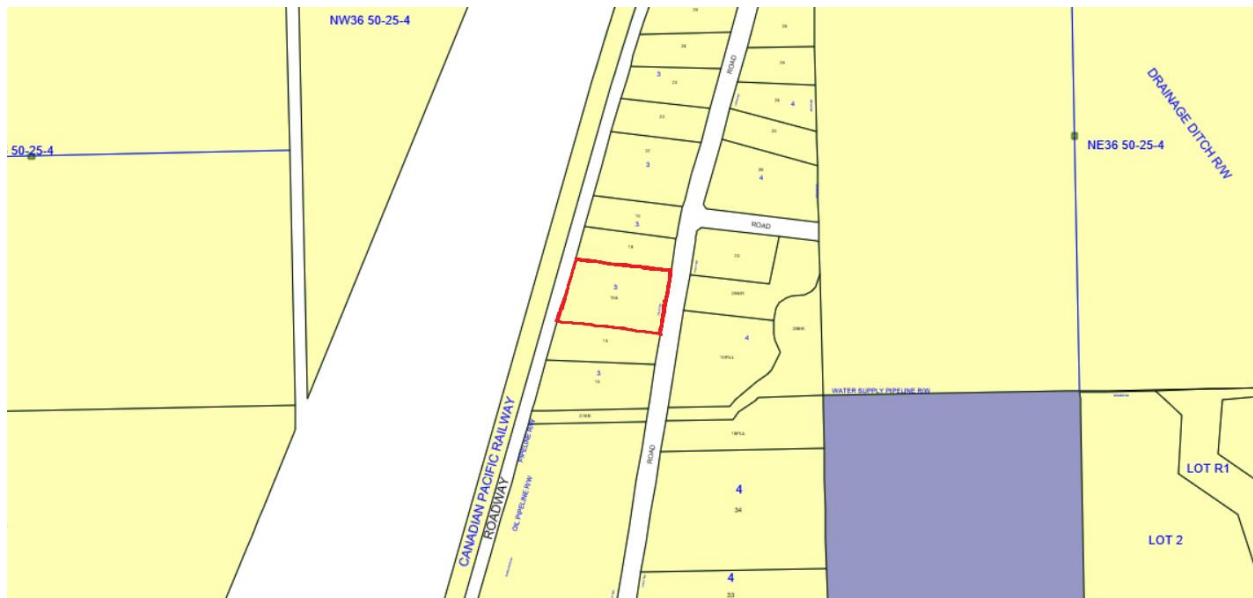
		(DATA UPDATED BY: TRANSFER OF UTILITY RIGHT OF WAY 082349530)
3424KJ	06/07/1956	PUBLIC UTILITIES BOARD ORDER IN FAVOUR OF - IMPERIAL OIL RESOURCES LIMITED. 237-4 AVE SW CALGARY ALBERTA T2P3H9 AGENT - GORDON COOK "RE UTILITY RIGHT OF WAY PLAN 3451HW (PIPELINE ACT) DATA UPDATED BY TRANSFER OF ORDER 7889SD. DOCUMENT TYPE CORRECTED BY 962161058 JUNE 24/96" (DATA UPDATED BY: TRANSFER OF PUBLIC UTILITIES BOARD ORDER 962161347) (DATA UPDATED BY: TRANSFER OF PUBLIC UTILITIES BOARD ORDER 052266599)
3425KJ	06/07/1956	PUBLIC UTILITIES BOARD ORDER IN FAVOUR OF - IMPERIAL OIL RESOURCES LIMITED. 237-4 AVE SW CALGARY ALBERTA T2P3H9 AGENT - GORDON COOK "RE UTILITY RIGHT OF WAY PLAN 5607HW (PIPELINE ACT) DATA UPDATED BY TRANSFER OF ORDER 7888SD DOCUMENT TYPE CORRECTED BY 962161058 JUNE 24/96" (DATA UPDATED BY: TRANSFER OF PUBLIC UTILITIES BOARD ORDER 962161347) (DATA UPDATED BY: TRANSFER OF PUBLIC UTILITIES BOARD ORDER 052266599)

<u>Registration Number</u>		<u>Particulars</u>
1079MC	01/09/1960	ZONING REGULATIONS BY - HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY DEPARTMENT OF TRANSPORT ZONING REGULATIONS 1079MC REVOKED AND REPLACED BY 872008104. (MEMO: 08-06-1992)
5416SJ	28/06/1971	UTILITY RIGHT OF WAY GRANTEE - ALBERTA GOVERNMENT TELEPHONES. AS TO PORTION OR PLAN:5368RS
052 306 149	26/07/2005	UTILITY RIGHT OF WAY GRANTEE - ALTAGAS UTILITIES INC. AS TO PORTION OR PLAN:0523898 AS TO AREA "A"
052 306 150	26/07/2005	UTILITY RIGHT OF WAY GRANTEE - LEDUC COUNTY. AS TO PORTION OR PLAN:0523898 AS TO AREA "B"
092 000 524	02/01/2009	CAVEAT RE : LEASE INTEREST CAVEATOR - COMMERCIAL BEARING SERVICE (1966) LTD.600, 12220 STONY PLAIN ROAD EDMONTON ALBERTA AGENT - WILLIAM S ROSSER

The following are the permitted leases of the Property:

- (a) Commercial Bearing Services (1966) Ltd., dated April 11, 2007.

### Site Map



### Also in the Asset Portfolio: Glenville Building

The first property acquired for inclusion in the Asset Portfolio, known as the Glenville Building, is located at 7606 42 Street, Leduc, Alberta, and is legally described as Plan 142199, Block 8, Lot 39. Owner as described on legal title is North River Partnership Inc.:

The following is a summary of the permitted encumbrances of the Glenville Building:

<u>Registration Number</u>		<u>Particulars</u>
1079MC	01/09/1960	ZONING REGULATIONS BY - HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY DEPARTMENT OF TRANSPORT ZONING REGULATIONS 1079MC REVOKED AND REPLACED BY 872008104. (MEMO: 08-06-1992)
052 354 017	23/08/2005	UTILITY RIGHT OF WAY GRANTEE - THE CITY OF LEDUC. AS TO PORTION OR PLAN: 0524393 "AFFECTS PART OF THIS TITLE"
062 445 766	03/10/2006	CAVEAT RE : AGREEMENT CHARGING LAND CAVEATOR- FARM AIR PROPERTIES INC. 210, 5324 CALGARY TRAIL EDMONTON ALBERTA T6H 4J8 AGENT - MELVIN TUSSMAN

**Registration Number****Particulars**

062 319 690

21/07/2006

UTILITY RIGHT OF WAY GRANTEE - THE CITY  
OF LEDUC AS TO PORTION OR PLAN: 0624096  
"AFFECTS PART OF THIS TITLE"

Current use of the first property is as a commercial/rental property with building included.

The occupancy rate of the Glenville Building is 100%, specifically, the following are the permitted leases of the Glenville Building:

- (b) Hagemeyer Canada Inc., dated May 23, 2014.
- (c) Gescan, A division of Sonepar Canada Inc., dated May 23, 2014.
- (d) M&M Thermal Barrier Ltd., dated July 6, 2015.

***Site Map*****2.3 Development of Business**

The Fund was formed by way of Declaration of Trust dated and settled on October 14, 2015 in the Province of Alberta. The Fund was created to raise money through the offering of Class B Units. A copy of the Declaration of Trust is available upon written request to the Fund.

The gross proceeds of the Class B Unit Offering will be used to make the Capital Contribution to the Partnership. The Partnership will use the Capital Contribution to finance the purchase of the Property.

The Partnership was registered on October 21, 2015. The Fund's business strategy is to fund the purchase of various industrial and commercial properties over time, including the Property with a view to a profit for the Fund's Unitholders through the ownership and continued management of such properties including the Property and the Asset Portfolio.

On October 21, 2015, the Initial Limited Partner was issued one Class A Partnership Unit at a price of \$10.00 per Class A Partnership Unit to set up the Partnership. Immediately following the first Closing of the Previous Financing, the Fund reimbursed the initial Class A Partnership Unit at a purchase price of \$10.00 and, the initial Class A Partnership Unit is now owned by the Fund as the only Limited Partner of the Partnership.

In December of 2015, the Partnership successfully procured the Glenville Building with favourable results to their investors.

#### **History of Ownership of the Real Property**

<b>Item</b>	<b>Date of Transfer</b>	<b>Arm's Length or Related Party Transfer</b>	<b>Name and Relationship (if Related Party)</b>	<b>Amount and Form of Consideration Exchanged</b>
Commercial Solutions Property	May 28, 2007	Arm's Length	N/A	\$ 1,185,100 <sup>(1)</sup>
Glenville Building	October 1, 2015	Arm's Length	N/A	\$10,150,000
Glenville Building	February 15, 2014	Arm's Length	N/A	\$1,792,800 <sup>(2)</sup> (\$540,000/acre)

**Note:**

- (1) Land was purchased and subsequently developed by 1298226 Alberta Ltd. Shortly after purchase two lots were consolidated into a single lot to put a building on it.
- (2) Land was purchased and subsequently developed for the Project.

#### **2.4 Long Term Objectives of the Fund**

The Fund's objective is to maximize long-term results, while providing a steady stream of predictable cash flow and preserving the Class B Unitholders' Capital Contribution. By combining the purchase of a substantially leased commercial property with property management experience, the Fund intends to provide sustainable distributions to Class B Unitholders. In particular, the Fund intends to:

- provide Class B Unitholders with a stable stream of returns. Profits, if any, realized from the Asset Portfolio (and possible future investments) will ultimately form the basis of the Class B Unit Distributions. The Partnership intends to utilize a portion of the cash flow generated from the Property towards payment of the Partnership expenses, including those attributable to all holdings in the Asset Portfolio, the Mortgage Advance, Mortgage Interest and Asset Fee. The Fund will use the Class A Partnership Distribution to pay the Class B Unit Distributions;
- provide long-term capital appreciation in a tax efficient structure;
- preserve the value of the Class B Units;
- provide a redemption opportunity; and
- adding value to the Property through planning, servicing and managing the Property.

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

In the short term, the Fund intends to use the gross proceeds from the Offering to make the Capital Contribution to the Partnership. The Partnership will use the Capital Contribution for the purchase of the Property as more specifically described herein.

<b>What we must do and how we will do it</b>	<b>Target completion date or, if not known, number of months to complete</b>	<b>Our anticipated cost to complete</b>
Continue raising investment funds up to the Maximum Class B Unit Offering of \$3,270,400	Ongoing up to or before March 31, 2016 or such other date or dates as determined by the Trustees	\$170,400 for legal, accounting and audit expenses (offering costs)



<b>What we must do and how we will do it</b>	<b>Target completion date or, if not known, number of months to complete</b>	<b>Our anticipated cost to complete</b>
Make the Capital Contribution to the Partnership	Capital Contributions will be made following the closing of each tranche of the Offering	Nil

**Note:**

- (1) The costs to complete the investment of the gross proceeds will vary. Legal fees and other professional fees will be paid from the gross proceeds of the Offering. As of the date hereof, estimated legal and accounting fees are the totals required to complete the closing of the Offering.

## **2.6 Insufficient Funds**

The proceeds of the Offering may not be sufficient to accomplish all of the Fund's proposed objectives and there is no assurance that alternative financing will be available. If the Maximum Class B Unit Offering is not met, the Partnership may need to finance a larger amount to purchase the Property.

## **2.7 Material Agreements**

The following is a description of each entity in the structure and a summary of material agreements governing each entity in the structure and a summary of the key terms of each material agreement. Material agreements not otherwise attached to this Offering Memorandum are available and may be reviewed at the offices of the Fund.

### **North River Trust – Declaration of Trust dated October 14, 2015**

The following is a summary of the Declaration of Trust. This is a summary only and is subject to the complete terms and conditions of the Declaration of Trust. The Fund is an unincorporated, open-ended mutual fund trust governed by the laws of the Province of Alberta and created by the Declaration of Trust. The Fund will qualify as a "mutual fund trust" for the purpose of the Tax Act, but the Fund is not a mutual fund under applicable securities laws.

The Trustees of the Fund are Paul Belter, an individual residing in St. Albert, Alberta, Terry Kemp, an individual residing in Edmonton, Alberta and Paul Gaudreau, an individual residing in Sherwood Park, Alberta.

### ***Purpose of the Fund***

The Fund is hereby created for the following purposes:

- (a) acquiring, investing in, holding, transferring, managing and otherwise dealing with, directly or indirectly, any of the Securities issued by North River Limited Partnership, and borrowing funds for that purpose;
- (b) investing in any other Securities and in any other business or investments as the Trustees may determine, and borrowing funds for that purpose;
- (c) temporarily holding cash in interest-bearing accounts and short-term investments for the purposes of:
  - (i) making investments;
  - (ii) paying the expenses and the liabilities of the Fund;
  - (iii) paying amounts payable by the Fund in connection with the redemption of any Units or other Securities of the Fund; and
  - (iv) making distributions to Class B Unitholders.

- (d) issuing Units, instalment receipts, subscription receipts, rights, warrants (including so-called "special warrants" which may be exercisable for no additional consideration) or options to subscribers for Units or debt instruments that are convertible into or exchangeable for Units or other Securities for the purpose of:
  - (i) obtaining funds to conduct any of the activities of the Fund;
  - (ii) completing any acquisition of Securities or any other assets for the benefit of the Fund;
  - (iii) implementing distribution reinvestment plans, Unit purchase plans, incentive option plans or other incentive or compensation plans, if any, established by the Trustees for the benefit of the Fund; and
  - (iv) making non-cash distributions to Unitholders as contemplated by this Declaration of Trust, including pursuant to distribution reinvestment plans, Unit purchase plans, incentive option plans or other incentive or compensation plans, if any, established by the Trustees for the benefit of the Fund;
- (e) issuing debt securities (including debt securities convertible into, or exchangeable for, Units or other Securities of the Fund), provided recourse shall be limited to the Fund Assets, or otherwise borrowing and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering any of the Fund Assets as security;
- (f) guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of the Partnership or any subsidiary of the Fund and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of the Fund Assets including Securities issued by the Partnership or any subsidiary of the Fund, as security for that guarantee;
- (g) disposing of all or any part of the Fund Assets;
- (h) issuing or redeeming rights and/or Units pursuant to any Unitholder rights plan adopted by the Fund;
- (i) repurchasing, redeeming or otherwise acquiring Securities of the Fund, including pursuant to any issuer bid made by the Fund;
- (j) satisfying the obligations, liabilities or indebtedness of the Fund;
- (k) performing all acts necessary, incidental, ancillary or related to any of the foregoing subsections (a) to (j); and
- (l) undertaking such other activities or taking such other actions to conduct the business of the Fund as shall be approved by the Trustees from time to time.

### ***Units***

The Declaration of Trust authorizes the issuance of an unlimited number of Class A Units and an unlimited number of Class B Units. Each Unit is transferable, subject to applicable laws, and represents an equal undivided beneficial interest in the Class B Unit Distributable Income, as applicable, from the Fund and in any of the Fund Assets (net of liabilities of the Fund) or any other net assets of the Fund in the event of termination or winding-up of the Fund. Each Class A Unit entitles the holder to one vote at all meetings of Unitholders. Except as set out under "Redemption of Trust Units", Units have no conversion, retraction, redemption or pre-emptive rights.

### ***Issuance of Units***

The Fund may issue an unlimited number of Class A Units and Class B Units at any time to any Persons for the consideration and on the terms that the Trustees determine.

### ***Class A Unit Certificates***

Class A Unit Certificates were issued to Class A Unitholders pursuant to the Previous Financing and a register of Class A Unitholders is kept at the head office of the Fund or the Transfer Agent setting out particulars of the Class A Unit Certificates. Only Class A Unitholders with recorded Class A Unit Certificates on the register are entitled to exercise rights of a Class A Unitholder.

### ***Class B Unit Certificates***

Class B Unit Certificates were issued to Class B Unitholders pursuant to the Previous Financing and a register of Class B Unitholders is kept at the head office of the Fund or its authorized agent setting out particulars of the Class B Unit Certificates. Only Class B Unitholders with recorded Class B Unit Certificates on the register are entitled to receive Class B Unit Distributions or exercise rights of a Class B Unitholder.

### ***Trustees***

The Trustees have authority and control over the Fund Assets and the affairs of the Fund. The Trustees, without any action or consent by the Unitholders, shall have the following powers and authorities which may be exercised by them from time to time or delegated by them, as herein provided, in their sole judgment and discretion and in such manner and upon such terms and conditions as they may from time to time deem proper:

- (a) to appoint additional Trustees of the Fund;
- (b) to accept subscriptions for Units and to issue Units pursuant thereto;
- (c) to maintain books and records;
- (d) to provide timely reports to Unitholders in accordance with the provisions hereof;
- (e) to effect payment of Class B Distributions to Class B Unitholders;
- (f) to deposit funds of the Trust in interest-bearing accounts and short-term investments for the purposes of making investments, paying the expenses and the liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption of any Units or other Securities of the Fund and making Class B Distributions to Class B Unitholders;
- (g) to enter into any other obligations on behalf of the Fund; to enter into any subordination agreement on behalf of the Fund or any other person; to assign, charge, pledge, hypothecate, convey, transfer, mortgage, subordinate, and grant any security interest, mortgage or encumbrance over or with respect to all or any and all assets, property and undertaking of the Fund, including the Fund Assets; to subordinate and postpone the interests of the Fund in the Fund Assets to any other person; and any agreement in connection with any of the foregoing entered into by the Trustees shall be binding upon, and enforceable in accordance with its terms, against the Fund;
- (h) to possess and exercise all the rights, powers and privileges pertaining to the ownership of all or any part of the assets of the Fund, including, without limitation, the Fund Assets, to the same extent that a natural person might, unless otherwise limited herein, and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons, which proxies and power of attorney may be for meetings or action generally or for any particular meeting or action and may include the exercise of discretionary power;
- (i) where reasonably required, to engage or employ any Persons as agents, representatives, employees, administrators, consultants or independent contractors (including, without limitation, investment advisers, registrars, underwriters, accountants, lawyers, engineers, appraisers, brokers or otherwise) in one or more capacities;
- (j) to collect, sue for and receive all sums of money coming due to the Fund, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions,

suits, proceedings, disputes, claims, demands or other litigation relating to the Fund, the assets of the Fund or the Fund's affairs, to enter into agreements therefor, whether or not any suit is commenced or claim accrued or asserted and, in advance of any controversy, to enter into agreements regarding the arbitration, adjudication or settlement thereof;

- (k) to arrange for insurance contracts and policies insuring the assets of the Fund against any and all risks and insuring the Fund and/or any or all of the Trustees or the Unitholders against any and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Fund or by the Trustees or Unitholders;
- (l) to cause legal title to any of the Fund Assets to be held by and/or in the name of the Trustees, or except as prohibited by law, by and/or in the name of the Fund, or any other person, on such terms, in such manner, with such powers in such person as the Trustees may determine and with or without disclosure that the Fund or the Trustees are interested therein, provided that should legal title to any of the assets of the Fund be held by and/or in the name of any person other than the Trustees or the Fund, the Trustees shall require such person to execute a trust agreement acknowledging that legal title to such assets is held in trust for the benefit of the Fund;
- (m) to make, execute, acknowledge and deliver any and all Declarations, contracts, waivers, releases or other documents of transfer and any and all other instruments in writing necessary or proper for the accomplishment of any of the powers herein granted,
- (n) to pay out of the Fund Assets the expenses of the Fund;
- (o) except as prohibited by law, to delegate any or all of the management and administrative powers and duties of the Trustees to any one or more agents, representatives, officers, employees, independent contractors or other persons without liability to the Trustees except as provided in the Declaration of Trust;
- (p) guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of the Partnership, the Business Trust or any subsidiary of the Fund and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of the Fund Assets including Securities issued by the Partnership or any subsidiary of the Fund, as security for that guarantee;
- (q) to enter into on behalf of the Fund and observe and perform its obligations and the obligations of the Fund under any agreements with any lender, including, without limitation, compliance with any provisions thereof which may restrict the powers of the Trustees hereunder or preclude the Trustees from acting in certain circumstances on resolutions of the Unitholders as might otherwise be provided for hereunder, and each such agreement entered into by the Trustees shall be binding upon, and enforceable in accordance with its terms against, the Fund;
- (r) without limit as to amount, cost, or conditions of reimbursement, to issue any type of debt securities or convertible debt securities and to borrow money or incur any other form of indebtedness for the purpose of carrying out the purposes of the Fund or for other expenses incurred in connection with the Fund and for such purposes may draw, make, execute and issue promissory notes and other negotiable and non-negotiable instruments or securities and evidences of indebtedness, secure the payment of sums so borrowed or indebtedness incurred and mortgage, pledge, assign or grant a security interest in any money owing to the Fund or engage in any other means of financing the Fund;
- (s) notwithstanding any other specific provision of this Declaration of Trust, to issue Units in settlement of the Fund; and
- (t) to do all such other acts and things as are incidental to Section 8.2 of the Declaration of Trust, and to exercise all powers which are necessary or useful to carry on the business of the Fund, to promote any of the purposes for which the Fund is formed and to carry out the provisions of the Declaration of Trust.

### ***Class B Unit Distributions***

The Trustees shall, on or before each Class B Unit Distribution Record Date, declare payable, to the Class B Unitholders of record on such Class B Unit Distribution Record Date, such percentage of the Class B Unit Distributable Income for the Class B Unit Distribution Period which includes such Class B Unit Distribution Record Date as the Trustees determine in their discretion. The proportionate share of each Class B Unit of the amount of such percentage of Class B Unit Distributable Income shall be determined by dividing such amount by the number of issued and outstanding Class B Units on such Class B Unit Distribution Record Date. A Class B Unitholder's share of such percentage of Class B Unit Distributable Income shall be an amount equal to the proportionate share of each Class B Unit of such percentage of Class B Unit Distributable Income multiplied by the number of Class B Units owned of record by such Class B Unitholder on such Class B Unit Distribution Record Date. Class B Unit Distributable Income which has been declared to be payable to Class B Unitholders of record in respect of a Class B Unit Distribution Period shall be paid in cash on the date on which a Class B Unit Distribution is paid by the Trustees in respect of such Class B Unit Distribution Period.

### ***Redemption***

Subject to the provisions contained in the Declaration of Trust, each Unitholder shall be entitled to require the Fund to redeem, at any time and from time to time, at the demand of the Unitholder, all or any number of Units registered in the name of such Unitholder at the prices determined and payable in accordance with the terms and conditions in the Declaration of Trust or summarized below.

### ***Exercise of Redemption Right***

- (a) To exercise a Unitholder's right to require redemption, a duly completed and properly executed notice requiring the Fund to redeem Units, in a form approved by the Trustees, shall be sent to the Fund at the head office of the Fund or to the principal corporate trust office of the Transfer Agent together with written instructions as to the number of Units to be redeemed and the Unit Certificate or Unit Certificates representing the Units to be redeemed. No form or manner of completion or execution shall be sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any further evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the Person giving such notice.
- (b) Upon receipt by the Fund of a notice to redeem Units, the holder of such Units tendered for redemption shall thereafter cease to have any rights with respect to such Units (other than to receive the redemption payment therefor), including the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the day of receipt by the Fund of such notice, Units shall be considered to be tendered for redemption on the date (the "**Redemption Date**") that the Fund has, to the satisfaction of the Trustees, received the notice, Unit Certificates and other required documents or evidence as aforesaid.

### ***Class A Units***

Class A Units shall be redeemable for a fixed amount equal to the original subscription paid for such Class A Units.

### ***Class B Units Cash Redemption***

- (a) Upon receipt by the Fund of the notice to redeem Class B Units, the holder of the Class B Units shall be entitled to receive a price per Class B Unit in cash (hereinafter called the "**Cash Redemption Price**") equal to 90% of the purchase price paid by the Class B Unitholder to acquire his or her Class B Units.
- (b) The Cash Redemption Price payable in respect of the Class B Units surrendered for redemption during any calendar month shall be paid by cheque, drawn on a Canadian chartered bank or a trust company in lawful money of Canada, no later than the last day of the calendar month following the month in which the Redemption Date falls.

### ***No Class B Unit Cash Redemption in Certain Circumstances***

The Cash Redemption will not be applicable to Class B Units tendered for redemption by a holder of Class B Units, if the total amount payable by the Fund in respect of those Class B Units and all other Class B Units tendered for redemption in the same calendar month exceeds \$25,110 (the "**Monthly Limit**"); provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Class B Units tendered for redemption in any calendar month. Class B Units tendered for redemption in any calendar month in which the total amount payable by the Fund exceeds the Monthly Limit will be redeemed for cash and, unless any applicable approvals are required, by a distribution in specie as described below, on a pro rata basis.

### ***Class B Units In Specie Redemption***

If a Cash Redemption is not available, then such holder of Class B Units shall, instead of the Cash Redemption Price per Class B Unit, be entitled to receive a price per Class B Unit (the "**in specie Redemption Price**") equal to 90% of the purchase price paid by the Class B Unitholder to acquire his or her Class B Units, and the in specie Redemption Price shall, subject to all necessary approvals, be paid and satisfied, at the discretion of the Trustees by way of:

- (a) the issuance to or to the order of the redeeming Class B Unitholder such aggregate amount of non-interest bearing redemption notes (the "**Redemption Notes**") as is equal to the aggregate in specie Redemption Price payable to such Class B Unitholder as determined in the discretion of the Trustees;
- (b) the distribution, tender or transfer to or to the order of the redeeming Class B Unitholder of Fund Assets, the value of which is equal to the aggregate in specie Redemption Price payable to such Class B Unitholder as determined in the discretion of the Trustees; or
- (c) by any combination of the issuance of Redemption Notes, the distribution of Fund Assets and cash payment (by way of cheque), to or to the order of the redeeming Class B Unitholder, the value of which, taken together, is equal to the aggregate in specie Redemption Price payable to such Class B Unitholder as determined in the discretion of the Trustees.

Each Redemption Note issued to a redeeming Class B Unitholder shall be in the principal amount of \$100 and shall bear no interest. No fractional Redemption Notes shall be distributed and where the number of Redemption Notes to be received upon redemption by a redeeming Class B Unitholder would otherwise include a fraction, that number shall be rounded down to the next lowest whole number.

In respect of any Fund Assets being transferred in payment of the in specie Redemption Price, the Fund shall be entitled to all interest paid or accrued and unpaid in respect of such Fund Assets (including any instruments on which interest is accruing), to and including the date of transfer thereof.

The in specie Redemption Price payable in respect of the Class B Units tendered for redemption during any calendar month shall be paid within five business days after the end of the calendar month in which the Class B Units were tendered for redemption.

Payments by the Fund of the in specie Redemption Price are conclusively deemed to have been made upon the mailing of the Redemption Notes, the documents evidencing ownership of the Fund Assets distributed and/or a cheque in the lawful money of Canada for any cash payment, as the case may be, by registered mail in a postage prepaid envelope addressed to the former Class B Unitholder. Upon such payment, the Fund shall be discharged from all liability to the former Class B Unitholder in respect of Class B Units so redeemed to the extent of the amount of such Redemption Notes, Fund Assets and/or cash payment, as the case may be.

### ***Trustee Redemption Rights***

At any time following the disposition of the property or assets purchased with funds obtained from the Fund and upon the Trustees concluding that no further Class B Unit Distributable Income of the Fund is due and owing from North River Limited Partnership to the Fund, the Trustees may, in their sole discretion, if deemed necessary, desirable, advisable, or expedient by the Trustees, or for any other reason, redeem any or all of the Class B Units upon delivering not less than fifteen (15) days' written notice (the "**Automatic Redemption Notice**") to the applicable Class

B Unitholder(s) of the date of redemption (the "**Automatic Redemption Date**") and the number of Class B Units to be redeemed (the "**Redeemed Class B Units**").

The aggregate price (the "**Automatic Redemption Price**") to be paid by the Trustees to any Class B Unitholder for any redemption of Class B Units pursuant to the Declaration of Trust shall be 100% of the fair market value of such Class B Units as determined by the Trustees acting reasonably and in good faith in their sole discretion, having reference to property appraisals, if available and such other information as they may consider appropriate.

Payments made by the Fund of the Automatic Redemption Price are conclusively deemed to have been made upon the date of mailing of a cheque in a postage prepaid envelope addressed to the former Class B Unitholder unless such cheque is dishonoured upon presentment. Upon such payment, the Fund shall be discharged from all liability to the former Class B Unitholder in respect of the Class B Units so redeemed, except with respect to any outstanding payments in respect of such Class B Units pertaining to distributions declared payable thereon to such former Class B Unitholders of record on a date which was prior to the Automatic Redemption Date.

#### ***Limitation on Non-Resident Ownership***

In order for the Fund to maintain its status as a "mutual fund trust" under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. The Trustees may take any action it considers necessary to ensure that the Fund maintains its status as a "mutual fund trust" under the Tax Act.

#### ***Amendments to the Declaration of Trust***

The Declaration of Trust may be amended or altered from time to time with the consent of all Unitholders voting separately as a class by a Special Resolution (as set out in Article 10 of the Declaration of Trust). The Trustees may amend certain provisions of the Declaration of Trust at any time. For instance, the Trustees may amend the Declaration of Trust if the amendments are necessary in order for the Fund to continue to qualify as a "mutual fund trust" under the Tax Act. Certain amendments such as modifying the rights of one vote per Unit may not be made without the consent of the Unitholders. Reference should be made to the Declaration of Trust for specific authorities or limitations that apply to amendments to the Declaration of Trust.

#### ***Term of Fund***

Subject to the other provisions of this Declaration of Trust, the Fund shall continue for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on October 14, 2014. For the purpose of terminating the Fund by such date, the Trustees shall commence winding-up the affairs of the Fund on such date as may be determined by the Trustees, being not more than two years prior to the end of the term of the Fund.

#### ***Financial Year End***

The fiscal year end of the Fund is December 31.

#### ***Financial Disclosure***

**Financial or other information relating to the real estate project provided to you in the future may not by itself be sufficient for your needs - for example, to enable you to prepare your income tax returns or to assess the performance of your investment.**

#### **Other Material Agreements**

##### **Partnership Agreement dated October 21, 2015**

The following is a summary of the Partnership Agreement. This is a summary only and is subject to the complete terms and conditions of the Partnership Agreement. The Partnership Agreement summarized below are among related parties to the Fund and attached to this Offering Memorandum as Schedule B.

Paul Belter is a Trustee of the Fund and is a director and President of the General Partner and the Initial Limited Partner. Terry Kemp and Dan Walsh are directors and Treasurer and Secretary, respectively, of the General Partner and Terry Kemp is a Trustee of the Fund.

The General Partner and the Initial Limited Partner entered into a Partnership Agreement, pursuant to which they have agreed to form the Partnership for the purpose of providing additional Limited Partners with the opportunity to participate in the returns available from the North River Project. Under the Partnership Agreement, the General Partner is given the full power and authority to manage, control and carry on the business of the Partnership, including, but not limited to, the power and authority to borrow money, incur indebtedness, deal with the Property, determine accounting methods and appoint an auditor. For a complete description of the powers of the General Partner, refer to the Partnership Agreement attached hereto as Schedule B. This summary of the Partnership Agreement is qualified by reference to the full text of the Partnership Agreement.

The Partnership currently consists of an unlimited number of Class A Partnership Units, which carry the same rights and obligations and rank equally and *pari passu* with each other Partnership Unit with respect to voting. The taxable income (loss) of the Partnership is allocated to each Limited Partner in proportion to the number of Class A Partnership Units held by each of them at the end of each fiscal year. Subject to applicable laws, the Partnership may also make cash distributions to the partners, from time to time. Further detail respecting the priority of payment for such cash distributions is set forth in Article 6 of the Partnership Agreement, attached hereto as Schedule B.

The General Partner has unlimited liability for all debts, liabilities and obligations of the Partnership. Each Limited Partner remains liable for the debts, liabilities and obligations of the Partnership, but only to the extent of their respective capital contribution to the Partnership.

All expenses incurred by the General Partner in the performance of its duties under the Partnership Agreement shall be reimbursed by the Partnership. Within 120 days after the end of each fiscal year, the General Partner will forward to each Partner an annual report for such fiscal year containing unaudited financial statements of the Limited Partnership for the fiscal year just ended with comparative financial statements for the immediately preceding fiscal year if applicable. The annual report will also contain a report on the financial statements, a report on allocations and distributions to Partners, and other information material to the Partnership Business.

The Partnership shall continue until the date on which there is a disposition of the Partnership property or until the Partnership ceases to carry on the business of the Partnership. Upon termination of the Partnership, the net assets are to be distributed to the Limited Partners in accordance with the terms of the Partnership Agreement.

### **Mortgage Agreement**

The following is a summary of the proposed terms of the Mortgage Agreement expected to be entered into shortly after the closing of the Offering based on the terms of a commitment letter dated March 14, 2016 (the "**Commitment Letter**") entered into among the Lender, the Limited Partnership through the General Partner, as borrower and Paul Belter and Terry Kemp, as guarantors. This is a summary only and is subject to the complete terms and conditions of the Mortgage Agreement.

Pursuant to the Commitment Letter, the Lender shall provide a non-revolving loan facility in the amount of \$6,800,000 (the "**Loan Facility**") for the purpose of purchasing the Property. The Loan Facility shall be amortized over 25 years with Mortgage Interest payable monthly at the Mortgage Interest Rate. The Loan Facility is secured by the following:

- (a) general security agreement from the Limited Partnership providing a first-ranking security interest over all present and after-acquired personal property located at or relating to the Property;
- (b) mortgage from the Limited Partnership in the amount of \$6,800,000 constituting a first fixed charge on the Property;
- (c) general assignment of rents and leases relating to the Property;



- (d) continuing joint and several guarantee from Paul Belter and Terry Kemp (limited to \$3,500,000);
- (e) estoppel certificates from all tenants of the Property; and
- (f) assignment of fire insurance covering the Property.

### **Glenville Building Terms**

The property in the Asset Portfolio, namely the Glenville Building, is subject currently to the following financing terms:

- (a) general security agreement from the Limited Partnership providing a first-ranking security interest over all present and after-acquired personal property located at or relating to the Property;
- (b) mortgage from the Limited Partnership in the amount of \$7,050,000 constituting a first fixed charge on the Property;
- (c) general assignment of rents and leases relating to the Property;
- (d) continuing joint and several guarantee from Paul Belter and Terry Kemp (limited to \$1,765,600);
- (e) estoppel certificates from all tenants of the Property; and
- (f) assignment of fire insurance covering the Property.

### **Management Agreement**

The following is a summary of the Management Agreement. This is a summary only and is subject to the complete terms and conditions of the Management Agreement. The Management Agreement summarized below is among related parties to the Fund. Paul Belter, Terry Kemp and Paul Gaudreau are Trustees of the Fund and Paul Belter, Terry Kemp and Dan Walsh are directors and officers of the General Partner.

The General Partner agrees to perform the "Services" which will include, among others, budgeting, marketing, sales and various other administrative duties, all as more particularly set out in the Management Agreement.

The Management Agreement may be terminated by either party at any time on thirty (30) days' written notice.

As remuneration for the performance of the Management Services, the Partnership agrees to pay to the General Partner the Asset Fee.

After payment towards the all of the Partnership expenses, including those attributable to all holdings in the Asset Portfolio, the Mortgage Advance, Mortgage Interest and Asset Fee, at the end of each quarter, the Partnership shall distribute 100% of the Partnership Distributable Income that was apportioned to the Limited Partners pursuant to the Partnership Agreement to the Fund (as a Limited Partner).

The primary business of the Partnership is to acquire the Property and to retain the General Partner to maintain and administer the Property. See Item 2 – "*Business of North River Trust - Material Agreements - Project Management Agreement*".

**ITEM 3**  
**TRUSTEES, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS**

**3.1 Compensation and Securities Held**

***The Trust***

The following table sets out information about the Trustees of the Fund and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of the voting securities of the Fund. None of the Trustees are compensated directly for the services provided by them to the Fund or Trustees. Compensation for Messrs. Belter and Kemp (if any) are expected to be provided by the General Partner:

<b>Name and Municipality of Principal Residence</b>	<b>Positions Held and Date of Obtaining that Position</b>	<b>Compensation Paid by the Fund As at the year ended December 31, 2015 and the Compensation Anticipated to be Paid in the Current Financial Year</b>	<b>Number, Type and Percentage of Units to be Held After Completion of the Maximum Class B Unit Offering</b>
Paul Belter St. Albert, Alberta	Trustee and promoter of the Fund since formation	Nil	1 Class A Unit representing 33.3% of the outstanding Class A Units
Terry Kemp Edmonton, Alberta	Trustee of the Fund since formation	Nil	1 Class A Unit representing 33.3% of the outstanding Class A Units
Paul Gaudreau Sherwood Park, Alberta	Trustee of the Fund since formation	Nil	1 Class A Unit representing 33.3% of the outstanding Class A Units

***The General Partner***

Pursuant to the Management Agreement, the General Partner shall receive a monthly asset management fee from the Limited Partnership equal to 1.0% of the gross monthly rent collected from the leased units of each property within the Asset Portfolio, including the Property. This fee is estimated to be \$ 557.50 per month for the Property (and estimated at an aggregate of \$1,128.38 per month for each of the properties within the Asset Portfolio). Projections for rental income are described in Schedule C, attached hereto.

The following table sets out information about each of the directors and executive officers of the General Partner and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of the voting securities of the General Partner:

<b>Name and Municipality of Principal Residence</b>	<b>Positions Held and Date of Obtaining that Position</b>	<b>Compensation Paid by the General Partner Since Inception</b>	<b>Compensation Anticipated to be Paid in the Current Financial Year</b>	<b>Number, Type and Percentage of Partnership Units to be Held After Completion of the Maximum Class B Unit Offering</b>
Paul Belter St. Albert, Alberta	Holder of 40% of the voting shares of the General Partner and President since incorporation	Nil	Nil	Nil
Terry Kemp Edmonton, Alberta	Holder of 40% of the voting shares of the General Partner and Treasurer since incorporation	Nil	Nil	Nil
Dan Walsh St. Alberta, Alberta	Holder of 20% of the voting shares of the General Partner and Secretary since incorporation	Nil	Nil	Nil

### 3.2 Management Experience

The following table discloses the principal occupation of each of the Trustees of the Fund over the past five years and their relevant experience:

<b>Name</b>	<b>Principal Occupations and Related Experience</b>
Paul Belter	<p>Paul Belter has been highly successful in the Alberta industrial Real Estate market. Former President and managing Partner of Torode Realty (Edmonton) Ltd. until its merger with Colliers in 2007, Paul has more than 30 years of experience in all facets of the commercial real estate sector. Paul is trusted and experienced with property development, industrial leasing and land, and owner-user building sales, Paul now specializes in build-to-suites. Recent projects are located in Fort Saskatchewan, St. Albert, Leduc, Sherwood Park and southeast Edmonton.</p> <p>His education includes attendance at Northern Alberta Institute of Technology and the University of Alberta. Currently at Colliers he services both Landlord and Tenant Representation for Industrial and Commercial projects with consideration for the logistics of same. He has accreditations as both a CPA and as an SIOR.</p>
Terry Kemp	<p>Terry Kemp is the President and CEO of Kemway Contractors, a family company that has stood the test of time for over 25 years. Kemway was awarded Venture Magazine's "Contractor of the Year" for 2015. Terry is a leader with a vast amount of experience in industrial construction and real estate. He has been involved in the industrial investment market for over 20 years and is president of a number of real estate investment and joint venture companies. Terry's history of prudent management comes from his commitment to people, teamwork and collaboration, excellence and professionalism, integrity, and a focus on results.</p>
Paul Gaudreau	<p>Paul Gaudreau, is a leader with 30+ years' experience in a world scale petro-chemical manufacturing environment. His strengths are in people management, organizational leadership and change. Paul's success is the result of a forward thinking, team based and customer satisfaction culture. He has a history of success with work process implementation and organizational change in a variety of disciplines. Paul has also been extensively involved in his community coaching and volunteering. He has been involved in the industrial investment market for 20+ years and is a shareholder of a number of real estate investment and joint venture companies.</p>
Dan Walsh	<p>Dan Walsh is a Broker at Colliers International specializing in Industrial leasing, build-to-suits, property development, land sales and leasing, and owner-user sales. Dan's career in Commercial Real Estate began in 2003. Dan has vast experience in office leasing, industrial brokerage, facilities management, construction management, and development. Dan has the necessary skills of an experienced Asset manager. Dan received his Bachelor of Commerce from the University of Alberta in 2003. Dan continues to update his education and currently holds a Broker license in the</p>

Province of Alberta to deliver on his promise to develop an optimal real estate solution. Dan has a history of community involvement and is a coach of children's soccer and hockey.

### 3.3 Penalties, Sanctions, and Bankruptcy

To the knowledge of the Fund, no penalty or sanction has been in effect during the last 10 years against a director or executive officer, control person or a Trustee of the Fund or any issuer of which any of the foregoing persons was a trustee, director, executive officer or control person at that time.

To the knowledge of the Fund none of the Trustees, directors, executive officers or control person of the Fund or any issuer of which any of the foregoing persons was a trustee, director, senior officer or control person at that time, has declared bankruptcy, or made a voluntary assignment in bankruptcy or proposal under any bankruptcy or insolvency legislation, or was 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 such person during the last 10 years.

## ITEM 4 CAPITAL STRUCTURE

### 4.1 Capital

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

Description of Security	Number Authorized to be Issued	Number Outstanding as at March 31, 2016	Number Outstanding Assuming Maximum Class B Unit Offering
Class A Units	unlimited	3 <sup>(1)</sup>	3
Class B Units	unlimited	320,000	640,000

**Note:**

(1) Class A Units were issued to the Trustee of the Fund on the initial Closing of the Previous Financing.

### 4.2 Long Term Debt

As of the date of this Offering Memorandum, the Fund currently holds one property in its Asset Portfolio, which has an outstanding mortgage. The Fund expects to finance the purchase of the Property through proceeds of the Mortgage. The portion of the principal to be repaid in the first twelve (12) months after procuring the Mortgage is \$190,325.

Description of Long Term Debt (including whether secured)	Initial Date	Interest Rate	Repayment Terms	Amount Financed
Mortgage (Previous Financing)	December 1, 2015	2.85%	3 year term based on 25 yr. amortization	\$7,050,000
Mortgage (Proposed Property)	April 1, 2016	3.10%	3 year term based on 25 yr. amortization	\$6,800,000

### 4.3 Prior Sales

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
October 15, 2015	Class A Units	1 <sup>(1)</sup>	\$500	\$500
December 1, 2015	Class A Units	3 <sup>(2)</sup>	\$500	\$1500
December 8, 2015	Class B Units	320,000	\$10	\$3,200,000

**Notes:**

- (2) The Fund issued 1 Class A Unit to the initial Class A Unitholder to form the Fund. Immediately following the Closing of the Previous Financing, the Fund repurchased the initial Class A Unit and the initial Class A Unit was cancelled and no longer outstanding.
- (3) Class A Units were issued to the Trustee of the Fund on the initial Closing of the Previous Financing.

## ITEM 5 SECURITIES OFFERED

### 5.1 Terms of Securities

#### Class B Units

The Declaration of Trust authorizes the issuance of an unlimited number of Class B Units. Class B Units must be purchased in Blocks of 500 Class B Units (or 10 Class B Blocks) for a minimum subscription value of \$5,110.00. The Trustees may, in their sole discretion, reduce the minimum amount per Subscriber of Class B Units in limited circumstances. Each Block is transferable, and represents an equal undivided beneficial interest in any Class B Unit Distribution from the Fund to Class B Unitholders and in any of the Fund Assets (net of liabilities of the Fund) or any other net assets of the Fund in the event of termination or winding-up of the Fund. Class B Unitholders are not entitled to vote with respect to the Fund. Class B Unitholders do not have the right to vote on matters with respect to the Partnership.

The Class B Units have a right to a Distribution Rate and have no conversion, retraction or pre-emptive rights. Class B Unitholders have a right to redeem their Class B Units and are entitled to receive a price per Class B Unit that equals 90%, of the purchase price of such Class B Units. See "*Business of North River Trust – Material Agreements – Declaration of Trust*".

Class B Unit Certificates will be issued to Class B Unitholders and a register of Class B Unitholders will be kept at the head office of the Transfer Agent setting out particulars of the Class B Unit Certificates. Only Class B Unitholders with recorded Class B Unit Certificates on the register are entitled to receive Class B Unit Distributions or exercise rights of a Class B Unitholder. Subject to restrictions on foreign ownership of Class B Units, the Class B Units are fully transferable but no transfer is effective against the Trustees or the Fund until the transfer is recorded on the register of Class B Unitholders. See the Declaration of Trust attached hereto as Schedule A.

The Trustees shall declare payable to the Class B Unitholders of record upon the Class B Distribution Record Date a portion of the Class B Distributable Income (if any), less any anticipated operation expenses, such amount to be determined by the Trustees. The proportionate share of each Class B Unit shall be determined by dividing such amount by the number of issued and outstanding Class B Units on the applicable Class B Distribution Record Date.

After payment towards the all of the Partnership expenses, including those attributable to all holdings in the Asset Portfolio, the Mortgage Advance, Mortgage Interest and Asset Fee, at the end of each quarter, the Partnership shall distribute 100% of the Partnership Distributable Income that was apportioned to the Limited Partners pursuant to the Partnership Agreement to the Fund (as a Limited Partner).

### 5.2 Subscription Procedure

A Subscriber may subscribe for Offered Securities by delivering the following to the Fund:

- (a) a completed Subscription Agreement including all applicable exhibits; and
- (b) a certified cheque, bank draft or money order payable to "North River Trust" for the aggregate subscription price.

Unless the Subscriber exercises its two day right of withdrawal pursuant to applicable securities laws, the subscription funds will continue to be held in trust by the Fund until the closing of the Offering.

### **5.3 Through a Deferred Plan**

Subscribers may subscribe for Offered Securities by delivering to the applicable addresses set forth above:

- (a) a completed Subscription Agreement, including all applicable exhibits; and
- (b) where Offered Securities are to be purchased by a trust governed by a Deferred Plan, affirmation that the funds representing the subscription price are held in such Deferred Plan's account.

Subscribers should note that administrators of their Deferred Plan may require additional documents and forms to be completed and may require an additional fee.

On the Closing, all subscription funds will be advanced to the Fund from each Subscriber's Deferred Plan account in exchange for certificate(s) representing fully paid and non-assessable Offered Securities.

The Fund reserves the right to accept or reject subscriptions in whole or in part at its discretion. Any funds for subscriptions that the Fund does not accept will be returned promptly after the Fund has determined not to accept the subscription.

At a Closing, the Fund will be provided with the subscription funds and Class B Unit Certificates will be issued to Class B Unitholders and a register of Class B Unitholders will be kept at the head office of the Transfer Agent setting out particulars of the Class B Unit Certificates. Only Class B Unitholders with recorded Class B Unit Certificates on the register are entitled to receive Class B Unit Distributions or exercise rights of a Class B Unitholder. Subject to restrictions on foreign ownership of Class B Units, the Class B Units are fully transferable but no transfer is effective against the Trustees or the Fund until the transfer is recorded on the register of Class B Unitholders.

## **ITEM 6 CERTAIN CANADIAN INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY**

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

### **6.1 General**

#### **Class B Units**

The Declaration of Trust creates Class B Units valued at \$10.00, now valued at \$10.22 per Class B Unit. Class B Units must be purchased in Blocks of 50 Class B Units and a minimum of 500 Class B Units or 10 Class B Blocks must be purchased for a minimum subscription value of \$5,110. The Trustees may, in their sole discretion, reduce the minimum amount per Subscriber of Class B Units in limited circumstances. Each Class B Unit is transferable and represents an equal undivided beneficial interest in any Class B Unit Distribution from the Fund to Class B Unitholders and in any of the Fund Assets (net of liabilities of the Fund) or any other net assets of the Fund in the event of termination or winding-up of the Fund. Class B Units rank equally and rateably amongst themselves without discrimination, preference or priority.

On the liquidation, dissolution or winding up of the Fund, if the total of all amounts previously distributed to the holders of Class B Units is less than the Class B Unit Distributable Income, then holders of the Class B Units are entitled to receive from the Fund Assets, in priority, such amount as may be required to eliminate that deficit. The holders of the Class B Units will then share equally and rateably in all remaining Fund Assets.

The Class B Units have a right to a Distribution Rate and have no conversion, retraction or redemption or pre-emptive rights. Class B Unitholders have a right to redeem their Class B Units and are entitled to receive a price per Class B Unit that equals 90%, of the purchase price of such Class B Units. Refer to the Declaration of Trust attached hereto as Schedule A. Also see "*Business of North River Trust – Material Agreements – Declaration of Trust*".

Class B Unit Certificates will be issued to Class B Unitholders and a register of Class B Unitholders will be kept at the head office of the Transfer Agent setting out particulars of the Class B Unit Certificates. Only Class B Unitholders with recorded Class B Unit Certificates on the register are entitled to receive Class B Unit Distributions or exercise rights of a Class B Unitholder. Subject to restrictions on foreign ownership of Class B Units, the Class B Units are fully transferable but no transfer is effective against the Trustees or the Fund until the transfer is recorded on the register of Class B Unitholders.

### **Certain Canadian Income Tax Consequences and Deferred Plan Eligibility**

In the opinion of Alberta Counsel, tax counsel to the Fund, the following is, as of the date of this Offering Memorandum, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a Unitholder who acquires Offered Securities pursuant to this Offering and who, for purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund and holds the Offered Securities as capital property. Generally, Offered Securities will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Offered Securities in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Offered Securities as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to a Unitholder that is a financial institution (as defined in the Tax Act for purposes of the mark-to-market rules), a specified financial institution, or a Unitholder an interest in which is a tax shelter investment (all as defined in the Tax Act) or a Unitholder that has made a functional currency election pursuant to section 261 of the Tax Act.

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 prior to the date hereof by the Minister of Finance (Canada) ("**Tax Proposals**") and counsel's understanding, based on publicly available materials, of the current administrative policies and assessing practices of the Canada Revenue Agency. This summary is not exhaustive of all possible Canadian federal income tax considerations, and does not take into account or anticipate any changes in the law, other than the Tax Proposals, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

**This summary is of a general nature only and is not intended to be legal or tax advice to any particular Subscriber of Offered Securities. Consequently, prospective Subscribers should seek independent professional advice regarding the tax consequences of investing in the Offered Securities, based upon their own particular circumstances.**

This summary assumes that investments in the Fund are not listed or traded on a stock exchange or other public market. If investments in the Fund are listed or traded on a stock exchange or other public market then the Fund will likely be a "SIFT Trust" for purposes of the Tax Act and the Canadian federal tax considerations will be materially different from those described herein.

### **Status of the Fund**

This summary is based on the assumption that the Fund qualifies as a "unit trust" and a "mutual fund trust", as these terms are defined in the Tax Act, from the beginning of its first taxation year and will thereafter continuously qualify as a unit trust and a mutual fund trust at all relevant times. The qualification of the Fund as a mutual fund trust requires that the Fund elect to be deemed to be a "mutual fund trust" from the date it is established and that certain factual conditions generally be met throughout its existence. The Fund has advised that it intends to make such an election and that the ongoing requirements will be satisfied so that the Fund will continue to so qualify. This summary assumes that the Fund will elect to be deemed to be a "mutual fund trust" from the date it was established. If the Fund were not to qualify as a mutual fund trust, the income tax considerations described herein would, in some respects, be materially different.

## **Income of the Fund**

The Tax Act requires that the Fund compute its income or loss for a taxation year as though it were an individual resident in Canada. The taxation year of the Fund is the calendar year. In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, dividends, accrued interest and income allocated to it by the Business Trust, less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Unitholders. An amount will not be considered to be payable to a Unitholder in a taxation year unless it is paid to the Unitholder in the year by the Fund or the Unitholder is entitled in that year to enforce payment of the amount. In computing its income, the Fund may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. The Fund may also deduct from its income for the year a portion of the reasonable expenses incurred by the Fund to issue Offered Securities pursuant to this Offering. The portion of such issue expenses deductible by the Fund in a taxation year is 20% of such issue expenses, pro-rated where the Fund's taxation year is less than 365 days.

Under the Declaration of Trust, income received by the Fund may be used to finance cash redemptions of Offered Securities. Further, it is possible that income received by the Fund will be used to repay the principal amount of any outstanding indebtedness (including notes and any redemption notes). Accordingly, such income so utilized will not be payable to holders of the Offered Securities by way of cash distributions. In such circumstances, such income may be payable to holders of Offered Securities in the form of additional Offered Securities, promissory notes or in specie distributions.

Each year, the Fund intends to make sufficient Distributions of its net income for tax purposes and net realized capital gains so that the Fund will generally not be liable in that year for income tax under Part I of the Tax Act.

## **Taxation of Unitholders**

### ***Fund Distributions***

A Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the Fund for a taxation year, including the taxable portion of net realized capital gains, that is allocated to the Unitholder in the particular taxation year, whether or not that amount is distributed and regardless whether distributions are received in cash, additional Offered Securities, promissory notes, in specie Distributions or otherwise. Income of a Unitholder from the Offered Securities will generally be considered to be income from property. If appropriate designations are made by the Fund, such portion of the taxable net realized capital gains of the Fund and any taxable dividends received from taxable Canadian corporations as are paid or become payable to a Unitholder will effectively retain their character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. Any loss of the Fund for purposes of the Tax Act cannot be allocated to, or treated as a loss of, Unitholders.

The non-taxable portion of any net realized capital gains of the Fund that is paid or payable to Unitholder in a taxation year will not be included in computing the Unitholder's income for the year. Any other amount in excess of the net income of the Fund that is paid or payable to a Unitholder in that year will not generally be included in the Unitholder's income for the year. However, where such an amount is paid or payable to a Unitholder (other than as proceeds in respect of the redemption of Offered Securities), the Unitholder will be required to reduce the Adjusted Cost Base of the Offered Securities by that amount, except to the extent that the amount represents the Unitholder's share of the non-taxable portion of the net realized capital gains of the Fund for the year, the taxable portion of which was designated by the Fund in respect of the Unitholder. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will then be nil.

### ***Dispositions of Offered Securities***

On the disposition or deemed disposition of Offered Securities, whether on a redemption or otherwise, the Unitholder will realize a capital gain (or a capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the Adjusted Cost Base of the Offered Securities and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Fund that is otherwise required to be included in the Unitholder's income, including any capital gain realized by the Fund as a result of a redemption which has been designated by the Fund to the redeeming Unitholder.



The Adjusted Cost Base of Offered Securities to a Unitholder will include all amounts paid by the Unitholder for the Offered Securities, with certain adjustments. The cost to a Unitholder of additional Offered Securities received in lieu of a Distribution of income will be the amount of income distributed by the issue of those Offered Securities. For the purpose of determining the Adjusted Cost Base to a Unitholder of Offered Securities, when Offered Securities is acquired, the cost of the newly-acquired Offered Securities will be averaged with the adjusted cost base of all of the Offered Securities owned by Unitholder as capital property immediately before that acquisition.

The redemption of Offered Securities in consideration for cash, Redemption Notes or other property, as the case may be, will be a disposition of such Offered Securities for proceeds of disposition equal to the amount of such cash or the fair market value of such Redemption Notes or other property, less any portion thereof that is considered to be a Distribution out of the income of the Fund. Redeeming Unitholders will consequently realize a capital gain (or a capital loss) depending upon whether such proceeds exceed (or are less than) the Adjusted Cost Base of the Offered Securities so redeemed. The receipt of Redemption Notes in substitution for Offered Securities may result in a change in the income tax characterization of Distributions. Holders of Redemption Notes generally will be required to include in income interest that is received or receivable or that accrues (depending whether the Unitholder is an individual, corporation or trust) on the Redemption Notes. The cost to a Unitholder of any property distributed to a Unitholder by the Fund will generally be deemed to be equal to the fair market value of the property at the time of Distribution less, in the case of notes, any accrued interest thereon. Unitholders should consult with their own tax advisors as to the consequences of receiving Redemption Notes or other property on a redemption.

### ***Capital Gains and Capital Losses***

One-half of any capital gain realized by a Unitholder and the amount of any net taxable capital gains designated by the Fund in respect of a Unitholder will be included in the Unitholder's income as a taxable capital gain. One-half of any capital loss realized by a Unitholder on a disposition or deemed disposition of Offered Securities may generally be deducted only from taxable capital gains of the Unitholder in accordance with the provisions of the Tax Act. A Unitholder that throughout the relevant year is a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay a refundable tax of 6 2/3% on certain investment income, including taxable capital gains.

### ***Alternative Minimum Tax***

In general terms, net income of the Fund paid or payable to a Unitholder who is an individual that is designated as taxable dividends or as net taxable capital gains and capital gains realized on the disposition of Offered Securities may increase the Unitholder's liability for alternative minimum tax.

## **6.2 Eligibility for Investment by Deferred Plans**

Based on representations made by the Fund to tax counsel, and provided that prior to the 91st day after the end of the Fund's first taxation year, the Fund will have at least 150 Unitholders each holding at least 100 Units with an aggregate fair market value of at least \$500, the Units when issued, will be a qualified investment under the Tax Act for Deferred Plans. Notwithstanding that the Offered Securities may be qualified investments as described above, the holder of a TFSA or the annuitant under a RRSP or RRIF that hold Offered Securities will be subject to a penalty tax if such Offered Securities are a "prohibited investment" for the purposes of the Tax Act. The Offered Securities will generally be a "prohibited investment" if the holder or the annuitant, as the case may be, does not deal at arm's length with the Fund for the purposes of the Tax Act or has a "significant interest" (within the meaning of the Tax Act) in the Fund for the purposes of the Tax Act.

**Prospective Subscribers should consult their own tax advisors regarding their particular circumstances.**

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

Eligible market participants may receive a commission or finder's fee in connection with sales made by such eligible market participants pursuant to this Offering Memorandum.

There will be no additional fees paid by Subscribers, however, there may be fees associated with the Transfer Agent, Canadian Western Trust, or any other entity managing the registered investment portion of the Fund, pursuant to TFSAs, RRSPs, or RRIFs, from time to time.

## **ITEM 8 RISK FACTORS**

In addition to factors set out elsewhere in this Offering Memorandum, potential Subscribers should carefully consider the following factors that may relate to the ownership of Offered Securities. An investment in the Offered Securities involves various risks and uncertainties. The risks discussed in this Offering Memorandum can adversely affect the Fund's operations, operating results, prospects and financial condition. This could cause the value of the Offered Securities to decline and cause Subscribers therein to lose part or all of their investment. In addition to those set out below and elsewhere in this Offering Memorandum, other material risks and uncertainties of which the Fund is not presently aware may also harm the Fund's investment activities. The following is a summary only of the material risk factors involved in an investment in the Offered Securities. Prospective Subscribers should review the risks with their legal and financial advisors. The Offering should be considered highly speculative due to the nature and stage of development of the Fund's business.

**Your rights under an agreement pertaining to real property may be construed under the laws of the jurisdiction in which the real property is located. Therefore, it is prudent to consult a lawyer who is familiar with those laws before entering into an agreement to purchase the real estate securities.**

**All real estate investment is subject to significant risk arising from rapidly changing market conditions.**

### **Highly Speculative**

The purchase of Offered Securities is highly speculative. A potential Subscriber should purchase Offered Securities only if able to bear the risk of the entire loss of the investment. An investment in the Offered Securities should not constitute a significant portion of a Subscriber's portfolio.

### **The Partnership May Experience Uninsured Losses on the Property**

Although the Partnership intends to insure its beneficial interest in the Property in a manner that the Partnership determines to be appropriate, there may be risks that are not foreseen and against which the Partnership may not obtain insurance. In addition, insurance against some risks may not be available or may be prohibitively expensive. Even in cases where the Partnership has insured against loss, the amount of the loss may exceed the limits of the policy, the Partnership may not be able to substantiate the full extent of the loss to the satisfaction of the insurer and any coverage may be subject to large deductibles or co-payments. The Partnership will not be able to insure against total loss of the value of the Property or the total value paid by the Limited Partners for the Partnership Units. This could have very adverse consequences on the investment by the Fund in Partnership Units and could therefore have adverse effects on Unitholders investment in the Fund.

### **The Offered Securities are not a Direct Investment**

The Offered Securities are not a direct investment in the Partnership or the North River Project or the Property, but an investment in the Fund that will acquire Partnership Units and make the Capital Contribution to the Partnership. No independent counsel was retained on behalf of the Fund or the Subscribers. There has been no review by independent counsel on behalf of the Fund or the Subscribers of the Offering Memorandum or any other documentation in relation to the Offering. No due diligence has been conducted on the Fund, the General Partner, the Partnership, or any other affiliate of the Fund by such counsel.

### **No Guarantee that Investment in Offered Securities will be Successful**

There can be no guarantee that Unitholders will not realize losses from an investment in Offered Securities and there can be no assurance that the strategy of the Partnership (in which the Fund will purchase Partnership Units) of investing in the North River Project will be successful or that the objective of earning a profit through the continued ownership and management of the Property will be achieved. The success of the Fund will depend directly on the success of the Partnership. The success of the Partnership in its objectives will depend to a certain extent on the efforts and abilities of the management of the General Partner and on a number of other external factors such as, among other things, the general economic conditions that may prevail from time to time, which factors are out of the control of the management of the General Partner.

## **Investment not Liquid**

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and for the perceived desirability of the investment. The costs of holding real estate are considerable and the Partnership, as a holder of the interest in the Property, during a recessionary period may be faced with ongoing expenditures with little prospect of incoming receipts. If it was necessary to liquidate all or a portion of the Property, the proceeds to the Partnership might be significantly less than the total value of its investment on a going concern basis which would adversely affect the Fund's investment in Partnership Units of the Partnership and the Partnerships ability to repay the Mortgage Advance and the Mortgage Interest.

## **Resale Restrictions**

There is no market over which Offered Securities may be traded and it is unlikely that one will develop. Offered Securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, a Unitholder will not be able to trade Offered Securities unless it complies with an exemption from the prospectus and registration requirements under applicable securities laws, the Fund receives a final receipt from the applicable securities commission for a prospectus which qualifies the securities to be distributed, or an appropriate discretionary order is obtained by the holder under applicable securities laws. Since the Fund does not intend to file a prospectus or become a reporting issuer in any jurisdiction of Canada, these restrictions will not expire. See Item 10 – "*Resale Restrictions*".

Unitholders are limited to the redemption rights set out in the Declaration of Trust.

## **Investment Risks**

This Offering Memorandum constitutes a private offering of the Offered Securities by the Fund only in those jurisdictions where, and to those Persons to whom, they may be lawfully offered for sale under exemptions in applicable securities laws. This Offering Memorandum is not, and under no circumstances is to be construed as a prospectus, advertisement or public offering of these Offered Securities. Subscribers to this Offering Memorandum will not have the benefit of a review of the material by any regulatory authority.

## **Offered Securities Not Insured**

The Partnership is not a member institution of the Canada Deposit Insurance Corporation and the Offered Securities offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Corporation.

## **Qualification as "mutual fund trust"**

If the Fund ceases to qualify as a mutual fund trust, then Offered Securities may cease to be, qualified investments for trusts governed by RRSPs, RRIFs, registered educational savings plans, deferred profit sharing plans, registered disability savings plans and TFSAs, under the Tax Act. There can be no assurance that income tax laws and the treatment of unit trusts will not be changed in a manner that adversely affects Unitholders.

## **Operating History**

The Fund has limited operating history, no history of earnings and has not paid any Class B Unit Distributions. The Fund may not generate earnings in the immediate future. The Fund's only investments will be in the purchase of Partnership Units and to make the Capital Contribution to the Partnership.

The General Partner has been formed for the purpose of managing the business and affairs of the Partnership and does not have a record of achievement to be relied upon. The Partnership cannot be certain that its investment strategy will be successful. The likelihood of success of the Partnership must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business and real estate investment and development and with reference to the current economic climate. If the Partnership fails to address any of these risks or difficulties adequately, its business will likely suffer. Future revenues and profits, if any, will depend upon various factors, including the continuation of the current leases and future occupied tenancy and general economic conditions. There is no assurance that the Partnership can operate profitably or that the Partnership will successfully implement plans.

Unitholders must be prepared to rely on the General Partner of the Partnership. Subscribers will be relying on the expertise and good faith of the General Partner who will provide management services for the Partnership. Subscribers must carefully evaluate the personal experience and business performance of the officers and directors of the Manager and of the General Partner. The success of the North River Project will be largely dependent upon the performance of the General Partner.

Paul Belter and Terry Kemp are Trustees of the Fund who are also directors and officers of the General Partner and will only be devoting a portion of their time to the business and affairs of the Fund.

Certain transactions contemplated in the Offering such as the Partnership Agreement are among related parties. As such, certain contractual terms one would see in documentation that is negotiated with an unrelated party are not necessarily included in the Partnership Agreement.

### **Conflicts of Interests**

Subject to compliance with applicable securities laws, the Trustees may acquire Class B Units pursuant to the Offering and, as a result, may own a significant principal amount of Class B Units. Consequently, there exists the possibility that conflict(s) of interest could exist. All decisions to be made by the Trustees involving the Fund are required to be made in accordance with his duties and obligations to act honestly and in good faith with a view to the best interests of the Fund.

The directors and executive officers of the General Partner own and/or manage other industrial and commercial properties, this may create a conflict with respect to acquisition or disposal of property.

The directors of the General Partner are Paul Belter, Terry Kemp and Dan Walsh. Paul Belter and Terry Kemp also act as Trustees of the Fund. As a result, there exists the possibility for Paul Belter and Terry Kemp to be in a position of conflict as it relates to the Fund, the General Partner, the Partnership and other Affiliates.

### **Risks Relating to the Structure of the Fund**

Class B Unit Distributions to Class B Unitholders are entirely dependent on the Fund having sufficient cash flow, primarily from the Class A Partnership Distributions that it receives from the Partnership. There is no guarantee that sufficient Class B Unit Distributable Income will be generated to satisfy the Class B Unit Distributions.

### **Interest Rate Fluctuations**

The Partnership's financing may include, from time to time, indebtedness with interest rates which may fluctuate over time and which will result in fluctuations in the Partnership's cost of borrowing.

### **Financing**

The General Partner may make substantial capital expenditures on the Property. Any Funding required for the Property in excess of the proceeds of the Offering, may be obtained through third party financing, which may or may not be provided by a party related to the General Partner. The Partnership's ability to access additional capital will depend on its success in its business and the status of the capital markets at the time such capital is sought. Accordingly, there can be no assurance that capital will be available to the Partnership from any source or that, if available, it will be at prices or on terms acceptable to the Partnership.

### **Industry Risk**

As the assets of the Fund will be Partnership Units in the Partnership, all risk associated with owning Partnership Units will also be risks attendant in acquiring Offered Securities.

### **Restrictions on Returns of Capital**

Under the Partnership Act, the Fund, as a Limited Partner, is not entitled to receive any part of its Aggregate Contribution out of the assets of the Partnership or from the General Partner. Where a Limited Partner has received a return of all or part of its Aggregate Contribution, the Limited Partner is nevertheless liable to the limited partnership or, where the limited partnership is dissolved, to its creditors, for any amount, not in excess of the amount returned

with interest, necessary to discharge the liabilities of the limited partnership to all creditors who extended credit or whose claims otherwise arose before the return of such Aggregate Contribution.

### **General Partner Has Limited Assets**

The General Partner has unlimited liability for the obligations of the Partnership. The General Partner will indemnify and hold harmless the Partnership from and against all costs incurred and damages suffered by the Partnership as a result of gross negligence, willful misconduct or fraudulent act by the General Partner or as a result of any act or omission by the General Partner not believed in good faith by the General Partner to be within the scope of authority of the General Partner conferred by the Partnership Agreement. The General Partner has, and will continue to have, limited financial resources and will only have limited assets, which will affect its ability to indemnify the Partnership. The amount of any such indemnity will be limited to the extent of the assets of the General Partner and will under no circumstances include the assets of any Affiliate of the General Partner.

### **Voting Rights of Unitholders**

Class A Unitholders are entitled to vote and pass resolutions that bind the Trustees only with respect to a limited number of matters under the Declaration of Trust. Class A Unitholders are entitled to one vote for each Class A Unit held by that Class A Unitholder at all meetings of Unitholders. Unitholders do not have the right to vote on matters with respect to the Partnership. To the extent that the Fund has voting rights in the Partnership as a Limited Partner, the Trustees will determine how the Fund will vote on matters to be voted on by Limited Partners. Unitholders will have very limited voting rights if any in the Fund and must rely solely on the Trustees of the Fund. The Subscriber will not have the right to elect the Trustees which right is held solely with the Trustees. There is no limitation in the Declaration of Trust restricting the acts of the Trustees with respect to the Fund and as such, the Trustees may do any acts the Trustees see fit provided only that the Trustees comply with applicable law and the terms of the Declaration of Trust.

### **Single Asset**

The Fund was formed for the purpose of the acquisition of the Partnership Units and to make the Capital Contribution to the Partnership. The interest in the Partnership and the Initial Property will represent the only significant assets of the Fund and therefore the Fund's financial performance will be directly tied to the performance thereof and to the performance of the North River Project and any future investments made by the Partnership.

At this time, the Initial Property represents almost half of the major assets of the Partnership and therefore the Partnership's financial performance is substantially and directly tied to the performance of this particular asset. The Partnership does not yet have a large portfolio of diverse real estate assets; therefore, its success is substantially and directly dependent on the success of the Property.

### **Risks of Real Property Development and Ownership**

The Fund will use the net proceeds of the Class B Unit Offering to make the Capital Contribution to the Partnership. The Partnership will use the Capital Contribution to finance the purchase of the Property. Real Estate investments are generally subject to varying degrees of risk depending on the nature of the property. Such risks include a highly competitive real estate industry, changes in general economic conditions, local conditions (such as the demand for commercial property), governmental regulations 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 Property is located and the attractiveness of the Property to potential tenants. In addition, each segment in the real estate development industry is capital intensive and is typically sensitive to interest rates. The income generated by the North River Project, if any, is dependent upon general economic conditions and, accordingly, the return to investors may be affected by changes in those conditions. There is no assurance that the North River Project can be maintained profitably by the General Partner. The market for the commercial units can be affected adversely by economic factors which may be regional, national or international in scope. This could have very adverse consequences on the ability of the Partnership to repay the Mortgage Advance and the Mortgage Interest and the investment by the Fund in the Partnership Units and could therefore have adverse effects on Class B Unitholders investment in the Fund.

The Partnership will be required to make certain expenditures in respect of its activities, including, but not limited to, the payment of property taxes, maintenance costs, legal and insurance costs and related charges regardless of whether or not the Property are producing sufficient income to service such expenses. If the Partnership is unable

or unwilling to meet such payment obligations, losses could be sustained as a result of the exercise by creditors of rights of foreclosure or sale.

### **Competition**

The Partnership competes with other owners of properties for the lease of commercial space. Some of the commercial properties of the competitors of the Partnership are newer, better located or better capitalized than the Property. Certain of these competitors have greater financial and other resources and greater operating flexibility than the Partnership. The existence of competing commercial properties could have a material adverse effect on the ability of the Partnership to market the Property and could adversely affect the profitability of the Partnership. The Directors and officers of the General Partner, directly or indirectly, own or manage several other properties in Leduc and Edmonton that may be competitive to the Property. The compensation paid to the General Partner will help ensure the General Partner supports the Property. There may exist from time to time other relevant competition in the area.

### **General Partner Contract Risk**

The success of any development project depends on its project manager. The General Partner is currently retained as the Asset Manager under the Management Agreement. See Item 2 - "*Business of North River Trust – Material Agreements*".

In the event that the Asset Manager should cease management of the Property, any property within the Asset Portfolio, or not comply with its obligation to the Partnership under the Management Agreement, the continued financial performance of the Property will depend on the ability of the Partnership to find a replacement Asset Manager. There can be no guarantee it will find a suitable replacement Asset Manager on a timely basis or on similar contractual terms. In addition, should the Asset Manager not successfully perform its obligations under the Management Agreement, this could materially impact the value of the Property and/or the Asset Portfolio, and in turn materially affect the Fund and its Subscribers.

### **Tenant Risk**

In the event that any of the current or future tenants should terminate their leases or not comply with their obligations to the General Partner under those agreements, the continued financial performance of the Partnership will depend on the ability of the General Partner as the Asset Manager to find replacement tenants. There can be no guarantee it will find a suitable replacement tenant on a timely basis or on similar contractual terms. In addition, should any of the tenants pay materially less than the current contractual amount of those agreements, this could materially impact the value of the Partnership and in turn materially affect the Fund and its Subscribers.

### **General Real Estate Risks**

Various factors can affect the profitability of real estate ownership and management. While the Asset Manager has made certain plans, there is no assurance that such plans will be met on a timely basis or at all. There is also no assurance that the Property can be run profitably. The Partnership will be subject to risks inherent in the leasing of commercial property including: (i) securing lease agreements; (ii) upkeep of the Property; (iii) the ability to fix structural or interior damages to the Property; and (iv) fluctuations in demand and supply for commercial property.

Real property investments are considered illiquid investments. This means the investment is not readily convertible into cash, there is no ready market (unlike securities trading over a stock exchange) for the real estate and therefore, may take some time to sell. If it was necessary to sell all or part of the Property or Asset Portfolio holdings, the cash available to the Fund could be negatively impacted and as such, Unitholders of the Fund could be negatively impacted.

Under various environmental laws, ordinances and regulations, the current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in such property. The costs could be substantial. Such laws could impose liability whether or not the General Partner knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to remove or remediate such substances, if any, could adversely affect the Partnership's ability to lease units in the Property and the properties within the Asset Portfolio or to borrow using the Property as collateral and could potentially also result in claims against the General Partner. 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 principals could be used to impose liability for release of and exposure to hazardous substances into the air. Third parties may seek recovery against 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 impair the Partnerships ability to repay the Mortgage Advance and the Mortgage Interest. This in turn could substantially reduce the value of Offered Securities. The Partnership may be subject to liability for undetected pollution of other environmental hazards against which it cannot insure, or against which it may elect not to insure where premium costs are disproportionate to the General Partner's perception of relative risk. This could negatively impact the Fund.

### **Changes in Legislation**

There can be no assurances that provincial or municipal legislation will not be implemented or policies and frameworks will not be implemented by the applicable municipal bodies or other government regulators having jurisdiction over the Property, and other properties within the Asset Portfolio, which places restrictions on the ability to lease the properties or which generally has the effect of significantly reducing the value, or the potential value of the Asset Portfolio.

### **Market Risks**

The economic performance and value of the Partnership's interest in the Asset Portfolio will be subject to all of the risks associated with investing in real estate, including: (i) changes in the national, regional and local economic climate; (ii) local conditions, including an oversupply of commercial properties like the Property or a reduction in demand for land like the Property; (iii) the attractiveness of all or parts of the Property; (iv) competition from other available commercial properties; and (v) changes in laws and governmental regulations, including those governing usage, zoning, the environment and taxes.

### **No Right to Use of Properties associated with Property**

The Subscribers in the Offered Securities hereunder will have no right to the use of, to occupy, or to seek partition of, any part of the Asset Portfolio, including the Property, nor may any investor in the Offered Securities encumber any part of the Asset Portfolio, including the Property.

### **Political and Economic Climate**

The Province of Alberta, and more specifically related to the Property, the Town of Leduc or any other authority as deemed appropriate in which the property within the Asset Portfolio is located, represent social, economic and political conditions that are reasonably stable. However, both of these levels of government and the federal government could implement legislation and policies that would have an adverse effect on the value of the Offered Securities. Examples of such policies are tax reform, land ownership restrictions, transportation policies, development moratoriums, annexation proceedings or other adverse economic and/or monetary policies. Finally, the Alberta economy may not sustain recent levels of growth and projections regarding future growth and demand for commercial property in the Leduc area may not be accurate.

### **Reliance on Management**

Decisions regarding the management of the Fund's affairs will be made exclusively by the Trustees, accordingly, Subscribers must rely on the Trustees. The Trustees may retain a manager to oversee the day to day affairs of the Fund and may also retain other independent contractors, including affiliates of the Trustees to provide services to the Fund. These contractors have no fiduciary duty to the Unitholders and may not perform consistently with the fiduciary duty owed to the Unitholders by the Trustees. The Unitholders will not have a vote in relation to matters of the Partnership.

The Fund will rely on the General Partner to properly manage and oversee the Asset Portfolio, including the Property. There can be no assurances that the Partnership or the Asset Portfolio, including the Property will be properly managed or that decisions will be made in a manner desirable to the Fund.

The success of the Partnership will be largely dependent upon the performance of management of the General Partner, including the management of key employees, advisors and management and employees of the General Partner. There is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Partnership and the value of the Property.

The General Partner will have significant discretion as to the use of the Capital Contribution. The Partnership currently intends to use the Capital Contribution as described herein. However, the General Partner may decide to alter its current business plan and may decide, for sound business reasons, to expend the Capital Contribution in a materially different manner.

### **Distributions**

The ability of the Fund to pay Distributions depends on numerous factors including the cost incurred by the Partnership in the acquisition of the Property, the timing and amount of capital expenditures, management and administrative expenses incurred by the Partnership, the ability of the Partnership to repay the Mortgage Advance and the Mortgage Interest and to pay the Asset Fee, and factors beyond the control of the Fund. There can be no assurance as to the level of Class B Unit Distributions to be paid by the Fund, if any.

### **Loss of Limited Liability on Dissolution**

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

### **Risks Associated with Redemptions**

The payment in cash by the Fund of the redemption price of Offered Securities will reduce the amount of cash available to the Fund for the payment of distributions to Unitholders, as the payment of the amount due in respect of redemptions will take priority over the payment of Distributions. Except as otherwise determined by the Trustees, the total amount payable by the Fund in respect of Offered Securities tendered for redemption in the same calendar month shall not exceed \$25,110 in that month. The redemption of Offered Securities may be paid by any combination of cash, issuance of Redemption Notes having an aggregate fair market value equal to the redemption price of Offered Securities. Redemption Notes received as a result of redemptions of Offered Securities may not be liquid. Further, they will generally not be qualified investments or may be prohibited investments for Registered Plans, and this could give rise to adverse consequences to a Registered Plan and/or its annuitant, beneficiary thereunder or holder thereof, including the redeeming Unitholder or Registered Plan holder becoming subject to a penalty tax, the Registered Plan annuitant being deemed to receive income from the Registered Plan, or, in the case of an RESP, having the Registered Plan's tax-exempt status revoked. Accordingly, Registered Plans that propose to invest in Offered Securities should consult their own tax advisors before doing so and before deciding to exercise the redemption rights attached to such Offered Securities.

### **Tax Aspects**

Canadian federal and provincial income tax aspects should be considered prior to investing in the Offered Securities. See Item 6 – "*Certain Canadian Income Tax Consequences and Deferred Plan Eligibility*". The discussion of income tax considerations in this Offering Memorandum is based upon current Canadian federal income tax laws and regulations. There can be no assurance that:

- (a) applicable tax laws, regulations or judicial or administrative interpretations will not be changed;
- (b) applicable tax authorities will not take a different view as to the interpretation or the application of tax laws and regulations than the Fund or than as set out in this Offering Memorandum; or
- (c) the facts upon which the tax discussions set out in this Offering Memorandum are based are materially correct.

Any of the preceding may fundamentally alter the tax consequences to Subscribers of holding or disposing of Offered Securities. The return on a Class B Unitholder's investment is subject to Canadian federal and provincial tax laws, as they apply to the Fund, the Business Trust and the Partnership. If the Fund ceases to qualify as a mutual fund trust for purposes of the Tax Act, the Offered Securities may cease to be a qualified investment for Deferred



Plans. Generally, the Offered Securities should not be a prohibited investment under the Tax Act for a TFSA, RRSP or RRIF, provided that the holder of the TFSA or annuitant of the RRSP or RRIF, as applicable, (i) deals at arm's length with the Fund, (ii) either individually or collectively with persons not dealing at arm's length with the holder, does not own (nor is deemed to own), have an interest in or the right to acquire, directly or indirectly, more than 10% of the issued Offered Securities, and (iii) either individually or collectively with persons not dealing at arm's length with the holder, does not own (nor is deemed to own), have an interest in or the right to acquire, directly or indirectly, more than 10% of the shares in the capital stock of a corporation or the interests in a partnership or a trust that does not deal at arm's length with the Fund. If, at any time, the Offered Securities are or become a prohibited investment for a TFSA, RRSP or RRIF, the holder of the TFSA or annuitant of the RRSP or RRIF, as applicable, may be subject to a penalty tax. Prospective purchasers should seek independent professional advice regarding the tax consequences of acquiring Offered Securities in a TFSA, RRSP or RRIF.

The discussion of certain Canadian federal income tax considerations contained in this Offering Memorandum is provided for information purposes only and is not a complete analysis or discussion of all potential tax considerations that may be relevant to the acquisition of Offered Securities.

All Subscribers will be responsible for the preparation and filing of their own tax returns in respect of this investment. Prospective Subscribers are urged to consult their own tax advisors, prior to investing in the Fund, with respect to the specific tax consequences to them from the acquisition of Offered Securities.

## **ITEM 9 REPORTING OBLIGATIONS**

The Fund is not, and currently has no intention of becoming, a reporting issuer in any province or territory of Canada. Subscribers will receive annual reports within 120 days of the end of each fiscal year of the Fund consisting of:

1. audited financial statements of the Fund, which include:
  - a balance sheet;
  - a statement of earnings;
  - a statement of changes in unitholders' capital;
  - all other statements as would be required by Canadian Accounting Standards for Private Enterprises; and
  - a report from the auditor;
2. a report on payments to the Subscribers for such fiscal period; and
3. information to enable each Subscriber to properly complete and file their tax returns in Canada in relation to their investment in Units.

## **ITEM 10 RESALE RESTRICTIONS**

These Offered Securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, a Unitholder will not be able to trade the Offered Securities unless it complies with an exemption from the prospectus and registration requirements under applicable securities laws. Unless permitted under applicable securities laws, a Subscriber cannot trade the Offered Securities before the date that is four months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada. The Fund is not, and currently has no intention of becoming, a reporting issuer in any province or territory of Canada and, as such, the restrictions in trading in the Offered Securities will not expire. There is no market over which the Offered Securities can be transferred and it is very unlikely that one will develop.

In addition to the above, for Subscribers resident in Manitoba, unless permitted under applicable securities laws, a Unitholder must not trade the Offered Securities without the prior written consent of the regulator in Manitoba, unless the Fund has filed a prospectus with the regulator in Manitoba with respect to the Offered Securities and the regulator in Manitoba has issued a receipt for that prospectus, or the Subscriber has held the Offered Securities for at least 12 months. The regulator in Manitoba will consent to such a trade if the regulator is of the opinion that to do so is not prejudicial to the public interest. The Trustees must approve of any proposed disposition. It is the responsibility

of each individual Subscriber to ensure that all forms required by the applicable securities laws are filed as required upon disposition of the Offered Securities acquired pursuant to this Offering.

**These real estate securities are subject to resale restrictions under securities legislation. You will not be able to trade the real estate securities unless you are eligible to rely on an exemption from the prospectus and registration requirements under Alberta securities legislation. For information about these resale restrictions you should consult a lawyer.**

**The foregoing is a summary only of resale restrictions relevant to a purchaser of securities offered hereunder. It is not intended to be exhaustive. All Subscribers under this Offering should consult with their legal advisors to determine the applicable restrictions governing resale of securities purchased hereunder including the extent of the applicable hold period and the possibility of utilizing any further statutory exemptions or obtaining a discretionary order.**

## **ITEM 11 PURCHASERS' RIGHTS**

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

### **Two Day Cancellation Right**

You can cancel your agreement to purchase these Offered Securities. To do so, you must send a notice to us by midnight on the second (2<sup>nd</sup>) business day after you sign the agreement to buy the Offered Securities.

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

Securities legislation in certain of the provinces of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defences and limitations contained under the applicable securities legislation. Subscribers resident in provinces of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of action and rescission described below for purchasers resident in Ontario and such right will form part of the Subscription Agreement to be entered into between each such Subscriber and the Fund in connection with this Offering.

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

#### **11.1 Rights for Subscribers Resident in Alberta**

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

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

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

above. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the Offered Securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the day you purchased the Offered Securities.

### **11.2 Rights for Subscribers Resident in British Columbia**

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

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

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

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the day you purchased the securities.

### **11.3 Rights for Subscribers Resident in Saskatchewan**

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

- (a) the Fund to cancel your agreement to buy these Offered Securities, or
- (b) for damages against the Fund, every promoter of the Fund, every person who was a director of the Canadian Manager or Trustee at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

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

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the Offered Securities. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six (6) years after the day you purchased the Offered Securities.

### **11.4 Rights for Subscribers resident in Manitoba**

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

- (a) the Fund to rescind your agreement to buy these Offered Securities, or
- (b) for damages against the Fund, every person who was a director of the Canadian Manager at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

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

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

### **11.5 Rights for Subscribers resident in Ontario**

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

- (a) the purchaser has a right of action for damages against the Fund and a selling security holder on whose behalf the distribution is made, or the Fund will not be liable if it proves that the investor purchased Offered Securities with knowledge of the misrepresentation;
- (b) where the purchaser purchased the Offered Securities from a Person or the Fund referred to in clause (a), the purchaser may elect to exercise a right of rescission against the Person or the Fund, in which case the purchaser shall have no right of action for damages against such Person or the Fund.

The Fund will not be held liable under this paragraph if the Subscriber purchased the Offered Securities with the knowledge of the misrepresentation. In an action for damages, the Fund will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Offered Securities as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the Offered Securities were sold to the Subscriber.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the Offered Securities. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three (3) years after the day you purchased the Offered Securities.

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

**ITEM 12**  
**FINANCIAL STATEMENTS**

**North River Trust**

See Schedule D

**ITEM 13  
DATE AND CERTIFICATE**

**Dated: March 31, 2016**

**This Offering Memorandum does not contain a misrepresentation.**

**NORTH RIVER TRUST AND  
PROMOTERS**

**On behalf of the Trustees of North River Trust**

*"Paul Belter"*

Paul Belter  
Trustee

*"Terry Kemp"*

Terry Kemp  
Trustee

*"Paul Gaudreau"*

Paul Gaudreau  
Trustee

**By the Board of Directors of North River Properties Inc.,  
as General Partner to North River Limited Partnership**

*"Paul Belter"*

Paul Belter  
President and Director

*"Terry Kemp"*

Terry Kemp  
Treasurer and Director

*"Dan Walsh"*

Dan Walsh  
Secretary and Director

**SCHEDULE A**  
**DECLARATION OF TRUST**

**NORTH RIVER TRUST**

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**DECLARATION OF TRUST**

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**October 14, 2015**



## TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION.....	2
1.1 Definitions .....	2
1.2 References to Acts Performed by the Fund .....	5
1.3 Tax Act .....	6
1.4 Number and Gender .....	6
1.5 Headings for Reference Only.....	6
1.6 Day Not a Business Day .....	6
1.7 Currency.....	6
1.8 Time of the Essence .....	6
1.9 Governing Law; Attornment .....	6
ARTICLE 2 DECLARATION OF TRUST.....	6
2.1 Establishment of the Fund .....	6
2.2 Initial Contribution .....	7
2.3 Name of the Fund .....	7
2.4 Head Office.....	7
2.5 Nature of the Fund .....	7
2.6 Rights of Unitholders.....	7
2.7 Liability of Unitholders .....	8
2.8 Unitholders Bound.....	9
ARTICLE 3 CREATION, ISSUE AND SALE OF UNITS .....	9
3.1 Nature of Units.....	9
3.2 Authorized Number of Units .....	9
3.3 Issue of Trust Unit to Initial Unitholder .....	10
3.4 Issue of Units .....	10
3.5 No Fractional Units.....	10
3.6 No Pre-Emptive Rights .....	10
3.7 Consolidation of Units .....	11
3.8 Limitation of Non-Resident Ownership.....	11
ARTICLE 4 PURPOSE AND INVESTMENTS OF THE FUND .....	12
4.1 Purpose of the Fund .....	12
ARTICLE 5 DISTRIBUTIONS.....	13
5.1 Computation of Distributable Income of the Fund .....	13
5.2 Computation of Income and Net Realized Capital Gains .....	14
5.3 Distributions of Distributable Income .....	15
5.4 Other Distributions .....	15
5.5 Character of Distributions and Designations .....	16
5.6 Enforceability of Right to Receive Distributions.....	16
5.7 Method of Payment of Distributions.....	16
5.8 Withholding Taxes.....	17
5.9 Tax Act Definitions .....	17
5.10 Payments of Cash.....	17
5.11 Rights Plans, Distribution Reinvestment and Unit Purchase Plan.....	18

## TABLE OF CONTENTS

(continued)

	Page
5.12 Unclaimed Distributions .....	18
ARTICLE 6 REDEMPTION OF TRUST UNITS.....	18
6.1 Right of Redemption.....	18
6.2 Exercise of Redemption Right .....	18
6.3 Cash Redemption.....	19
6.4 No Cash Redemption in Certain Circumstances.....	19
6.5 In Specie Redemption.....	19
6.6 Purchase for Cancellation .....	20
6.7 Trustee Redemption Rights.....	20
6.8 Automatic Redemption .....	20
6.9 Cancellation of Unit Certificates for all Redeemed Units .....	21
ARTICLE 7 APPOINTMENT RESIGNATION AND REMOVAL OF TRUSTEE.....	21
7.1 Appointment of Trustees and Trustees' Term of Office.....	21
7.2 Resignation of Trustees .....	21
7.3 Consent to Act .....	21
7.4 Removal of Trustees .....	22
7.5 Ceasing to Hold Office .....	22
7.6 Qualifications of Trustees .....	23
7.7 Continuing Obligations of the Fund .....	23
7.8 Vacancies.....	23
7.9 Successor and Additional Trustees .....	24
7.10 Validity of Acts.....	24
ARTICLE 8 CONCERNING THE TRUSTEES .....	24
8.1 Powers of the Trustees .....	24
8.2 Specific Powers and Authorities .....	24
8.3 Standard of Care .....	26
8.4 Indemnification of Trustees .....	26
8.5 Apparent Authority .....	27
8.6 Survival of Indemnities.....	27
8.7 Limitations on Liability of Trustees .....	27
8.8 Voting of Securities Held by the Fund .....	28
8.9 Banking.....	28
ARTICLE 9 DELEGATION .....	28
9.1 General Delegation of Powers .....	28
9.2 Sub-Delegation .....	28
9.3 Special Committee .....	28
9.4 Liability of Trustees.....	29
ARTICLE 10 AMENDMENT.....	29
10.1 Amendment.....	29
10.2 Provision for Supplemental Deed for Certain Purposes .....	30

## TABLE OF CONTENTS

(continued)

	Page
ARTICLE 11 MEETINGS OF UNITHOLDERS .....	30
11.1 Special Meetings of Class A Unitholders .....	30
11.2 Notice of Meetings.....	31
11.3 Quorum .....	32
11.4 Voting Rights of Class A Unitholders .....	32
11.5 Resolutions Binding the Trustees .....	32
11.6 Meaning of "Special Resolution" .....	33
11.7 Meaning of "Outstanding" .....	33
11.8 Record Date for Voting.....	34
11.9 Appointment of Inspector .....	34
11.10 Resolutions in Writing .....	34
11.11 Binding Effect of Resolutions.....	34
11.12 No Breach .....	34
ARTICLE 12 CERTIFICATES, REGISTRATION AND TRANSFER OF UNITS .....	35
12.1 Nature of Units.....	35
12.2 Unit Certificates.....	35
12.3 Contents of Unit Certificates .....	35
12.4 Register of Unitholders .....	36
12.5 Transfer of Units.....	36
12.6 Units Held Jointly or in a Fiduciary Capacity.....	37
12.7 Performance of Trusts.....	37
12.8 Lost Unit Certificates .....	37
12.9 Death of a Unitholder .....	37
12.10 Take-Over Bids.....	38
12.11 Power of Attorney.....	39
ARTICLE 13 TERMINATION .....	40
13.1 Term of the Fund .....	40
13.2 Termination with the Approval of Unitholders.....	40
13.3 Procedure Upon Termination .....	40
13.4 Powers of the Trustees Upon Termination .....	40
13.5 Sale of Investments .....	40
13.6 Distribution of Proceeds or Assets .....	41
13.7 Further Notice to Unitholders .....	41
13.8 Responsibility of the Trustees after Sale and Conversion .....	41
13.9 Termination of the Fund .....	41
ARTICLE 14 MEETINGS OF TRUSTEES.....	41
14.1 Calling and Notice of Meetings .....	41
14.2 Place of Meetings.....	42
14.3 Meetings by Telephone.....	42
14.4 Quorum .....	42
14.5 Action by the Trustees .....	42
14.6 Adjourned Meeting.....	42
14.7 Remuneration and Expenses .....	42

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
ARTICLE 15 GENERAL .....	42
15.1 Notices .....	42
15.2 Failure to Give Notice.....	43
15.3 Joint Holders .....	43
15.4 Service of Notice .....	43
15.5 Information Available to Unitholders.....	43
15.6 Income Tax: Obligations of the Trustees.....	43
15.7 Income Tax: Election.....	44
15.8 Income Tax: Deductions .....	44
15.9 Fiscal Year .....	44
15.10 Financial Disclosure .....	44
15.11 Unitholder Meeting Information.....	44
15.12 Taxation Information .....	44
15.13 Execution of Instruments .....	44
ARTICLE 16 AUDITORS .....	45
16.1 Qualification of Auditors .....	45
16.2 Appointment of Auditors .....	45
16.3 Change of Auditors.....	45
16.4 Waiver of Auditors .....	45
ARTICLE 17 - MISCELLANEOUS .....	46
17.1 Counterparts.....	46
17.2 Severability .....	46
17.3 Successors and Assigns .....	46
17.4 Recitals.....	46

## NORTH RIVER TRUST

**THIS DECLARATION OF TRUST** made as of the 14<sup>th</sup> day of October, 2015.

BETWEEN:

**Paul Belter**, an individual residing in St. Albert, Alberta, a trustee of the trust constituted by this Declaration of Trust,

- and -

**Terry Kemp**, an individual residing in Edmonton, Alberta, a trustee of the trust constituted by this Declaration of Trust,

- and -

**Paul Gaudreau**, an individual residing in Sherwood Park, Alberta, a trustee of the trust constituted by this Declaration of Trust,

- and -

**Dan Walsh**, an individual residing in St. Albert, Alberta,  
as settlor and initial Unitholder of the Trust

- and -

**Paul Belter**, an individual residing in St. Albert, Alberta, **Terry Kemp**, an individual residing in Edmonton, Alberta and **Paul Gaudreau**, an individual residing in Sherwood Park, Alberta, as trustees of the trust, on behalf of the Unitholders and all Persons who after the date hereof become holders of Units of the Fund as herein provided (each Person who at any time is, at that time, a holder of a Unit of the Fund as herein provided, hereinafter called a "**Unitholder**").

### WHEREAS:

(A) The Initial Unitholder desires to create a trust to invest, directly and indirectly, in a portfolio of income-producing real property and related assets and other investments;

(B) For the purposes of settling the Fund, the Initial Unitholder is delivering to the Trustees Five Hundred (\$500.00) Dollars (the "**Initial Contribution**");

(C) The Trustees have agreed to hold the Initial Contribution and all amounts and assets subsequently received under this Declaration of Trust or in respect of the investment of these assets in accordance with the provisions hereinafter set forth;

(D) The Initial Unitholder and the Trustees desire that the beneficiaries of the Fund, including the Initial Unitholder, shall be the holders of the Units;

(E) The Initial Unitholder and Trustees desire that this Fund shall qualify as a "unit trust" and as a "mutual fund trust" pursuant to paragraph 108(2)(a) and subsection 132(6) of the Tax Act;

(F) It is the intention of the Trustees that this Declaration of Trust set out the rights and obligations that are common to all Unitholders as well as those rights and obligations that are specific to each class of Units and the entitlement to revenue generated from those Fund Assets that are specific to each class of Units;

(G) The parties hereto desire to set out the agreements, terms and conditions which shall govern their mutual and respective, rights, powers and obligations with respect to the settlement and administration of the Trust;

**NOW THEREFORE**, the undersigned Trustees, hereby confirm and declare that they agree with the Initial Unitholder to hold in trust as trustees the Initial Contribution and any and all other property, real, personal or otherwise, tangible or intangible, which has been at the date hereof or is hereafter transferred, conveyed or paid to or otherwise received by them as such Trustees or to which the Trust is otherwise entitled and all rents, income, profits and gains therefrom for the benefit of the Unitholders hereunder in accordance with and subject to the express provisions of this Declaration of Trust, the parties agree as follows:

## **ARTICLE 1**

### **INTERPRETATION**

#### **1.1 Definitions**

In this Declaration of Trust (including the recitals hereto) and in the Unit Certificates, the following terms when capitalized shall have the following meanings:

- (a) "**Affiliate**" shall have the meaning ascribed thereto in the Securities Act;
- (b) "**Applicable Laws**" means all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act;
- (c) "**Approvals**" means any directive, order, consent, exemption, waiver, consent order or consent decree of or from, or notice to, action by or filing with, any Governmental Authority;
- (d) "**Auditors**" means the firm of chartered accountants appointed as the auditors of the Fund from time to time in accordance with the provisions hereof;
- (e) "**Bid Units**" shall have the meaning ascribed thereto in Section 12.10(a);
- (f) "**Business Day**" means a day which is not a Saturday, Sunday or statutory holiday in the City of Calgary, in the Province of Alberta;
- (g) "**Canadian Partnership**" means a Canadian partnership within the meaning of subsection 102(1) of the Tax Act;
- (h) "**Cash Redemption Price**" shall have the meaning ascribed thereto in Section 6.3(a);
- (i) "**Class A Unit**" means the Class A trust units of the Fund referred to herein and authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof;
- (j) "**Class A Unit Certificate**" means a certificate in the form approved by the Trustees of the Fund evidencing one or more Class A Units, issued and certified in accordance with this Declaration of Trust and registered in the name of a Class A Unitholder representing the Class A Units held by the Class A Unitholder;
- (k) "**Class A Unitholder**" means at any time the Persons who are the holders of record at that time of one or more Class A Units, as shown on the registers of such holders maintained by the Fund or by the Transfer Agent on behalf of the Fund;

- (l) **"Class B Unit"** means the Class B trust units of the Fund referred to herein and authorized and issued hereunder as such and for the time being outstanding and entitled to the benefits hereof and which shall represent beneficial interests in the Fund Assets;
- (m) **"Class B Unit Cash Flow of the Fund"** shall have the meaning ascribed thereto in Section 5.1(a);
- (n) **"Class B Unit Certificate"** means a certificate in the form approved by the Trustees of the Fund evidencing one or more Class B Units, issued and certified in accordance with this Declaration of Trust and registered in the name of a Class B Unitholder representing the Class B Units held by the Class B Unitholder;
- (o) **"Class B Unit Distributable Income"** shall have the meaning ascribed thereto in Section 5.1(b);
- (p) **"Class B Unit Distribution Period"** means the period between two consecutive Class B Unit Distribution Record Dates commencing from and including the day next following the first Class B Unit Distribution Record Date to and including the second Class B Unit Distribution Record Date;
- (q) **"Class B Unit Distribution Record Date"** means December 31 of each year commencing on **December 31, 2015**, or such other dates as may be determined from time to time by the Trustees;
- (r) **"Class B Unitholder"** or **"Class B Unitholders"** means at any time the Persons who are the holders of record at that time of one or more Class B Units, as shown on the registers of such holders maintained by the Fund or by the Transfer Agent on behalf of the Fund;
- (s) **"Convertible Securities"** shall have the meaning ascribed thereto in 3.4(a);
- (t) **"Declaration of Trust"** means this Declaration of Trust dated October 14, 2015;
- (u) **"Distributable Income"** means the Class B Unit Distributable Income;
- (v) **"Distribution Payment Date"** means a date on which the Trustees have determined to make a distribution of Distributable Income, which date shall be on or about the 15<sup>th</sup> day of the month following the end of a Class B Unit Distribution Period, or, if any such day is not a Business Day, the next following Business Day or such other date as may be determined from time to time by the Trustees;
- (w) **"Fund"** means the North River Trust, a trust constituted by this Declaration of Trust, as the same may be amended, supplemented or restated from time to time;
- (x) **"Fund Assets"**, at any time, means all monies, properties and other assets as are at such time held by the Trustees on behalf of the Fund including, without limitation:
  - (i) the Initial Contribution;
  - (ii) all funds or property realized from the issuance or sale of Units or any other Securities of the Fund or cash received from time to time;
  - (iii) all Securities held by the Trustees on behalf of the Fund;
  - (iv) investments permitted pursuant to Section 4.1;
  - (v) any Securities issued to the Fund as distributions in respect of the Securities held by the Trustees on behalf of the Fund;

- (vi) any proceeds of disposition of any of the foregoing property; and
- (vii) all income, interest, dividends, returns of capital, profit, gains and accretions and all substituted assets, rights and benefits of any kind or nature whatsoever arising directly or indirectly from or in connection with or accruing to such foregoing property or such proceeds of disposition;
- (y) **"Fund Liabilities"** shall have the meaning ascribed thereto in Section 2.7(a);
- (z) **"Governmental Authority"** shall mean: (i) any nation, province, state, county, city or other jurisdiction; (ii) any federal, provincial, state, local, municipal, foreign or other government; (iii) any governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental power); (iv) anybody exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, regulatory or taxing authority or power; or (v) any official of the foregoing;
- (aa) **"Income of the Fund"** shall have the meaning ascribed thereto in Section 5.2(a);
- (bb) **"Initial Contribution"** means the sum of \$500.00 cash delivered by the Settlor to the Trustee on October 14, 2015 for the purpose of settling the trust constituted by the Fund;
- (cc) **"Initial Unitholder"** means Dan Walsh, as the initial Unitholder of the Fund;
- (dd) **"Inspector"** shall have the meaning ascribed thereto in Section 12.9;
- (ee) **"Net Realized Capital Gains"** shall have the meaning ascribed thereto in Section 5.2(b);
- (ff) **"Non-Resident"** means: (i) a Person who is not a Resident; and (ii) a partnership other than a Canadian Partnership;
- (gg) **"Outstanding"** shall have the meaning ascribed thereto in Section 11.7;
- (hh) **"Partnership"** means North River Limited Partnership, a limited partnership formed under the laws of the Province of Alberta, and includes any successor thereto;
- (ii) **"Person"** means any individual, company, corporation, limited partnership, general partnership, firm, joint venture, syndicate, trust, joint stock company, limited liability corporation, association, bank, pension fund, business trust or other organization, whether or not a legal entity, and any government agency or political subdivision thereof or any other form of entity or organization;
- (jj) **"Pro Rata Share"** of any particular amount in respect of a Unitholder at any time shall be the product obtained by multiplying the number of Units that are outstanding and are owned by that Unitholder at that time by the amount obtained when the particular amount is divided by the total number of all Units that are issued and outstanding at that time;
- (kk) **"Redemption Date"** shall have the meaning ascribed thereto in Section 6.2(b);
- (ll) **"Redemption Notes"** means subordinated promissory notes issued, in series or otherwise, by the Fund pursuant to a note indenture or otherwise and issued to redeeming Unitholders in principal amounts equal to the in specie Redemption Price of the Units to be redeemed and having the following terms and conditions (and such other terms and conditions as the Trustees may determine);



- (mm) **"Resident"** means a Person (other than a partnership) who is not a non-resident of Canada for purposes of the Tax Act and a partnership that is a Canadian Partnership;
- (nn) **"Securities"** means bonds, debentures, notes or other evidence or instruments of indebtedness, shares, stocks, options, warrants, special warrants, installment receipts, subscription receipts, rights, subscriptions, partnership interests, units or other evidence of title to or interest in the capital, assets, property, profits, earnings or royalties, of any Person;
- (oo) **"Securities Act"** means the *Securities Act*, R.S.A. 2000, c. S4, as amended from time to time, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder;
- (pp) **"Settlor"** means Dan Walsh as settlor of the Fund;
- (qq) **"Special Resolution"** shall have the meaning ascribed thereto in Section 11.6(a);
- (rr) **"Tax Act"** means the *Income Tax Act*, R.S.C. 1985 (5<sup>th</sup> Supp.), c.1 and the *Income Tax Regulations* applicable with respect thereto, as amended from time to time;
- (ss) **"this Declaration of Trust", "hereto", "herein", "hereof", "hereby", "hereunder"** and similar expressions refer to this instrument and not to any particular Article, Section or portion hereof, and include any and every instrument supplemental or ancillary hereto;
- (tt) **"Transfer Agent"** means such Person as may from time to time be appointed by the Fund to act as registrar and transfer agent for the Units together with any sub-transfer agent duly appointed by the Transfer Agent;
- (uu) **"Trustee"** means, at any time, a Person who is, in accordance with the provisions hereof, a trustee of the Fund at that time including, without limitation, so long as it remains as trustee of the Fund, the Paul Belter, Terry Kemp and Paul Gaudreau; and **"Trustees"** means, at any time, all of the Persons each of whom is at that time a trustee of the Fund;
- (vv) **"Unit Certificate"** means, collectively, the Class A Unit Certificates, Class B Unit Certificates and other certificates in the forms approved by the Trustees, evidencing one or more Units, issued and certified in accordance with the provisions hereof;
- (ww) **"Unitholders"** means at any time the Persons who are the holders of record at that time of one or more Units, as shown on the registers of such holders maintained by the Fund or by the Transfer Agent on behalf of the Fund; and
- (xx) **"Units"** means the Class A Units, the Class B Units and all classes of trust units of the Fund authorized and issued hereunder, as applicable, as such and for the time being outstanding and entitled to the benefits hereof and which shall represent beneficial interests in the Fund Assets.

## 1.2 References to Acts Performed by the Fund

Any reference in this Declaration of Trust to an act to be performed or which may not be performed by the Fund shall be construed and applied for all purposes as if it referred to an act to be performed or which may not be performed by the Trustees on behalf of the Fund or by some other Person duly authorized to do so by the Trustees or pursuant to the provisions hereof. Any reference in this Declaration of Trust to actions, rights or obligations of the Trustees, or any one of them, shall be construed and applied for all purposes to refer to actions, rights or obligations of the Trustees in their capacity as Trustees of the Fund, and not in any other capacity, unless the context otherwise requires.

### **1.3 Tax Act**

Any reference in this Declaration of Trust to a particular provision of the Tax Act shall include a reference to that provision as it may be renumbered or amended from time to time. If there are proposals for amendments to the Tax Act which have not been enacted into law or proclaimed into force on or before the date on which such proposals are to become effective, the Trustees may take such proposals into consideration and apply the provisions hereof as if such proposals had been enacted into law and proclaimed into force. Any reference in this Declaration of Trust to a particular provision of the Tax Act shall, to the extent applicable, also include a reference to any applicable and corresponding provision of the income tax laws of a province or territory of Canada.

### **1.4 Number and Gender**

In this Declaration of Trust, unless otherwise expressly provided or unless the context otherwise requires, words importing the singular number include the plural and vice versa, and words importing a gender shall include the feminine, masculine and neuter genders.

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

The division of this Declaration of Trust into Articles and Sections, the provision of a Table of Contents and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Declaration of Trust.

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

If any day on which any determination is to be made or any action is required to be taken hereunder is not a Business Day, then such determination shall be made or such action shall be required to be taken at or before the requisite time on the next succeeding day that is a Business Day. This Section 1.6 is not applicable to Sections 5.1, 5.2, 5.3, 5.4, 5.7 and 5.10 and to defined terms used in such Sections.

### **1.7 Currency**

All references in this Declaration of Trust to "**dollars**" or "**\$**" are to Canadian dollars, unless otherwise noted.

### **1.8 Time of the Essence**

Time shall be of the essence in this Declaration of Trust.

### **1.9 Governing Law; Attornment**

This Declaration of Trust and the Unit Certificates shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein and shall be treated in all respects as Alberta contracts. The parties hereto hereby irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Alberta.

## **ARTICLE 2**

### **DECLARATION OF TRUST**

#### **2.1 Establishment of the Fund**

The Trustees hereby declare and agree to act as trustees of the Fund and to hold and administer the Fund Assets in trust for the use and benefit of the Unitholders, their successors, permitted assigns and personal representatives upon the trusts and subject to the terms and conditions hereinafter declared and set forth, such trust to constitute the Fund hereunder.

## **2.2 Initial Contribution**

The Settlor delivered the Initial Contribution to the Trustees for the purpose of settling the Fund.

## **2.3 Name of the Fund**

- (a) The Fund shall be known and designated as "North River Trust" and, whenever lawful and convenient, the Fund Assets shall be held and the affairs of the Fund shall be conducted and transacted under that name.
- (b) If the Trustees determine that the use of such name is not practicable, legal or convenient, the Fund may use such other designation or may adopt such other name as the Trustees deem appropriate, and the Fund may hold the Fund Assets and conduct and transact its affairs under such other designation or name.
- (c) The Trustees may approve and use a version of any name or designation used by the Fund in any language other than English.
- (d) Without limiting the foregoing, the Trustees or any other duly authorized Person may enter into agreements and other documents for and on behalf of the Fund under the name "North River Trust" and the Trustees hereby acknowledge and confirm that any such agreements or other documents so entered into under the name "North River Trust" shall for all purposes be and be deemed to have been entered into by, and be binding on, the Trustees, as Trustees for and on behalf of the Fund.

## **2.4 Head Office**

The head office of the Fund hereby created shall be located at the head office of 4203 Roper Road, Edmonton, Alberta T6B 3S5, or such other place or places in Canada as the Trustees may from time to time designate.

## **2.5 Nature of the Fund**

The Fund is an unincorporated, open-ended trust established for the purposes specified in Section 4.1. The Fund is not, is not intended to be, shall not be deemed to be and shall not be treated as, a general partnership, limited partnership, society, syndicate, association, joint venture, company, corporation or joint stock company, nor shall the Trustees or any Trustees or the Unitholders or any of them or any Person be, or be deemed to be, treated in any way whatsoever as liable or responsible hereunder as partners or joint venturers, The Trustees shall not be, or be deemed to be, the agents of the Unitholders. The relationship of the Unitholders to the Trustees shall be solely that of beneficiaries of the Fund and their rights shall be limited to those conferred upon them by this Declaration of Trust. Except as provided herein, the Trustees will have sole responsibility for the conservation and protection of the Fund Assets. Unitholders will have no responsibility for the conservation or protection of the Fund Assets, and nothing herein will have the effect of constituting the Unitholders as associates in a joint enterprise for the conduct of business.

## **2.6 Rights of Unitholders**

- (a) The rights of each Unitholder (including the right, if any, to call for a distribution or division of assets, monies, funds, income or capital gains held, received or realized by the Trustees) are limited to those contained herein and, except as provided herein, no Unitholder shall be entitled to call for any partition or division of the Fund Assets or for a distribution of any particular asset forming part of the Fund Assets or of any particular monies or funds received by the Trustees.
- (b) The legal ownership of the Fund Assets and the right to conduct the activities of the Fund are vested, except as provided herein, exclusively in the Trustees, or such other Persons as the Trustees may determine, and no Unitholder has or is deemed to have any right of ownership in, or any other interest in, any of the Fund Assets, and except as specifically provided herein, no Unitholder shall

be entitled to interfere with or give any direction to the Trustees with respect to the affairs of the Fund or in connection with the exercise of any powers or authorities conferred upon the Trustees under this Declaration of Trust.

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

## 2.7

### **Liability of Unitholders**

- (a) No Unitholder, in its capacity as such, shall incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind to any Person in connection with:
  - (i) the Fund Assets or the ownership, use, operation, acquisition or disposition thereof or the exercise or enjoyment of the rights, privileges, conditions or benefits attached thereto, associated therewith or derived therefrom;
  - (ii) the obligations or the activities or affairs of the Fund;
  - (iii) any actual or alleged act or omission of the Trustees or by any other Person in respect of the activities or affairs of the Fund (whether or not authorized by or pursuant to this Declaration of Trust);
  - (iv) any act or omission of the Trustees or any other Person in the performance or exercise, or purported or attempted performance or exercise, of any obligation, power, discretion or authority conferred upon the Trustees or such other Person in respect of the activities or affairs of the Fund (whether or not authorized by or pursuant to this Declaration of Trust);
  - (v) any transaction entered into by the Trustees or by any other Person in respect of the activities or affairs of the Fund (whether or not authorized by or pursuant to this Declaration of Trust); or
  - (vi) except as provided in Section 5.8, any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof or in addition thereto payable by the Fund or by the Trustees or by any other Person on behalf of or in connection with the activities or affairs of the Fund,

(collectively, the "**Fund Liabilities**"),

- (b) No Unitholder, in its capacity as such, shall be liable to indemnify the Trustees or any other Person with respect to any Fund Liabilities.
- (c) To the extent that, notwithstanding the provisions of this Section 2.7, any Unitholder, in its capacity as such, may be determined by a judgment of a court of competent jurisdiction to be subject to or liable in respect of any Fund Liabilities, such judgment and any writ of execution or similar process in respect thereof, shall be enforceable only against, and shall be satisfied only out of, that Unitholder's Pro Rata Share of the Fund Assets represented by its Units.
- (d) Notwithstanding the provisions of this Section 2.7, nothing shall preclude the enforcement of a loan or subordination agreement by a lender or creditor against a Unitholder for amounts wrongly paid to such Unitholder in contravention of such loan or subordination agreement.

## **2.8 Unitholders Bound**

This Declaration of Trust shall be binding upon all Persons who become Unitholders from time to time, including the holders of other Securities issued by the Fund, if applicable. By the acceptance of an original or a photocopy of the Unit Certificate representing Units, or, during use of a book-entry system for the Units, upon completion of the purchase or acquisition of Units, the Unitholder thereof shall be deemed to have agreed to be bound, and shall so be bound, by this Declaration of Trust.

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

### **3.1 Nature of Units**

- (a) The beneficial interests in the Fund shall be divided into interests of two classes of Units, described and designated as "Class A Units" and "Class B Units". Each holder of a Unit shall be entitled to the rights and subject to the limitations, restrictions and conditions set out herein, and the interest of each Unitholder shall be determined by the number of Units registered in the name of such Unitholder.
- (b) The Trustees may, from time to time and in his sole discretion, issue Units in one or more class, each class to consist of such number of Units as may before issuance thereof, be determined by the Trustees.
- (c) The Trustees, shall, by resolution, fix before any issuance, the class, designation, rights, privileges, restrictions and conditions to the Units, including, without limiting the generality of the foregoing, the rate, form, entitlement and payment of distributions, the redemption price (if any), terms, procedures and conditions of redemption (if any) and conversion rights (if any); provided that such terms and conditions do not materially adversely affect the interests of those who are Unitholders at the time of issuance of the Units, in the sole opinion of the Trustees.
- (d) Other than as described herein, each Class B Unit is transferable and represents an equal undivided beneficial interest in any distribution from the Fund and in any of the Fund Assets net of the Fund Liabilities or any other net assets of the Fund in the event of the termination or winding-up of the Fund.
- (e) Each Class A Unit shall entitle the holder thereof to one vote at all meetings of Unitholders or in respect of any written resolution of Unitholders. Class A Unitholders will vote at all annual meetings as a single class.
- (f) The Class B Units shall have no voting rights regardless of anything to the contrary that may be interpreted or contained in this Declaration of Trust.
- (g) The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without notice to or approval from the Unitholders.
- (h) No Units of, or other investments in, or Securities of, the Fund or any other securities which derive all or substantially all of their value from Securities issued by the Fund, shall, at any time, be listed on a stock exchange or other market, including for greater certainty, any organized listing or quotation system that supports over-the-counter trading.

### **3.2 Authorized Number of Units**

The aggregate number of Units, which are authorized and may be issued hereunder is unlimited.

### **3.3 Issue of Trust Unit to Initial Unitholder**

- (a) On October 14, 2015, the Trustees issued to the Initial Unitholder, in consideration for the payment of \$500.00, a Class A Unit Certificate for one (1) Class A Unit and the Trustees entered the Initial Unitholder on the register of the Fund as the holder of one (1) Class A Unit and countersigned the Class A Unit Certificate and delivered it to the Initial Unitholder,
- (b) Immediately after the first issuance of additional Units by the Trust to any other Person, the Trust will purchase the initial Class A Units from the Initial Unitholder, and the Initial Unitholder shall sell the initial Class A Units to the Trust for a purchase price of \$500.00 and, upon the completion of such purchase and sale, the initial Class A Trust Units shall be cancelled and shall no longer be outstanding for any of the purposes of this Declaration of Trust.

### **3.4 Issue of Units**

- (a) Subject to the terms of this Declaration of Trust, Units and other Securities of the Fund may be created, issued and sold by the Fund at the times, to the Persons, for the consideration and on the terms and conditions that the Trustees determine and, without limiting the generality of the foregoing, the Trustees may authorize the Fund to pay any commission which the Trustees determine to be reasonable to any Person in consideration of such Person purchasing or agreeing to purchase Units or other Securities from the Fund or from any other Person procuring or agreeing to procure purchasers for Units or other Securities. At the option of the Trustees and subject to Applicable Laws and the receipt of all necessary Approvals. Units may be issued in satisfaction of any distribution of the Fund to Unitholders on a Pro Rata Share basis. The Trustees may create and issue installment receipts, subscription receipts, rights, warrants (including so-called "special warrants" which may be exercisable for no additional consideration) or options to subscribe for Units or debt instruments that are convertible into or exchangeable for Units (collectively, "**Convertible Securities**") which Convertible Securities may be exercisable at any subscription price or prices and at any time or times as the Trustees may determine. The Convertible Securities so created may be issued for any consideration or for no consideration, all as the Trustees may determine. A Convertible Security shall not be a Unit and the holder of that Convertible Security shall not be a Unitholder,
- (b) Units are to be issued only as fully paid in money, property (including an obligation to pay consideration in installments), or past services, and are not to be subject to future calls or assessments; provided however that Units may be issued for a consideration payable in installments and that the Fund may take security over such Units to be issued under any such offering as security for unpaid installments. In determining whether property or past services are the fair equivalent of monetary consideration, the Trustees may take into account reasonable charges and expenses of organization and reorganization and payments for property and past services reasonably expected to benefit the Fund, and the resolution of the Trustees allotting and issuing those Units shall express the fair equivalent in money of the non-cash consideration received.

### **3.5 No Fractional Units**

Fractions of Units shall not be issued, except pursuant to distributions of additional Units to all Unitholders pursuant to Section 5.7, as a consequence of a consolidation under Section 3.7 or pursuant to a plan described in Section 5.11.

### **3.6 No Pre-Emptive Rights**

Subject to the rights granted under any Convertible Securities, no Person shall be entitled, as a matter of right, to subscribe for or purchase any Units. Except as set forth in this Declaration of Trust, there are no conversion, retraction, redemption or pre-emptive rights attaching to the Units.

### **3.7**

#### **Consolidation of Units**

- (a) Unless otherwise determined by the Trustees, immediately after any Pro Rata Share distribution of additional Units to all Unitholders pursuant to Section 5.7, the number of the outstanding Units will automatically be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the distribution of additional Units. In such circumstances, each Unit Certificate representing a number of Units prior to the distribution of additional Units is deemed to represent the same number of Units after the distribution of additional Units and the consolidation. Such consolidation shall not constitute a redemption or cancellation of Units so consolidated and a Unitholder whose Units are consolidated shall not receive, and shall not be entitled to receive, any proceeds of disposition in respect thereof
- (b) Notwithstanding Section 3.7(a), if tax is required to be withheld from a Unitholder's share of the distribution, the consolidation will result in that Unitholder holding that number of Units equal to (i) the number of Units held by the Unitholder prior to the distribution plus the number of Units received by the Unitholder in connection with the distribution (net of the number of whole and partial Units withheld on account of withholding taxes in accordance with Section 5.8) multiplied by (ii) the fraction obtained by dividing the aggregate number of Units outstanding prior to the distribution by the aggregate number of Units that would be outstanding following the distribution and before the consolidation if no withholding were required in respect of any part of the distribution payable to any Unitholder. Each such Unitholder will be required to surrender the Unit Certificates representing that Unitholder's original Units, and will be entitled to receive in exchange therefor, a Unit Certificate representing that Unitholder's post-consolidation Units in accordance with the terms of Section 12.1.

### **3.8**

#### **Limitation of Non-Resident Ownership**

- (a) At no time may Non-Residents be the beneficial owners of more than forty-nine (49%) percent of all outstanding Units or any one class of Units. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware that the beneficial owners of such number of the Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, the Transfer Agent may make a public announcement thereof and shall not accept a subscription for Units from or issue or register a transfer of Units to a Person unless the Person provides a declaration in form and content satisfactory to the Trustees that the Person is not a Non-Resident. If, notwithstanding the foregoing, the Trustees determine that more than such number of the Units are held or beneficially-owned by Non-Residents, the Trustees may send a notice to Non-Resident holders of Units chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell or redeem their Units or a portion thereof within a specified period of not less than sixty (60) days. If the Unitholders receiving such notice have not sold or redeemed the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Fund may, on behalf of such Unitholders, sell or redeem such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale or redemption, the affected holders shall cease to be holders of Units and their rights shall be limited to receiving the net proceeds of sale or redemption upon surrender of the Unit Certificates representing such Units.
- (b) Unless and until the Trustees shall have been required to do so under the terms hereof, the Trustees shall not be bound to do or take any proceeding or action with respect to this Section 3.8 by virtue of the powers conferred on them hereby. The Trustees shall not be deemed to have notice of any violation of this Section 3.8 unless and until they have been given written notice of such violation and shall act only as required by this Declaration of Trust once an indemnity is provided. The Trustees shall not be required to actively monitor the holdings of Non-Residents in the Fund. The Trustees shall not be liable for any violation of the Non-Resident ownership restriction which may occur during the term of the Fund.

- (c) The Trustees shall have the sole right and authority to make any determination required or contemplated under this Section 3.8. The Trustees shall make all determinations necessary for the administration of the provisions of this Section 3.8 and, without limiting the generality of the foregoing, if the Trustees consider that there are reasonable grounds for believing that a contravention of the Non-Resident ownership restriction has occurred or will occur, the Trustees shall make a determination with respect to the matter. Any such determination shall be conclusive, final and binding except to the extent modified by any subsequent determination by the Trustees. Notwithstanding the foregoing, the Trustees may delegate, in whole or in part, their power to make a determination in this respect to any officer of the Fund.

## **ARTICLE 4**

### **PURPOSE AND INVESTMENTS OF THE FUND**

#### **4.1 Purpose of the Fund**

The Fund is hereby created for the following purposes:

- (a) acquiring, investing in, holding, transferring, disposing of and otherwise dealing with, directly or indirectly, any of the Securities issued by the Partnership, and borrowing funds for that purpose;
- (b) investing in any other Securities and in any other investments as the Trustees may determine, and borrowing funds for that purpose;
- (c) temporarily holding cash in interest-bearing accounts and short-term investments for the purposes of:
  - (i) making investments;
  - (ii) paying the expenses and the liabilities of the Fund;
  - (iii) paying amounts payable by the Fund in connection with the redemption of any Units or other Securities of the Fund; and
  - (iv) making distributions to Unitholders;
- (d) issuing Units, Convertible Securities or other Securities for the purpose of:
  - (i) obtaining funds to conduct any of the activities of the Fund;
  - (ii) completing any acquisition of Securities or any other assets for the benefit of the Fund;
  - (iii) implementing distribution reinvestment plans, Unit purchase plans, incentive option plans or other incentive or compensation plans, if any, established by the Trustees for the benefit of the Fund; and
  - (iv) making non-cash distributions to Unitholders as contemplated by this Declaration of Trust, including pursuant to distribution reinvestment plans, Unit purchase plans, incentive option plans or other incentive or compensation plans, if any, established by the Trustees for the benefit of the Fund;
- (e) issuing debt securities (including debt securities convertible into, or exchangeable for, Units or other Securities of the Fund), provided recourse shall be limited to the Fund Assets, or otherwise



borrowing and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering any of the Fund Assets as security;

- (f) guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of the Partnership or any subsidiary of the Fund and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of the Fund Assets including Securities issued by the Partnership or any subsidiary of the Fund, as security for that guarantee;
- (g) disposing of all or any part of the Fund Assets;
- (h) issuing or redeeming rights and/or Units pursuant to any Unitholder rights plan adopted by the Fund;
- (i) repurchasing, redeeming or otherwise acquiring Securities of the Fund, including pursuant to any issuer bid made by the Fund;
- (j) satisfying the obligations, liabilities or indebtedness of the Fund;
- (k) performing all acts necessary, incidental, ancillary or related to any of the foregoing subsections (a) to (j); and
- (l) undertaking such other activities or taking such other actions as shall be approved by the Trustees from time to time;

provided that notwithstanding any provision in this Declaration of Trust, the Fund shall not undertake any activity, take any action or make or retain any investment which would result (or fail to take any action where such failure would result) in (i) the Fund ceasing to qualify as a "mutual fund trust" for the purposes of the Tax Act; or (ii) the Trust not being treated as a "unit trust" for purposes of paragraph 108(2)(a) of the Tax Act.

For the purpose of the foregoing guidelines, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the Fund will be deemed to be those of the Fund on a proportionate consolidated basis. In addition, any references in the foregoing to investments in real property will be deemed to include an investment in a joint venture arrangement.

## **ARTICLE 5**

### **DISTRIBUTIONS**

#### **5.1 Computation of Distributable Income of the Fund**

- (a) The "**Class B Unit Cash Flow of the Fund**", for the Class B Unitholders in respect of any Class B Unit Distribution Period, shall be equal to:
  - (i) the sum of all cash amounts which are received by the Fund from the North River Limited Partnership, and in respect of, the Class B Unit Distribution Period, interest (including prepayments of interest), dividends, distributions, proceeds from the disposition of Securities, returns of capital and repayments of indebtedness and all amounts received by the Fund in any prior Class B Unit Distribution Period to the extent those amounts were not included in the calculation of Class B Unit Cash Flow of the Fund in that prior Class B Unit Distribution Period and were not previously distributed;
  - (ii) less the sum of:

- (A) all costs, expenses, liabilities, obligations or amounts of the Fund which, in the opinion of the Trustees, may reasonably be considered to have accrued and become owing by the Fund in respect of, or which relate to, such Class B Unit Distribution Period or a prior Class B Unit Distribution Period if not accrued or deducted in determining the Class B Unit Cash Flow of the Fund in that prior period, including, without limitation, any interest payable by the Fund on any indebtedness of the Fund and any tax liabilities of the Fund;
  - (B) all amounts which relate to the redemption or repurchase of Class B Units or other Securities of the Fund by the Fund and which have been paid or became payable in cash by the Fund in such Class B Unit Distribution Period; and
  - (C) the net proceeds of any issuance of Class B Units or Securities of the Fund or borrowings by the Fund after deducting any associated expenses or commissions;
- (b) The "**Class B Unit Distributable Income**" for, or in respect of, a Class B Unit Distribution Period shall be:
  - (i) the Class B Unit Cash Flow of the Fund for such Class B Unit Distribution Period less any amount which the Trustees may reasonably consider to be necessary to:
    - (A) provide for the payment of any costs, expenses, liabilities, obligations or amounts which are reasonably expected to be incurred by the Fund;
    - (B) be retained by the Fund to comply with such limits or restrictions as may be agreed to between the Trustees and any lender(s) of the Fund or contained in any loan agreement(s) entered into by the Fund or any subsidiary or affiliate of the Fund;
    - (C) retain for a reserve to stabilize distributions;
    - (D) make allowances for contingencies or for working capital, investments or acquisitions; and
    - (E) provide for the payment of any income tax liability of the Fund.

## 5.2 Computation of Income and Net Realized Capital Gains

- (a) The "**Income of the Fund**" for any taxation year of the Fund shall be the income for the year determined pursuant to the provisions of the Tax Act (other than subsection 104(6) and paragraph 82(1)(b)) having regard to the provisions thereof which relate to the calculation of taxable income of a trust, and taking into account such adjustments thereto as are determined by the Trustees in respect of dividends received or deemed to be received from taxable Canadian corporations, amounts paid or payable by the Fund to Unitholders, any income of the Fund designated in accordance with Section 5.5 to Unitholders whose Units have been redeemed and such other amounts as may be determined in the discretion of the Trustees; provided, however, that capital gains and capital losses shall be excluded from the computation of income.
- (b) The "**Net Realized Capital Gains**" of the Fund for any taxation year of the Fund shall be determined as the amount, if any, by which the aggregate of the capital gains of the Fund in the year exceeds the total of:
  - (i) the aggregate of the capital losses of the Fund calculated in accordance with the Tax Act in the year;

- (ii) any capital gains which are realized by the Fund as a result of a redemption of Units pursuant to Article 6 and which have been designated, to the Unitholders whose Units have been redeemed;
- (iii) the amount determined by the Trustees in respect of any net capital losses for prior taxation years which the Fund is permitted by the Tax Act to deduct in computing the taxable income of the Fund for the year; and
- (iv) any amount in respect of which the Fund is entitled to a capital gains refund under the Tax Act, as determined by the Trustees,

provided that, at the discretion of the Trustees, the Net Realized Capital Gains of the Fund for a year may be calculated without subtracting the full amount of the net capital losses for the year and/or without subtracting the full amount of the net capital losses of the Fund carried forward from previous years.

### **5.3 Distributions of Distributable Income**

The Trustees shall, on or before each Class B Unit Distribution Record Date, declare payable, to the Class B Unitholders of record on such Class B Unit Distribution Record Date, such percentage of the Class B Unit Distributable Income for the Class B Unit Distribution Period which includes such Class B Unit Distribution Record Date as the Trustees determine in their discretion. The proportionate share of each Class B Unit of the amount of such percentage of Class B Unit Distributable Income shall be determined by dividing such amount by the number of issued and outstanding Class B Units on such Class B Unit Distribution Record Date. Each Class B Unitholder's share of such percentage of Class B Unit Distributable Income shall be an amount equal to the proportionate share of each Class B Unit of such percentage of Class B Unit Distributable Income multiplied by the number of Class B Units owned of record by each such Class B Unitholder on such Class B Unit Distribution Record Date. Subject to Sections 5.4 and 5.7, Class B Unit Distributable Income which has been declared to be payable to Class B Unitholders of record in respect of a Class B Unit Distribution Period shall be paid in cash on the Class B Unit Distribution Payment Date in respect of such Class B Unit Distribution Period.

### **5.4 Other Distributions**

- (a) In addition to the distributions which are made to Class B Unitholders pursuant to Section 5.3, the Trustees may declare to be payable and make distributions, from time to time, out of Income of the Fund, Net Realized Capital Gains, the capital of the Fund or otherwise, in any year, in such amount or amounts, and on such dates as the Trustees may determine, to Unitholders at the record date for the distribution.
- (b) Having regard to the present intention of the Trustees to allocate, distribute and make payable to Class B Unitholders all of the Income of the Fund, Net Realized Capital Gains and any other applicable amounts so that the Fund will not have any liability for tax under Part I of the Tax Act in any taxation year, the following amounts shall, unless otherwise determined by the Trustees, without any further actions on the part of the Trustees, be due and payable to Unitholders of record on December 31 in each such year:
  - (i) an amount equal to the amount, if any, by which the Income of the Fund for such year exceeds the aggregate of the portions, if any, of each distribution paid or payable by the Fund pursuant to Section 5.3 and Section 5.4(a) which have been determined by the Trustees, pursuant to Section 5.5, to have been payable by the Fund out of the Income of the Fund for such year; and
  - (ii) an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Fund for such year exceeds the aggregate of the portions, if any, of each distribution paid or payable by the Fund pursuant to Section 5.3 and Section 5.4(a) which have been

determined by the Trustees, pursuant to Section 5.5, to have been payable by the Fund out of Net Realized Capital Gains for such year.

- (c) The proportionate share of each Unit of the amount of any distribution made pursuant to either or both of Sections 5.4(a) and (b) shall be determined by dividing such amount by the number of Units issued and outstanding on the applicable record date in respect of a distribution pursuant to Section 5.4(a) and on December 31 in respect of a distribution pursuant to Section 5.4(b). Each Unitholder's share of the amount of any such distribution shall be an amount equal to the proportionate share of each Unit of such amount multiplied by the number of Units held of record by such Unitholder on such applicable record date or December 31 in the year of such distribution, as the case may be. Subject to Section 5.7, amounts which have been declared to be payable to Unitholders pursuant to either Section 5.4(a) and (b) shall be paid in cash no later than the Distribution Payment Date which immediately follows the applicable record date in respect of a distribution pursuant to Section 5.4(a) and, in respect of a distribution pursuant to Section 5.4(b), such amount shall be payable on December 31 in the applicable year in respect of the distribution and shall be paid forthwith, and in no event later than January 30 of the following year, subject always to Section 5.6.

## **5.5 Character of Distributions and Designations**

In accordance with and to the extent permitted by the Tax Act, the Trustees in each year shall make designations and elections in respect of the amounts payable to Unitholders for such amounts that the Trustees consider to be reasonable in all of the circumstances, including, without limitation, designations relating to taxable dividends received or deemed to be received by the Fund in the year on shares of taxable Canadian corporations, net capital gains realized by the Fund in the year and foreign source income of and foreign taxes paid by the Fund for the year, as well as elections under subsections 104(13.1) and/or 104(13.2) of the Tax Act that income be taxed to the Fund, rather than to the Unitholders. Distributions payable to Unitholders pursuant to this Article 5 shall be deemed to be distributions of Income of the Fund, Net Realized Capital Gains, capital of the Fund or other items in such amounts as the Trustees shall, in their absolute discretion, determine. For greater certainty, it is hereby declared that any distribution of Net Realized Capital Gains shall include the non-taxable portion of the capital gains of the Fund which are encompassed in such distribution.

## **5.6 Enforceability of Right to Receive Distributions**

Each Unitholder shall have the legal right to enforce payment of any amount payable to such Unitholder as a result of any distribution which is declared or made payable to such Unitholder pursuant to this Article 5 as of the date on which those amounts become payable.

## **5.7 Method of Payment of Distributions**

- (a) If the Trustees determine that the Fund does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable pursuant to this Article 5 on the due date for such payment, or if any cash distribution should be contrary to any agreement to which the Fund is a party, the payment may, at the option of the Trustees and subject to any Applicable Laws and the receipt of necessary Approvals, include:
- (i) the Pro Rata Share issuance of additional Units or fractions of Units, if necessary;
  - (ii) the Pro Rata Share distribution of Fund Assets; and/or
  - (iii) the Pro Rata Share issuance of demand unsecured promissory notes, including promissory notes that are exchangeable for Units,

having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution, subject to the receipt of all necessary Approvals.

- (b) The value of each Unit which is issued pursuant to Section 5.7(a) shall be the Cash Redemption Price of the Units on the applicable Class B Distribution Record Date in respect of a distribution pursuant to Section 5.3, the applicable record date in respect of a distribution pursuant to Section 5.4(a) or December 31 in respect of a distribution under Section 5.4(b).
- (c) The value of any Fund Assets which are distributed pursuant to Section 5.7(a) shall be the fair market value thereof as determined by the Trustees, acting reasonably and in good faith.
- (d) The value of each demand unsecured promissory note which is issued pursuant to Section 5.7(a) shall be the principal amount of indebtedness represented by such note.

## **5.8 Withholding Taxes**

The Trustees may deduct or withhold from distributions payable to any Unitholder all amounts required by Applicable Law to be withheld from such distributions, whether those distributions are in the form of cash, additional Units or otherwise. All withheld amounts shall be remitted to the appropriate Governmental Authority. To the extent that an amount is so deducted or withheld, such amount shall be treated for all purposes as having been paid to the Unitholder in respect of which such deduction and withholding was made. Any amount so required to be deducted or withheld shall first be deducted or withheld from the cash, if any, payable to the Unitholder in respect of the distribution. In the event the amount so required to be deducted or withheld exceeds the cash, if any, payable to the Unitholder in respect of the distribution, the Trustees may sell the Units, Fund Assets and/or unsecured promissory notes payable to the Unitholder in respect of the distribution to obtain the funds to pay such additional amount required to be deducted or withheld and to pay all of the Trustees' reasonable expenses with regard thereto and the Trustees shall have the power of attorney of the Unitholder to do so. No liability shall accrue to the Fund or the Trustees if Units or other assets sold or disposed of pursuant to this Section 5.8 are sold at a loss to such affected Unitholder or the beneficial owner of such Units or if the Units or other assets so sold or disposed of are sold or disposed of for an amount which may be less than might otherwise have been obtained if sold or disposed of at a different point in time or in different circumstances. Upon completion of any sale of Units, Fund Assets and/or unsecured promissory notes or other property in accordance with this Section 5.8, the affected Unitholder shall cease to be a holder of the Units, Fund Assets and/or unsecured promissory notes or other property sold.

## **5.9 Tax Act Definitions**

Unless otherwise specified or the context otherwise requires, any term in this Article 5 which is defined in the Tax Act shall have for the purposes of this Article 5 the meaning that it has in the Tax Act.

## **5.10 Payments of Cash**

- (a) Any payments of cash by the Fund to a Unitholder pursuant to this Article 5 or pursuant to any other provision of this Declaration of Trust will be conclusively deemed to have been made upon mailing of a cheque or bank draft payable to the Unitholder in a postage pre-paid envelope, addressed to the Unitholder at the Unitholder's address appearing in the register of Unitholders, unless such cheque or bank draft is dishonoured upon presentment. In the case of a Unit registered in the name of two or more Unitholders, any payment of cash by the Fund to such Unitholders shall be deemed to be made to such Persons jointly and will be conclusively deemed to have been made upon mailing of a cheque or bank draft payable to all of such Unitholders in a postage pre-paid envelope, addressed to any one of such Unitholder, at that Unitholder's address appearing in the register of Unitholders, unless such cheque or bank draft is dishonoured upon presentment. Upon making any such payment, the Fund and the Trustees shall be discharged from all liability or obligation to the Unitholders in respect of such payment unless any such cheque or bank draft is lost or destroyed, in which case the Trustees, upon proof of loss or destruction and upon satisfactory indemnity being given to them and to the Fund, shall issue a replacement cheque or bank draft for a like amount.
- (b) A Unitholder may designate and the Trustees may accept, that any payment of cash by the Fund to such Unitholder shall be made by deposit, including by wire transfer, to an account of such

Unitholder or to a joint account of such Unitholder and any other Person and any one of the joint registered Unitholders of a Unit may designate, and the Trustees may accept, that any payment of cash by the Fund to such joint registered Unitholders shall be made by deposit to an account of such joint registered Unitholders or to an account of any one of such joint registered Unitholders. A cheque or bank draft shall, unless the joint registered Unitholders otherwise direct, be payable to the order of all of the said joint registered Unitholders, and if more than one address appears on the books of the Fund in respect of such joint unitholding to any such addresses, the cheque or bank draft payment in such manner shall satisfy and discharge all liability of the Fund and the Trustees for the amount so paid.

#### **5.11 Rights Plans, Distribution Reinvestment and Unit Purchase Plan**

Subject to any required Approvals (and any Unitholder approval imposed by Applicable Laws), the Trustees may establish one or more Unitholder rights plans, distribution reinvestment plans and Unit purchase plans, Unit option plans or other compensation, benefit or incentive plans at any time and from time to time.

#### **5.12 Unclaimed Distributions**

In the event that the Trustees hold any distributable amount that is unclaimed or that cannot be paid for any reason, the Trustees will be under no obligation to invest or reinvest the same, but will only be obliged to hold the same in a current interest or non-interest bearing account pending payment with interest earned (and less applicable taxes, including withholding taxes) to the Person or Persons entitled thereto. The Trustees will, as and when required by Applicable Law, and may at any time prior to such required time, pay all or part of such distributable amount so held to the appropriate Governmental Authority, whose receipt shall be a good and sufficient discharge and release of the Trustees.

### **ARTICLE 6**

#### **REDEMPTION OF TRUST UNITS**

##### **6.1 Right of Redemption**

Each Unitholder shall be entitled to require the Fund to redeem, at any time and from time to time, at the demand of the Unitholder, all or any part of the Units registered in the name of the Unitholder at the prices determined and payable in accordance with the terms and conditions hereinafter provided.

##### **6.2 Exercise of Redemption Right**

- (a) To exercise a Unitholder's right to require redemption under this Article 6, a duly completed and properly executed notice requiring the Fund to redeem Units, in a form approved by the Trustees, shall be sent to the Fund at the head office of the Fund or to the principal corporate trust office of the Transfer Agent together with written instructions as to the number of Units to be redeemed and the Unit Certificate or Unit Certificates representing the Units to be redeemed. No form or manner of completion or execution shall be sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any further evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the Person giving such notice.
- (b) Upon receipt by the Fund of a notice to redeem Units, the holder of such Units tendered for redemption shall thereafter cease to have any rights with respect to such Units (other than to receive the redemption payment therefor), including the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the day of receipt by the Fund of such notice, Units shall be considered to be tendered for redemption on the date (the "**Redemption Date**") that the Fund has, to the satisfaction of the Trustees, received the notice, Unit Certificates and other required documents or evidence as aforesaid.

### 6.3 Cash Redemption

- (a) Subject to Section 6.4, upon receipt by the Fund of the notice to redeem Units in accordance with Section 6.2, the holder of the Units tendered for redemption shall be entitled to receive a price per Unit in cash (hereinafter called the "**Cash Redemption Price**") equal to 90% of the purchase price paid by the Class B Unitholder to acquire his or her Class B Units.
- (b) The Cash Redemption Price payable in respect of the Units surrendered for redemption during any calendar month shall be paid by cheque, drawn on a Canadian chartered bank or a trust company in lawful money of Canada, payable at par to or to the order of the Unitholder who exercised the right of redemption no later than the last day of the calendar month following the month in which the Redemption Date falls. Payments made by the Fund of the Cash Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former Unitholder unless such cheque is dishonoured upon presentment. Upon such payment, the Fund shall be discharged from all liability to the former Unitholder in respect of the Units so redeemed, except with respect to any outstanding payments in respect of such Units pertaining to distributions declared payable thereon to such former Unitholders of record on a date which was prior to the Redemption Date.

### 6.4 No Cash Redemption in Certain Circumstances

Section 6.3 shall not be applicable to Units tendered for redemption by a holder of Units, if the total amount payable by the Fund pursuant to Section 6.3 in respect of such Units and all other Units tendered for redemption in the same calendar month exceeds \$25,000 (the "**Monthly Limit**"); provided that the Trustees may, in their sole discretion, waive such limitation in respect of all Units tendered for redemption in any calendar month; Units tendered for redemption in any calendar month in which the total amount payable by the Fund pursuant to Section 6.3 exceeds the Monthly Limit will be redeemed for cash pursuant to Section 6.3 and, unless any applicable Approvals are required, by a distribution in specie under Section 6.5, on a pro rata basis.

### 6.5 In Specie Redemption

If, pursuant to Section 6.4, Section 6.3 is not applicable to Units tendered for redemption by a holder of Units, then such holder of Units shall, instead of the Cash Redemption Price per Unit specified in Section 6.3, be entitled to receive a price per Unit (the "**in specie Redemption Price**") equal to 90% of the purchase price paid by the Class B Unitholder to acquire his or her Class B Units, and the in specie Redemption Price shall, subject to all necessary Approvals, be paid and satisfied, at the discretion of the Trustees by way of:

- (a) the issuance to or to the order of the redeeming Unitholder such aggregate amount of Redemption Notes as is equal to the aggregate in specie Redemption Price payable to such Unitholder as determined in the discretion of the Trustees;
- (b) the distribution, tender or transfer to or to the order of the redeeming Unitholder of Fund Assets, the value of which is equal to the aggregate in specie Redemption Price payable to such Unitholder as determined in the discretion of the Trustees; or
- (c) by any combination of the issuance of Redemption Notes, the distribution of Fund Assets and cash payment (by way of cheque), to or to the order of the redeeming Unitholder, the value of which, taken together, is equal to the aggregate in specie Redemption Price payable to such Unitholder as determined in the discretion of the Trustees.

Each Redemption Note issued to a redeeming Unitholder shall be in the principal amount of \$100. No fractional Redemption Notes shall be distributed and where the number of Redemption Notes to be received upon redemption by a redeeming Unitholder would otherwise include a fraction, that number shall be rounded down to the next lowest whole number.

In respect of any Fund Assets being transferred in payment of the in specie Redemption Price, the Fund shall be entitled to all interest paid or accrued and unpaid in respect of such Fund Assets (including any instruments on which interest is accruing), to and including the date of transfer thereof.

The in specie Redemption Price payable in respect of the Units tendered for redemption during any calendar month shall be paid within five Business Days after the end of the calendar month in which the Units were tendered for redemption.

Payments by the Fund of the in specie Redemption Price are conclusively deemed to have been made upon the mailing of the Redemption Notes, the documents evidencing ownership of the Fund Assets distributed and/or a cheque in the lawful money of Canada for any cash payment, as the case may be, by registered mail in a postage prepaid envelope addressed to the former Unitholder. Upon such payment, the Fund shall be discharged from all liability to the former Unitholder in respect of the Units so redeemed to the extent of the amount of such Redemption Notes, Fund Assets and/or cash payment, as the case may be.

## **6.6 Purchase for Cancellation**

The Fund may from time to time purchase for cancellation some or all of the Units (or other Securities of the Fund which may be issued and outstanding from time to time) by private agreement or pursuant to tenders received by the Fund upon request for tenders addressed to all holders of record of Units, provided in each case that the Trustees have determined that such purchases are in the best interests of the Fund.

## **6.7 Trustee Redemption Rights**

Notwithstanding any other provision contained herein, the Trustees may redeem all of the Class B Units in the event that North River Limited Partnership disposes of the property or assets purchased with funds obtained from the Fund and upon the Trustees concluding that no further Class B Unit Cash Flow of the Fund is due and owing from North River Limited Partnership to the Fund.

## **6.8 Automatic Redemption**

- (a) At any time following the disposition of the property or assets purchased with funds obtained from the Fund and upon the Trustees concluding that no further Class B Unit Cash Flow of the Fund is due and owing from North River Limited Partnership to the Fund, the Trustees may, in their sole discretion, if deemed necessary, desirable, advisable, or expedient by the Trustees, or for any other reason, redeem any or all of the Class B Units upon delivering not less than fifteen (15) days' written notice (the "**Automatic Redemption Notice**") to the applicable Class B Unitholder(s) of the date of redemption (the "**Automatic Redemption Date**") and the number of Class B Units to be redeemed (the "**Redeemed Class B Units**"). For greater certainty, upon receipt of a Redemption Notice, such Class B Unitholder(s) shall not be entitled to transfer or assign the Redeemed Class B Units to another Person.
- (b) The aggregate price (the "**Automatic Redemption Price**") to be paid by the Trustees to any Class B Unitholder for any redemption of Class B Units pursuant to this Section 6.7(b) shall be 100% of the fair market value of such Class B Units as determined by the Trustees acting reasonably and in good faith in their sole discretion, having reference to property appraisals, if available and such other information as they may consider appropriate.
- (c) The Automatic Redemption Price payable in respect of the Class B Units notified for redemption during any calendar month shall be paid by cheque, drawn on a Canadian chartered bank or a trust company in lawful money of Canada, payable at par to or to the order of the Class B Unitholder who received the Automatic Redemption Notice no later than the last day of the calendar month in which the Automatic Redemption Date falls. Payments made by the Fund of the Automatic Redemption Price are conclusively deemed to have been made upon the date of mailing of a cheque in a postage prepaid envelope addressed to the former Class B Unitholder unless such cheque is



dishonoured upon presentment. Upon such payment, the Fund shall be discharged from all liability to the former Class B Unitholder in respect of the Class B Units so redeemed, except with respect to any outstanding payments in respect of such Class B Units pertaining to distributions declared payable thereon to such former Class B Unitholders of record on a date which was prior to the Automatic Redemption Date.

## **6.9 Cancellation of Unit Certificates for all Redeemed Units**

All Unit Certificates which are redeemed under this Article 6 shall be cancelled and such Units shall no longer be outstanding and shall not be reissued.

# **ARTICLE 7**

## **APPOINTMENT RESIGNATION AND REMOVAL OF TRUSTEE**

### **7.1 Appointment of Trustees and Trustees' Term of Office**

Paul Belter, Terry Kemp and Paul Gaudreau were appointed as the Trustees of the Fund pursuant to this Declaration of Trust. Except as otherwise provided in this Declaration of Trust, the Trustees shall be appointed to hold the office of Trustees under this Declaration of Trust until the successor Trustees have been appointed or they cease to hold office. The sole Trustees (if there is only one) and a majority of the Trustees (if there are more than one) must be residents of Canada (within the meaning of the Tax Act) at all times. Where there are individuals acting in the office of Trustees, in carrying out their duties and exercising their rights and powers hereunder and in all matters relating to the Fund, the Trustees shall act by the decision of a simple majority of them.

### **7.2 Resignation of Trustees**

The Trustees may resign from the office of trustee hereunder on giving not less than 90 days' notice in writing to the Trustees; provided that no such resignation shall be effective until (i) the appointment of, and acceptance of such appointment by, a new Trustees in the place of the resigning Trustees has been made in the manner set out in Section 7.1, and (ii) the legal and valid assumption by the new Trustees of all obligations of the Trustees related hereto in the same capacities as the resigning Trustees.

### **7.3 Consent to Act**

- (a) A Person who is appointed a Trustees hereunder, other than the Trustees whose consent to act is given by the signature to this Declaration of Trust, shall not become a Trustees until that Person has, either before or after such appointment, executed and delivered to the Fund a consent substantially as follows:

"To: North River Trust (the "**Fund**")  
And to: The Trustees thereof

The undersigned hereby consents to act as a Trustees of the Fund and hereby agrees upon the later of the date of this consent and the date of the undersigned's appointment as a Trustees of the Fund, to thereby become a party, as a Trustees, to the Declaration of Trust dated as of \_\_\_\_\_, 20\_\_\_\_\_, as amended from time to time, constituting the Fund.

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

I am a resident of: \_\_\_\_\_.

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

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[Print Name]

- (b) Upon the later of a Person being appointed a Trustees hereunder and executing and delivering to the Fund a consent substantially as set forth in subsection (a) above, such Person shall become a Trustees hereunder and shall be deemed to be a party (as a Trustees) to this Declaration of Trust, as amended from time to time.

#### **7.4 Removal of Trustees**

- (a) Any Trustees or Trustees may be removed from office for cause by resolution passed by not less than two-thirds of the remaining Trustees. Any removal of a Trustee shall take effect immediately following the aforesaid vote or resolution, and any Trustees so removed shall be so notified by the chair or another officer of the Fund forthwith following such removal. A vacancy created by such removal of a Trustee may be filled as set forth in Section 7.8.
- (b) Upon the bankruptcy, dissolution or making of an assignment for the benefit of creditors of or by the Trustees, the Trustees will, in such circumstances, be deemed to have been removed and a new trustee will be appointed by an Ordinary Resolution passed by a vote of Class A Unitholders holding not less than fifty percent (50%) of the Class A Units represented at the meeting and entitled to vote thereon within 180 days of the said bankruptcy, dissolution, assignment or appointment.

#### **7.5 Ceasing to Hold Office**

- (a) A Trustees ceases to hold office when:
  - (i) he or she dies or resigns;
  - (ii) he or she is removed in accordance with this Section 7.5;
  - (iii) he or she is disqualified for any of the reasons specified in Section 7.6; or
  - (iv) he or she ceases to be a Resident, unless at the time he or she ceases to be a Resident a majority of the Trustees, including the Trustees that has ceased to be a Resident, are Residents.
- (b) A resignation of a Trustees becomes effective at the time a written resignation is sent to the other Trustees, or at the time specified in the resignation, whichever is later, provided that if, upon the resignation becoming effective, the number of remaining Trustees would be less than the number necessary to constitute a quorum for a meeting of Trustees or the majority of Trustees would be Non-Residents, the resignation is not effective until the resigning Trustees's successor is duly appointed as a Trustees. Upon a Trustees ceasing to hold office as such hereunder, such Trustees shall cease to be a party (as a Trustees) to this Declaration of Trust; provided however that such Trustees shall continue to be entitled to be paid any amounts owing by the Fund to the Trustees and to the benefits of the indemnity provided in Section 8.4.
- (c) Upon the resignation or removal of any Trustees, or upon a Trustees otherwise ceasing to be a Trustees, the Trustees shall (i) cease to have the rights, privileges and powers of a Trustees under this Declaration of Trust, (ii) execute and deliver all documents that the remaining Trustees shall require for the conveyance of any Fund Assets held in that Trustees's name and to provide for or facilitate the transition of the Fund's activities and affairs to a successor trustee, (iii) account to the remaining Trustees as they may require for all property which that Trustees holds as Trustees, and (iv) resign from all representative or other positions held by such Trustees on behalf of the Fund, including as a director or officer of any Person in which the Fund owns any Securities (directly or indirectly), and shall then be discharged as Trustees. Upon the incapacity or death of any Trustees,

his or her legal representative shall execute and deliver on his or her behalf all documents as the remaining Trustees may require as provided in this Section 7.5. If a Trustees or his or her legal representative, as applicable, is unable or unwilling to execute and deliver such required documents, each of the remaining Trustees is hereby appointed as the attorney of the Trustees for the sole purpose of executing and delivering such required documents.

## **7.6 Qualifications of Trustees**

The following Persons are disqualified from being a trustee of the Fund:

- (a) an individual who is less than 18 years of age;
- (b) an individual who is a Non-Resident;
- (c) an individual who is of unsound mind and has been so found by a court in Canada or elsewhere; and
- (d) a Person who has the status of bankrupt.

The Trustees and any successor to the Trustees or new Trustees appointed under this Article 7 shall be an individual or a corporation and shall be a resident of Canada for the purposes of the Tax Act. In the event that a corporation is appointed as a Trustees, such corporation must at all times, when it is the Trustees, be registered under the laws of the Province of Alberta to carry on the business of a trust company and must have undertaken in writing to discharge all of the obligations and responsibilities of the Trustees under this Declaration of Trust.

## **7.7 Continuing Obligations of the Fund**

Upon the resignation or removal of the Trustees, or the Trustees otherwise ceasing to be the Trustees, it shall:

- (a) Cease to have rights, privileges, powers and authorities of the Trustees hereunder;
- (b) Execute and deliver such documents as the Fund shall reasonably require for the conveyance of any of the Fund Assets held in the Trustees' name; and
- (c) Account to the Fund, as the Fund may require, for all property which the Trustees holds as Trustees.

Upon the Trustees ceasing to hold office as provided in this Article 7, the Trustees shall cease to be a party to this Declaration of Trust; provided however, that the Trustees shall continue to be entitled to payments of any amounts owing by the Fund to the Trustees which had accrued prior to the Trustees ceasing to hold office and provided further that the Trustees and each of their directors, officers, employees, shareholders and agents, as applicable, shall continue to be entitled to the benefit of any indemnity and limitation provisions contained in this Declaration of Trust,

## **7.8 Vacancies**

No vacancy among the Trustees shall operate to annul this Declaration of Trust or affect the continuity of the Fund. Until vacancies are filled, the remaining Trustees (even if less than a quorum) may exercise the powers of the Trustees hereunder so long as a majority of the remaining Trustees are Residents. The remaining Trustees may fill a vacancy among the Trustees. A Trustees appointed to fill a vacancy holds office, subject to Section 7.1, indefinitely. The rights of the Trustees to control and exclusively administer the Fund and to have the title to the Fund Assets drawn up in their names or in the name of any other successor and all other rights of the Trustees at law shall vest automatically in any Person who may, after the date of this Declaration of Trust, become a Trustees upon that Person's due appointment and qualification without any further act, and that Person shall then have all the rights, privileges, powers, authorities, obligations and immunities of a Trustees under this Declaration of Trust whether conveying documents have been executed and delivered.

## **7.9 Successor and Additional Trustees**

The rights of the Trustees to control and exclusively administer the Trustees and to have the title to the Fund Assets and all other rights of the Trustees at law shall vest automatically in any Person who may hereafter become a Trustees upon its due appointment and qualification without any further act and it shall thereupon have all the rights, privileges, powers, obligations and immunities of the Trustees hereunder. Such rights shall vest in the Trustees whether or not conveyancing or transfer documents have been executed and delivered.

## **7.10 Validity of Acts**

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

# **ARTICLE 8 CONCERNING THE TRUSTEES**

## **8.1 Powers of the Trustees**

Subject to the specific limitations contained in this Declaration of Trust, the Trustees shall have, without further or other action or consent, and free from any power or control on the part of the Unitholders full, absolute and exclusive power, control and authority over the Fund Assets and over the affairs of the Fund to the same extent as if the Trustees were the sole and absolute beneficial owners of the Fund Assets in their own right, to do all acts and things as in their sole judgment and discretion are necessary or incidental to, or desirable for, carrying out the trust created under this Declaration of Trust. In construing the provisions of this Declaration of Trust, there shall be a presumption in favour of the powers and authority granted to the Trustees. The enumeration of any specific power or authority in this Declaration of Trust shall not be construed as limiting the general powers or authority or any other specified power or authority conferred in this Declaration of Trust on the Trustees. To the maximum extent permitted by Applicable Law, the Trustees shall, in carrying out investment activities, not be in any way restricted by the provisions of the Applicable Laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees. Without limiting the generality of the foregoing, but subject to any express limitations contained in this Declaration of Trust, the Trustees may make any investments without being required to adhere to all or any particular portion of the investment criteria or diversification requirements set forth in the *Trustees Act* (Alberta), as amended from time to time, and may delegate management and authority to discretionary managers of investment funds as the Trustees in their discretion determines appropriate.

## **8.2 Specific Powers and Authorities**

Without limiting the generality of Section 8.1, the Trustees, without any action or consent by the Unitholders, shall have the following powers and authorities which may be exercised by them from time to time or delegated by them, as herein provided, in their sole judgment and discretion and in such manner and upon such terms and conditions as they may from time to time deem proper:

- (a) to appoint additional Trustees of the Fund;
- (b) to accept subscriptions for Units and to issue Units pursuant thereto;
- (c) to maintain books and records;
- (d) to provide timely reports to Unitholders in accordance with the provisions hereof;
- (e) to effect payment of distributions to Unitholders;

- (f) to deposit funds of the Fund in interest-bearing accounts and short-term investments for the purposes of making investments, paying the expenses and the liabilities of the Fund, paying amounts payable by the Fund in connection with the redemption of any Units or other Securities of the Fund and making distributions to Unitholders;
- (g) to enter into any other obligations on behalf of the Fund; to enter into any subordination agreement on behalf of the Fund or any other Person; to assign, charge, pledge, hypothecate, convey, transfer, mortgage, subordinate, and grant any security interest, mortgage or encumbrance over or with respect to all or any and all assets, property and undertaking of the Fund, including the Fund Assets; to subordinate and postpone the interests of the Fund in the Fund Assets to any other Person; and any agreement in connection with any of the foregoing entered into by the Trustees shall be binding upon, and enforceable in accordance with its terms, against the Fund;
- (h) to possess and exercise all the rights, powers and privileges pertaining to the ownership of all or any part of the assets of the Fund, including, without limitation, the Fund Assets, to the same extent that a natural Person might, unless otherwise limited herein, and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in Person or by proxy or power of attorney, with or without power of substitution, to one or more Persons, which proxies and power of attorney may be for meetings or action generally or for any particular meeting or action and may include the exercise of discretionary power;
- (i) where reasonably required, to engage or employ any Persons as agents, representatives, employees, administrators, consultants or independent contractors (including, without limitation, investment advisers, registrars, underwriters, accountants, lawyers, engineers, appraisers, brokers or otherwise) in one or more capacities;
- (j) to collect, sue for and receive all sums of money coming due to the Fund, and to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, demands or other litigation relating to the Fund, the assets of the Fund or the Fund's affairs, to enter into agreements therefor, whether or not any suit is commenced or claim accrued or asserted and, in advance of any controversy, to enter into agreements regarding the arbitration, adjudication or settlement thereof;
- (k) to arrange for insurance contracts and policies insuring the assets of the Fund against any and all risks and insuring the Fund and/or any or all of the Trustees or the Unitholders against any and all claims and liabilities of any nature asserted by any Person arising by reason of any action alleged to have been taken or omitted by the Fund or by the Trustees or Unitholders;
- (l) to cause legal title to any of the assets of the Fund to be held by and/or in the name of a Trustee, or except as prohibited by law, by and/or in the name of the Fund, or any other Person, on such terms, in such manner, with such powers in such Person as a Trustee may determine and with or without disclosure that the Fund or a Trustee is interested therein, provided that should legal title to any of the assets of the Fund be held by and/or in the name of any Person other than a Trustee or the Fund, a Trustee shall require such Person to execute a trust agreement acknowledging that legal title to such assets is held in trust for the benefit of the Fund;
- (m) to make, execute, acknowledge and deliver any and all deeds, contracts, waivers, releases or other documents of transfer and any and all other instruments in writing necessary or proper for the accomplishment of any of the powers herein granted,
- (n) to pay out of the Fund Assets any and all reasonable expenses of the Fund;
- (o) except as prohibited by law, to delegate any or all of the management and administrative powers and duties of the Trustees to any one or more agents, representatives, officers, employees,

independent contractors or other Persons without liability to the Trustees except as provided in this Declaration of Trust;

- (p) guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of the Partnership or any subsidiary of the Fund and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of the Fund Assets including Securities issued by the Partnership or any subsidiary of the Fund, as security for that guarantee;
- (q) to enter into on behalf of the Fund and observe and perform their obligations and the obligations of the Fund under any agreements with any lender, including, without limitation, compliance with any provisions thereof which may restrict the powers of the Trustees hereunder or preclude the Trustees from acting in certain circumstances on resolutions of the Unitholders as might otherwise be provided for hereunder, and each such agreement entered into by the Trustees shall be binding upon, and enforceable in accordance with their terms against, the Fund;
- (r) without limit as to amount, cost, or conditions of reimbursement, to issue any type of debt securities or convertible debt securities and to borrow money or incur any other form of indebtedness for the purpose of carrying out the purposes of the Fund or for other expenses incurred in connection with the Fund and for such purposes may draw, make, execute and issue promissory notes and other negotiable and non-negotiable instruments or securities and evidences of indebtedness, secure the payment of sums so borrowed or indebtedness incurred and mortgage, pledge, assign or grant a security interest in any money owing to the Fund or engage in any other means of financing the Fund;
- (s) notwithstanding any other specific provision of this Declaration of Trust, to issue Units in settlement of the Fund; and
- (t) to do all such other acts and things as are incidental to this Section 8.2, and to exercise all powers which are necessary or useful to carry on the activities of the Fund, to promote any of the purposes for which the Fund is formed and to carry out the provisions of this Declaration of Trust.

### **8.3 Standard of Care**

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

### **8.4 Indemnification of Trustees**

The Fund (to the extent of the Fund Assets) is liable to, and shall indemnify and save harmless the Trustees and each of their directors, officers, employees, shareholders and agents in respect of:

- (a) any liability and all losses, damages, costs, charges and expenses sustained or incurred in respect of any action, suit or proceeding that is proposed or commenced against the Trustees or against such directors, officers, employees, shareholders or agents, as the case may be, for or in respect of any act, omission or error in respect of the Fund and the Trustees' execution of all duties and responsibilities and exercise of all powers and authorities pertaining thereto;
- (b) all other liability, losses, damages, costs, charges, expenses, taxes, penalties and interest in respect of unpaid taxes or other tax matters; and

- (c) all other expenses and liabilities sustained or incurred by the Trustees in respect of the administration or termination of the Fund;

in each case including the aggregate amount paid in reasonable settlement of any actions, suits, proceedings, investigations or claims and the reasonable fees and expenses of counsel to the indemnified parties that may be incurred in obtaining advice with respect to and defending any action, suit, proceedings, investigation or claim that may be made or threatened against any indemnified party, or that may be incurred in enforcing this indemnity, unless and to the extent any of the foregoing arise principally and directly out of the gross negligence, willful default or fraud of the Trustees or any of their directors, officers, employees, shareholders or agents.

## **8.5 Apparent Authority**

No purchaser, transfer agent or other Person dealing with the Trustees or with any officer, employee or agent of the Trustees shall be bound to make any inquiry concerning the validity of any transaction purporting to be made by the Trustees or by such officer, employee or agent or make inquiry concerning, or be liable for, the application of money or property paid, lent or delivered to or on the order of the Trustees or of such officer, employee or agent. Any Person dealing with the Trustees in respect of any matter pertaining to the Fund Assets and any right, title or interest therein shall be entitled to rely on a certificate, statutory declaration or resolution executed or certified on behalf of the Trustees as to the capacity, power and authority of any officer, employee or any other Person to act for and on behalf and in the name of the Fund.

## **8.6 Survival of Indemnities**

All indemnities, all limitations of liability and all other provisions for the protection of the Trustees provided for in this Declaration of Trust shall survive the termination of this Declaration of Trust and the removal or resignation of the Trustees.

## **8.7 Limitations on Liability of Trustees**

- (a) Subject to the standard of care, diligence and skill set forth in Section 8.3, none of the Trustees nor any director, officer, employee or agent thereof shall be liable to any Unitholder for any action taken in good faith in reliance on any documents that are, prima facie, properly executed; for any depreciation of, or loss to, the Fund incurred by reason of the sale of any security; for the loss or disposition of monies or securities; or for any other action or failure to act including, without limitation, the failure to compel in any way any former trustee to redress any breach of trust or any failure by Affiliates of the Fund to perform obligations or pay monies owed to the Fund, except for a breach of the standard of care, diligence and skill as set out in Section 8.3. If the Trustees have retained an appropriate expert or advisor with respect to any matter connected with their duties under this Declaration of Trust, the Trustees may act or refuse to act based on the advice of such expert or advisor and, notwithstanding any provision of this Declaration of Trust, including, without limitation, the standard of care, diligence and skill set out in Section 8.3 hereof, the Trustees shall not be liable for any action or refusal to act based on the advice of any such expert or advisor which it is reasonable to conclude is within the expertise of such expert or advisor to give.
- (b) Subject to the standard of care, diligence and skill set forth in Section 8.3, none of the Trustees nor any officer, director, employee or agent thereof shall be subject to any liability whatsoever in tort, contract or otherwise, in connection with Fund Assets or the affairs of the Fund, including, without limitation, in respect of any loss or diminution in value of any Fund Assets, to the Fund or to the Unitholders or to any other Person for anything done or permitted to be done by the Trustees. The Trustees shall not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Fund arising out of anything done or permitted or omitted to be done in respect of the execution of the duties of the office of Trustees for or in respect to the affairs of the Fund. No property or assets of the Trustees, owned in their personal capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations under this Declaration of Trust or under any

other related agreements. No recourse may be had or taken, directly or indirectly, against the Trustees in their personal capacity. The Fund shall be solely liable therefor and resort shall be had solely to the Fund Assets for payment or performance thereof.

## **8.8 Voting of Securities Held by the Fund**

Subject to Section 8.9, the Securities held from time to time by the Trustees as part of the Fund Assets may be voted by either Trustees at any and all meetings of securityholders of such Persons in which the Fund holds Securities, at which the holders of such Securities are entitled to vote, in such manner as the Trustees, in their sole discretion, consider to be in the best interests of the Unitholders.

## **8.9 Banking**

The banking activities of the Fund, or any part thereof, shall be transacted with such bank, trust company, or other firm or corporation carrying on a banking business as the Trustees may designate, appoint or authorize from time to time and all such banking activities, or any part thereof, shall be transacted on the Fund's behalf by one or more officers of the Fund or the Trustees as the Trustees may designate, appoint or authorize from time to time including, but without limiting the generality of the foregoing, the operation of the Fund's accounts; the making, signing, drawing, accepting, endorsing, negotiating, lodging, depositing or transferring of any cheques, promissory notes, drafts, acceptances, bills of exchange and orders for the payment of money; the giving of receipts for orders relating to any property of the Fund; the execution of any agreement relating to any property of the Fund; the execution of any agreement relating to any such banking activities and defining the rights and powers of the parties thereto; and the authorizing of any officer of such banker to do any act or thing on the Fund's behalf to facilitate such banking activities.

# **ARTICLE 9**

## **DELEGATION**

### **9.1 General Delegation of Powers**

Except as prohibited by Applicable Law, the Trustees may delegate such authority as the Trustees may in their sole discretion deem necessary or desirable to effect the administration of the duties of the Trustees under this Declaration of Trust, without regard to whether such authority is normally granted or delegated by the Trustees. In accordance with the foregoing, the Trustees may grant broad discretion to administer and manage the day-to-day operations of the Fund, to act as agent for the Fund, to execute documents on behalf of the Fund and to make executive decisions for and on behalf of the Fund. Such Persons shall have the powers and duties delegated thereto and in any administration or management agreement including, without limitation, the power to retain and instruct such appropriate experts or advisors to perform those duties and obligations granted or delegated to the Persons which it is not qualified to perform.

### **9.2 Sub-Delegation**

In respect to any delegation by the Trustees of any of their powers and authorities, as permitted hereunder, to any Person whomsoever, the Trustees, in their absolute discretion, shall be permitted to authorize a delegate to further sub-delegate any such powers and authorities.

### **9.3 Special Committee**

The Trustees shall appoint a special committee (the "**Special Committee**") to consist of not less than three (3) Trustees. The duties of the Special Committee will be to:

- (a) review and recommend to the Trustees whether to approve or reject proposed transactions, including all proposed property transactions (including acquisitions, financings, redevelopments or



dispositions), including any fees payable in connection with such transactions by the Fund or any of its subsidiaries or affiliates;

- (b) receive and, if appropriate, approve and make recommendations to the Trustees regarding the annual and special budgets;
- (c) determine and decide, in the sole discretion of the Special Committee, to enter into or terminate any agreement for the administration of the Fund;
- (d) develop and review the governance of the Fund; and
- (e) assume such other duties as the Trustees may delegate from time to time.

Questions arising at any meeting of the Special Committee shall be decided by a majority of the votes cast. Decisions may be taken by written consent signed by all of the members of the Special Committee. Any member of the Special Committee may call a meeting of the Special Committee upon not less than forty-eight (48) hours' notice. Where for any reason a member of the Special Committee is disqualified from voting on or participating in a decision, any other independent and disinterested Trustee not already a member of the Special Committee may be designated by the Trustees to act as an alternate. Notwithstanding the appointment of the Special Committee, the Trustees may consider and approve any matter which the Special Committee has the authority to consider or approve.

#### **9.4 Liability of Trustees**

The Trustees shall have no liability or responsibility for any acts or omissions of any administrator (or any sub-delegate thereof) arising hereunder or under any administration or management agreement and the Trustees, in delegating to and relying upon an administrator, or any sub-delegate thereof (as the case may be), shall be deemed to have complied with their obligations under this Article 9,

### **ARTICLE 10 AMENDMENT**

#### **10.1 Amendment**

The provisions of this Declaration of Trust, except where specifically provided otherwise, may be amended by the Trustees only with the consent of the Unitholders voting separately as a class evidenced by a Special Resolution; provided that the provisions of this Declaration of Trust may be amended by the Trustees, at any time and from time to time, without the consent, approval or ratification of the Unitholders or any other Person at any time for the purpose of:

- (a) making amendments which, in the opinion of the Trustees, are necessary in order for the Fund to qualify or continue to qualify as a "mutual fund trust" for the purposes of the Tax Act;
- (b) appointing additional Trustees to act as trustees of the Fund;
- (c) making amendments which, in the opinion of the Trustees, are necessary and desirable in order for the Fund not to qualify or cease to qualify as a "SIFT trust" within the meaning of section 122.1 of the Tax Act;
- (d) ensuring continuing compliance with Applicable Laws (including the Tax Act), regulations, requirements or policies of any Governmental Authority having jurisdiction over the Trustees of the Fund;

- (e) making amendments which, in the opinion of the Trustees, provide additional protection or added benefits for the Unitholders;
- (f) removing any conflicts or inconsistencies in this Declaration of Trust or making minor changes or corrections including the correction or rectification of any ambiguities, defective provisions, errors, mistakes or omissions, which are, in the opinion of the Trustees, necessary or desirable and does not materially adversely affect the Unitholders;
- (g) making amendments which, in the opinion of the Trustees, are necessary or desirable and in the interests of the Unitholders as a result of changes in taxation laws or policies of any Governmental Authority having jurisdiction over the Trustees or the Fund;
- (h) for any purpose (except one in respect of which a vote by Unitholders is specifically otherwise required) if the Trustees are of the opinion that the amendment does not materially adversely affect the Unitholders and is necessary or desirable; or
- (i) to provide for the electronic delivery by the Fund to the Unitholders of documents relating to the Fund (including annual and quarterly reports and financial statements and proxy-related materials) in accordance with Applicable Laws from time to time.

but, notwithstanding the foregoing, no such amendment shall be adopted which causes the Fund to fail to qualify as a "mutual fund trust" under the Tax Act or constitute a "SIFT trust" under the Tax Act without the consent of the Unitholders given as set out above. In addition, no such amendment shall modify the right to one vote per Unit or reduce the fractional undivided interest in the Fund Assets represented by any Unit without the consent of the holder of such Unit and no amendment shall reduce the percentage of votes required to be cast at a meeting of the Unitholders for the purpose of this Section 10.1 without the unanimous consent of the Unitholders.

## **10.2 Provision for Supplemental Deed for Certain Purposes**

The Trustees may, without approval of the Unitholders and subject to the provisions hereof, and they shall, when so directed in accordance with the provisions hereof, execute and deliver deeds or instruments supplemental hereto, which thereafter shall form part hereof, for any one or more or all of the following purposes:

- (a) modifying or amending any provisions of this Declaration of Trust in the circumstances set forth in Section 10.1 where the Trustees may do so without the consent, approval or ratification of the Unitholders or any other Person; and
- (b) modifying or amending any provisions of this Declaration of Trust where the modification or amendment has been approved by Special Resolution or, if required, with the consent of the Unitholders as required under the terms of this Declaration of Trust,

and any such deed or instrument supplemental to this Declaration of Trust shall be binding on all parties, including without limitation, all Unitholders on the later of (i) the date of execution of such deed or instrument, and (ii) the effective date of any required approval by Unitholders.

## **ARTICLE 11 MEETINGS OF UNITHOLDERS**

### **11.1 Special Meetings of Class A Unitholders**

Special meetings of the Class A Unitholders may be called at any time by the Trustees and shall be called by the Trustees upon a written request of Class A Unitholders holding in the aggregate not less than 25% of all votes entitled to be voted at any meetings of the Class A Unitholders, such request to be sent to the Trustees at the head

office of the Fund specifying in reasonable detail the purpose or purposes for which such meeting is to be called. The chairman of any annual or special meeting shall be chosen by the Trustees amongst themselves. The Trustees', the officers of the Fund, the Auditors and any other Person approved by the Trustees' may attend meetings of the Class A Unitholders. Upon receiving the requisition described above, the Trustees' will call a meeting of the Class A Unitholders to transact the business referred to in the requisition, unless:

- (a) a record date for a meeting of Class A Unitholders has been fixed;
- (b) the Trustees have called a meeting of Class A Unitholders and have given notice thereof pursuant to Section 11.2; or
- (c) in connection with the business as stated in the requisition:
  - (i) it clearly appears that the matter covered by the requisition is (1) submitted by the Class A Unitholder primarily for the purpose of enforcing a personal claim or redressing a personal grievance against one or more Trustees, the Fund, any of its subsidiaries or affiliates or one or more of the Class A Unitholders, or (2) does not relate in a significant way to the activities or affairs of the Fund;
  - (ii) the Fund, at the Class A Unitholders' request, included a matter covered by a requisition in an information circular relating to a meeting of the Class A Unitholders held within two years preceding the receipt of such request and the Class A Unitholder failed to present the matter, in person or by proxy, at the meeting;
  - (iii) substantially the same matter covered by the requisition was submitted to Class A Unitholders in an information circular relating to a meeting of the Class A Unitholders held within two years preceding the receipt of the Class A Unitholder's request and the matter covered by the requisition was defeated; or
  - (iv) the rights conferred by this Section 11.1 are being abused to secure publicity.

If the Trustees do not, within 30 days after receiving the requisition, call a meeting, any Class A Unitholder who signed the requisition may call the meeting in accordance with the provisions of this Article 11, *mutatis mutandis*. If there are no Trustees, the officers of the Fund will promptly call a special meeting of the Class A Unitholders for the election of successor Trustees, failing which any interested Person (including a Class A Unitholder) may apply to a court of competent jurisdiction to appoint a replacement Trustees. The phrase "**meeting of the Class A Unitholders**" wherever it appears in this Declaration of Trust will mean both annual meetings and any other meetings of the Unitholders.

## **11.2 Notice of Meetings**

Notice of all meetings of Class A Unitholders shall be delivered to each Class A Unitholder at his or her last address on the books of the Fund, mailed at least 21 days and not more than 60 days before the meeting, subject to Applicable Law. Such notice shall specify the time when, and the place where, such meeting is to be held and shall specify the nature of the business to be transacted at such meeting in sufficient detail to permit a Class A Unitholder to form a reasoned judgment thereon, together with the text of any Special Resolution, at the time of mailing of the notice, proposed to be passed. Any adjourned meeting, other than a meeting adjourned for lack of quorum under Section 11.3, may be held as adjourned without further notice. The accidental omission to give notice or the non-receipt of such notice by a Class A Unitholder shall not invalidate any resolution passed at any such meeting. Notwithstanding the foregoing, a meeting of Class A Unitholders may be held at any time without notice if all the Class A Unitholders are present or represented thereat or those not so present or represented have waived notice. Any Class A Unitholder (or a duly appointed proxy of a Class A Unitholder) may waive any notice required to be given under the provisions of this Section 11.2, and such waiver, whether given before or after the meeting, shall cure any default in the giving of such notice.

### **11.3 Quorum**

At any meeting of the Class A Unitholders, subject as hereinafter provided, a quorum shall consist of one (1) or more individuals present in person either holding personally or representing as proxies in aggregate not less than 5% of all votes entitled to be voted at the meeting. If such quorum is not present at the appointed place on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting, if called by request of Class A Unitholders, shall be terminated and, if otherwise called, shall stand adjourned to such day being not less than 14 days later and to such place and time as may be designated by the chairman of the meeting. If at such adjourned meeting a quorum as above defined is not present, the Class A Unitholders present either personally or represented by proxy shall form a quorum, and any business may be brought before, or dealt with at, such an adjourned meeting which might have been brought before, or dealt with at, the original meeting in accordance with the notice calling the same.

### **11.4 Voting Rights of Class A Unitholders**

Only Class A Unitholders of record on the applicable record date shall be entitled to vote. Every question submitted to a meeting, other than a Special Resolution, shall, unless a poll vote is demanded, be decided by a show of hands vote, on which every Person present and entitled to vote shall be entitled to one vote. On a poll vote at any meeting of Class A Unitholders, each Class A Unitholder shall be entitled to the number of votes set out in Section 3.1. At any meeting of Class A Unitholders, any holder of Class A Units may vote by proxy and a proxyholder need not be a Class A Unitholder, provided that no proxy shall be voted at any meeting unless it shall have been received by the Transfer Agent for verification at least 24 hours prior to the commencement of such meeting or such earlier time as the chairman of the meeting may determine. When any Class A Unit is held jointly by several Persons, any one of them may vote at any meeting in person or by proxy in respect of such Class A Unit, but if more than one of them shall be present at such meeting in person or represented by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, the joint owner present or represented whose name appears first in the register maintained pursuant to Section 12.4 shall be entitled to cast such vote.

Class A Unitholders may revoke a proxy by depositing an instrument in writing (which includes another proper form of proxy with a later date), at any time up to and including the last Business Day preceding the day of the meeting, or by depositing it with the chairman of the meeting on the day of the meeting.

### **11.5 Resolutions Binding the Trustees**

Those Class A Unitholders entitled to vote shall be entitled to pass resolutions that will bind the Trustees or the Fund only with respect to the following matters:

- (a) the consent to amendments of this Declaration of Trust proposed by the Trustees other than as provided in Section 10.1;
- (b) the appointment of an Inspector as provided in Section 11.9;
- (c) the termination of the Fund as provided in Section 13.2;
- (d) the ratification of any Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Unit purchase plan, Unit option plan or other compensation plan contemplated herein requiring Unitholder approval under Applicable Laws; and
- (e) any other matters required by Applicable Laws to be submitted to Unitholders for their approval.

Except with respect to the above matters set out in this Section 11.5, no action taken by the those Class A Unitholders entitled to vote or any resolution of the those Class A Unitholders entitled to vote at any meeting shall in any way bind the Trustees. Any action taken or resolution passed in respect of any matter at a meeting of Unitholders shall be by Special Resolution, unless the contrary is otherwise expressly provided under any specific provision of this Declaration of Trust.

## 11.6 Meaning of "Special Resolution"

- (a) The expression "**Special Resolution**" when used in this Declaration of Trust means a resolution proposed to be passed as a special resolution at a meeting of Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the provisions of this Article 11 at which two or more individuals are present in person either holding personally or representing by proxy in aggregate not less than 10% of all votes entitled to be voted at the Meeting and passed by the affirmative votes of the holders of more than 66  $\frac{2}{3}$ % of the votes cast by the Class A Unitholders entitled to vote on such resolution and represented at the meeting and voted on a poll upon such resolution or approved in writing in one or more counterparts by Class A Unitholders holding at least 66  $\frac{2}{3}$ % of the votes represented by the Class A Units entitled to vote on such resolution.
- (b) Notwithstanding Section 11.3, if at any meeting at which a Special Resolution is proposed to be passed, the quorum requirements described in Section 11.3 are not met within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Unitholders, shall be dissolved; but in any other case it shall stand adjourned to such date, being not less than 21 nor more than 60 days later and to such place and time as may be appointed by the chairman of the meeting. Not less than 10 days prior notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 11.2. Such notice shall state that at the adjourned meeting the Unitholders present in person or represented by proxy shall form a quorum but it shall not be necessary to set forth the purposes for which the meeting was originally called or any other particulars. At the adjourned meeting, the Unitholders present in person or represented by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed by the requisite vote as provided in subsection (a) of this Section 11.6 shall be a Special Resolution within the meaning of this Declaration of Trust, notwithstanding that the quorum requirements described in Section 11.6(a) are not met at such adjourned meeting.
- (c) Votes on a Special Resolution shall always be given on a poll and no demand for a poll on a Special Resolution shall be necessary.

## 11.7 Meaning of "Outstanding"

Every Unit issued, certified and delivered hereunder shall be deemed to be outstanding until it shall be cancelled or delivered to the Trustees or Transfer Agent for cancellation provided that:

- (a) if a new Unit Certificate has been issued in substitution for a Unit Certificate which has been lost, stolen, mutilated or destroyed, only one of such Unit Certificates shall be counted for the purposes of determining the number of Units outstanding;
- (b) for the purpose of any provision of this Declaration of Trust entitling holders of outstanding Units to vote, sign consents, requisitions or other instruments or take any action under this Declaration of Trust, Units owned directly or indirectly, legally or equitably, by the Fund or a direct or indirect wholly-owned subsidiary of the Fund, shall be disregarded, except that:
  - (i) for the purpose of determining whether the Trustees shall be protected in relying on any such vote, consent, requisition or other instrument or action only the Units which the Trustees know are so owned shall be so disregarded; and
  - (ii) Units so owned which have been pledged in good faith other than to the Fund or a direct or indirect wholly-owned subsidiary of the Fund shall not be so disregarded if the pledgee shall establish to the satisfaction of the Trustees the pledgee's right to vote such Units in his or her discretion free from the control of the Fund or a direct or indirect wholly-owned subsidiary of the Fund,

For the purposes of this Section 11.7, the Transfer Agent shall provide a certificate which will state the number of Units and the certificate numbers of certificates held by the Fund, the Fund, the Partnership or any subsidiary of the Fund. The Trustees shall be entitled to rely on such certificate in order to disregard the votes of any of the parties mentioned above.

#### **11.8 Record Date for Voting**

For the purpose of determining the Class A Unitholders who are entitled to receive notice of and to vote or act at any meeting or any adjournment thereof, the Trustees may fix a date not more than 60 days and not less than 21 days prior to the date of any meeting of Class A Unitholders as a record date for the determination of Class A Unitholders entitled to receive notice of and to vote at such meeting or any adjournment thereof. Any Class A Unitholder who was a Class A Unitholder at the time so fixed shall be entitled to receive notice of and any Class A Unitholder who was a Class A Unitholder at the time so fixed shall be entitled to vote at such meeting or any adjournment thereof even though the Class A Unitholder has since that time disposed of his or her Units, except to the extent that the transferee of those Class A Units produces properly endorsed Class A Unit Certificates or otherwise establishes that he or she owns the Class A Units, and demands, not later than 10 days before the meeting that his or her name be included in the list of Class A Unitholders before the meeting, in which case the transferee will be entitled to receive notice of and to vote his or her Class A Units at the meeting or any adjournment thereof. In the event that the Trustees do not fix a record date for any meeting of Class A Unitholders, the record date for such meeting shall be the date upon which notice of the meeting is given as provided under Section 11.2.

#### **11.9 Appointment of Inspector**

The Trustees shall call a meeting of Unitholders upon the written request of Unitholders holding in the aggregate not less than 25% of all votes entitled to be voted at the meeting for the purpose of considering the appointment of an inspector to investigate the performance by the Trustees of their responsibilities and duties in respect of the Fund (the "**Inspector**"). If the Trustees do not call a meeting within 30 days after receiving a valid written request, any Unitholder who signed the request may call such a meeting. An Inspector may be appointed for such purpose, at the expense of the Fund, at such meeting by a resolution approved by a majority of the votes cast at the meeting. The Inspector shall not have any powers that are inconsistent with this Declaration of Trust as may be conferred upon him or her at the meeting at which the Inspector is appointed, but in all events shall not have any powers to act in any capacity as the Trustees or in place or instead of the Trustees in any manner under this Declaration of Trust.

#### **11.10 Resolutions in Writing**

Notwithstanding any other provision of this Declaration of Trust, a resolution in writing executed by Class A Unitholders holding a proportion of Class A Units equal to or greater than the proportion of Class A Units required to vote in favour thereof at a meeting of the Class A Unitholders to approve that resolution is valid and binding for all purposes of this Declaration of Trust as if such Class A Unitholders had exercised at that time all of the voting rights to which they were then entitled in favour of such resolution at a meeting of Unitholders duly called for the purpose.

#### **11.11 Binding Effect of Resolutions**

Every resolution passed in accordance with the provisions of this Declaration of Trust at a meeting of Class A Unitholders shall be binding upon all the Unitholders, whether present at or absent from that meeting, and each and every Class A Unitholder shall be bound to give effect accordingly to every such resolution.

#### **11.12 No Breach**

Notwithstanding any other provision of this Declaration of Trust, Class A Unitholders shall have no power to effect any amendment to this Declaration of Trust which would require the Trustees to take any action or conduct the affairs of the Fund in a manner which would constitute a breach or default by the Fund or the Trustees under any agreement binding on, or obligation of the Fund or the Trustees.

## **ARTICLE 12**

### **CERTIFICATES, REGISTRATION AND TRANSFER OF UNITS**

#### **12.1 Nature of Units**

A Unit Certificate shall be issued to each Unitholder representing such holder's Units as described herein. Each Unitholder shall be entitled to a photocopy of the Unit Certificate and the original Unit Certificate shall be held on behalf of the Unitholder by the Fund at the head office of the Fund or by the Transfer Agent at the principal corporate trust office in Calgary, Alberta of the Transfer Agent. The provisions of this Article 12 shall not in any way alter the nature of Units or the relationships of a Unitholder to the Trustees and of one Unitholder to another but are intended only to facilitate the issuance of Unit Certificates evidencing the ownership of Units and the recording of all transactions in respect of Units and Unit Certificates whether by the Fund, securities dealers, stock exchanges, transfer agents, registrars or other Persons. The Units shall be issued in the form of Unit Certificates,

#### **12.2 Unit Certificates**

- (a) Unit Certificates shall, subject to the provisions hereof, be in such form as is authorized from time to time by the Trustees.
- (b) Unit Certificates are issuable only in fully registered form.
- (c) The definitive form of the Unit Certificates shall:
  - (i) be in the English language;
  - (ii) be dated as of the date of issue thereof; and
  - (iii) contain such distinguishing letters and numbers as the Trustees shall prescribe,
- (d) Each Unit Certificate shall be signed on behalf of the Trustees and the Transfer Agent for the Units. Signatures of the Trustees or the Transfer Agent required to appear on such certificate may be printed, lithographed or otherwise mechanically reproduced thereon and, in such event, certificates so signed are as valid as if they had been signed manually. Any Unit Certificate which has one manual signature as provided above shall be valid notwithstanding that one or more Persons whose signature is printed, lithographed or mechanically reproduced no longer holds office at the date of issuance of that Unit Certificate.

#### **12.3 Contents of Unit Certificates**

Until otherwise determined by the Trustees, each Unit Certificate shall legibly set forth on the face thereof, *inter alia*, the following:

- (a) the name of the Fund and the words "A trust created under the laws of the Province of Alberta by a Declaration of Trust dated as of October 14, 2015, or amended and restated from time to time" or words of like effect;
- (b) the name of the Person to whom the Unit Certificate is issued as Unitholder;
- (c) the number of Units represented thereby;
- (d) the date of issue thereof,
- (e) that the Units represented thereby are transferable;

- (f) the words "The Units represented by this certificate are issued upon the terms and subject to the conditions of the Declaration of Trust, which Declaration of Trust is binding upon all holders of Units and, by acceptance of this certificate, the holder assents to the terms and conditions of the Declaration of Trust. A copy of the Declaration of Trust pursuant to which this certificate and the Units represented thereby are issued may be obtained by a Unitholder on demand and without fee from the head office of the Fund" or words of like effect; and
- (g) the words "For information as to the personal liability of a Unitholder, see the reverse side of this certificate" or words of like effect,

Until otherwise determined by the Trustees, each such Unit Certificate shall legibly set forth on the face or the reverse side thereof, *inter alia*, the following:

- (h) "The Declaration of Trust provides that no Unitholder shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any Person in connection with the assets of the Fund or the obligations or the affairs of the Fund and all such Persons shall look solely to the assets of the Fund for satisfaction of claims of any nature arising out of or in connection therewith and the assets of the Fund only shall be subject to levy or execution", or words of like effect; and
- (i) appropriate forms of notice of exercise of the right of redemption and of powers of attorney for transferring Units,

The Unit Certificates may be engraved, printed or lithographed, or partly in one form and partly in another, as the Trustees may determine.

#### **12.4 Register of Unitholders**

A register for the Units shall be kept at the head office of the Fund or at the principal corporate trust office in Calgary, Alberta of the Transfer Agent, which register shall contain the names and addresses of the Unitholders, the respective numbers of Units held by them, the certificate numbers of the Unit Certificates representing such Units and a record of all transfers and redemptions thereof. Branch transfer registers shall be maintained at such other offices of the Transfer Agent as the Trustees may from time to time designate. Only Unitholders whose Unit Certificates are so recorded shall be entitled to receive distributions or to exercise or enjoy the rights of Unitholders hereunder. The Trustees shall have the right to treat the Person registered as a Unitholder on the register of the Fund as the owner of such Units for all purposes, including, without limitation, payment of any distribution, giving notice to Unitholders and determining the right to attend and vote at meetings of Unitholders.

#### **12.5 Transfer of Units**

- (a) Subject to the provisions of this Article 12, the Units shall be fully transferable without charge as between Persons, but no transfer of Units shall be effective as against the Trustees or the Fund or shall be in any way binding upon the Trustees or the Fund until the transfer has been recorded on the register or one of the branch transfer registers maintained by the Trustees, the Fund or the Transfer Agent. No transfer of a Unit shall be recognized unless such transfer is of a whole Unit.
- (b) Subject to the provisions of this Article 12, Units shall be transferable on the register or one of the branch transfer registers only by the Unitholders of record thereof or their executors, administrators or other legal representatives or by their agents or attorneys duly authorized in writing, and only upon delivery to the Fund or to the Transfer Agent, if any, of the original Unit Certificate therefor, properly endorsed or accompanied by a duly executed instrument of transfer or power of attorney and accompanied by all necessary transfer or other taxes imposed by Applicable Law, together with such evidence of the genuineness of such endorsement, execution and authorization and other matters that may reasonably be required by the Trustees or the Transfer Agent. Upon such delivery, the transfer shall be recorded on the register or branch transfer registers and a new Unit Certificate for the Units transferred shall be issued to the transferee and a new Unit Certificate for the balance



of Units not transferred shall be issued to the transferor. The Trustees or the Transfer Agent shall upon request by the Unitholder provide the original Unit Certificate to the Unitholder for endorsement of the transfer pursuant to this Section 12.5.

- (c) Any Person becoming entitled to any Units as a consequence of the death, bankruptcy or mental incompetence of any Unitholder, or otherwise by operation of law, shall be recorded as the holder of such Units and shall receive a new Unit Certificate therefor only upon production of evidence satisfactory to the Trustees or the Transfer Agent and delivery of the existing Unit Certificate to the Trustees or the Transfer Agent, but until such record is made the Unitholder of record shall continue to be and be deemed to be the holder of such Units for all purposes whether or not the Trustees or the Transfer Agent shall have actual or other notice of such death or other event.
- (d) Unit Certificates representing any number of Units may be exchanged without charge for Unit Certificates representing an equivalent number of Units in the aggregate. Any exchange of Unit Certificates may be made at the offices of the Fund or the Transfer Agent where registers are maintained for Unit Certificates pursuant to the provisions of this Article 12. Any Unit Certificates tendered for exchange shall be surrendered to a Trustees or appropriate Transfer Agent and then shall be cancelled.

#### **12.6 Units Held Jointly or in a Fiduciary Capacity**

The Trustees may treat two or more Persons holding any Units as joint owners of the entire interest therein unless their ownership is expressly otherwise recorded on the register of the Fund, but no entry shall be made in the register or on any Unit Certificate that any Person is in any other manner entitled to any future, limited or contingent interest in any Units; provided, however, that any Person recorded as a Unitholder may, subject to the provisions hereinafter contained, be described in the register or on any Unit Certificate as a fiduciary of any kind and any customary words may be added to the description of the holder to identify the nature of such fiduciary relationship, The Fund shall not be required to recognize a Person as having any interest in a Unit, if that Person is not recorded on a register maintained pursuant to Section 12.4.

#### **12.7 Performance of Trusts**

The Trustees, the Unitholders, the Transfer Agent or any other agent of the Fund shall not be bound to be responsible for or otherwise inquire into or ensure the performance of any trust, express, implied or constructive, or of any pledge or equity to which any of the Units or any interest therein are or may be subject, or to ascertain or enquire whether any transfer of any such Units or interests therein by any such Unitholder or by his or her personal representative is authorized by any such trust, pledge, or equity, or to recognize any Person as having any interest therein except for the Person recorded as Unitholder.

#### **12.8 Lost Unit Certificates**

If any Unit Certificate is lost, stolen, destroyed or mutilated, while in the possession of the Fund, the Transfer Agent or the Unitholder, as the case may be, the Trustees or the Transfer Agent may authorize the issuance of a new Unit Certificate for the same number of Units in lieu thereof. The Trustees or the Transfer Agent may in their or its discretion, before the issuance of such new Unit Certificate, require the owner of the lost, stolen, destroyed or mutilated Unit Certificate, or the legal representative of the owner, to make an affidavit or statutory declaration setting forth such facts as to the loss, theft, destruction or mutilation as the Trustees or the Transfer Agent may deem necessary and to surrender any mutilated Unit Certificate, and may require the applicant to supply to the Fund a "lost certificate bond" or a similar bond in such reasonable sum as the Trustees or the Transfer Agent may direct indemnifying the Fund and the Transfer Agent for so doing.

#### **12.9 Death of a Unitholder**

The death of a Unitholder during the continuance of the Fund shall not terminate the Fund or any of the mutual or respective rights and obligations created by or arising under this Declaration of Trust nor give such

Unitholder's personal representative a right to an accounting or take any action in court or otherwise against other Unitholders or the Trustees or the Fund Assets, but shall merely entitle the personal representative of the deceased Unitholder to demand and receive, pursuant to the provisions hereof, a new Unit Certificate in place of the Unit Certificate held by the deceased Unitholder, and upon the acceptance thereof such personal representative shall succeed to all rights of the deceased Unitholder under this Declaration of Trust.

## **12.10 Take-Over Bids**

- (a) If there is a take-over bid for all of the outstanding Units and, within 120 days after the date of such take-over bid, the bid is accepted by holders holding not less than 90% of the Units (such Units subject to the bid are herein referred to as the "**Bid Units**"), other than Bid Units held by or on behalf of, or issuable to, the offeror or an affiliate or associate of the offeror on the date of the take-over-bid, the offeror shall be entitled, on complying with this Section 12.10, to acquire the Bid Units held by the non-tendering offerees.
- (b) An offeror may acquire Bid Units held by a non-tendering offeree by sending by registered mail within 60 days after the date of termination of the take-over bid and in any event within 180 days after the date of the take-over bid, an offeror's notice to each non-tendering offeree stating that:
  - (i) offerees holding not less than 90% of the Bid Units accepted the take-over bid;
  - (ii) the offeror has taken up and paid for the Bid Units of the offerees who accepted the take-over bid;
  - (iii) the non-tendering offeree is required to transfer his Bid Units to the offeror on the terms on which the offeror acquired the Bid Units of the offerees who accepted the take-over bid; and
  - (iv) a non-tendering offeree who is a Unitholder and who does not transfer his Bid Units within 20 days after it receives the offeror's notice hereunder is deemed to have elected to transfer, and to have transferred, his Bid Units on the same terms that the offeror acquired Bid Units from the offerees who accepted the take-over bid.
- (c) Concurrent with sending the offeror's notice under Section 12.10(b), the offeror shall send to the Fund a notice of adverse claim disclosing the name and address of the offeror and the name of the non-tendering offeree with respect to each Bid Unit held by a non-tendering offeree.
- (d) A non-tendering offeree to whom an offeror's notice is sent under Section 12.10(b) shall, within 20 days after it receives that notice, send its Bid Units, or cause same to be sent, to the Fund.
- (e) Within 20 days after the offeror sends an offeror's notice under Section 12.10(b), the offeror shall pay or transfer to the Fund the amount of money or other consideration that the offeror would have had to pay or transfer to a non-tendering offeree if the non-tendering offeree had tendered under the take-over bid.
- (f) The Fund is deemed to hold on behalf of the non-tendering offeree the money or other consideration it receives under Section 12.10(e), and the Fund shall deposit the money in a separate account in a bank or other body corporate any of whose deposits are insured by the Canada Deposit Insurance Corporation (or any successor thereof), and shall place the other consideration in the custody of a bank or such other body corporate. No such monies or other consideration shall form any part of the Fund Assets.
- (g) If the money or other consideration is deposited with the Fund as required by Section 12.10(e) above, then:

- (i) (with respect to each of those non-tendering offerees who have complied with Section 12.10(d), Bid Units held by a non-tendering offeree shall be transferred to the offeror and the Fund shall, without delay upon being satisfied that the Bid Units have been received by or transferred to the Fund in accordance with Section 12.10(d), send to such non-tendering offeree the portion of the money or other consideration deposited with the Fund as required by Section 12.10(e) above and to which such non-tendering offeree is entitled; and
- (ii) with respect to each of those non-tendering offerees who have not complied with Section 12.10(d), send to each such non-tendering offeree a notice stating that:
  - (A) his or her Bid Units have been transferred to the offeror;
  - (B) the Trustees or such other Person designated in such notice are holding in trust the consideration for such Bid Units; and
  - (C) the Trustees or such other Persons will send the consideration to such non-tendering offeree as soon as practicable after receiving such non-tendering offeree's Bid Units, together with such other documents as the Trustees or such other Person may require;

and the Trustees are hereby appointed the agent and attorney of the non-endering offerees for the purposes of giving effect to the foregoing provisions,

## **12.11 Power of Attorney**

Each Unitholder hereby grants to the Trustees and each of them, their successors and assigns, a power of attorney constituting the Trustees, and each of them, with full power of substitution, as his or her true and lawful attorney to act on his or her behalf, with full power and authority in his or her name, place and stead, to execute, under seal or otherwise, swear to, acknowledge, deliver, make or file or record when, as and where required:

- (a) this Declaration of Trust, any amendment or supplement to this Declaration of Trust and any other instrument required or desirable to qualify, continue and keep in good standing the Fund as a mutual fund trust;
- (b) any instrument, deed, agreement or document in connection with carrying on the activities and affairs of the Fund as authorized in this Declaration of Trust, including all conveyances, transfers and other documents required to facilitate any sale or disposition of Units required herein;
- (c) all conveyances and other documents required in connection with the dissolution or liquidation of the Fund in accordance with the terms of this Declaration of Trust;
- (d) any and all elections, determinations or designations, whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Fund or of a Unitholder's interest in the Fund;
- (e) any instrument, certificate and other documents necessary or appropriate to reflect and give effect to any amendment to this Declaration of Trust which is authorized from time to time as contemplated by Article 8; and
- (f) all transfers, conveyances and other documents required to facilitate the acquisition of Units of non-tendering offerees pursuant to Section 12.10.

The power of attorney granted herein is irrevocable, is a power coupled with an interest, and will survive the death, mental incompetency, incapacity, disability or bankruptcy of the Unitholder or the assignment by the Unitholder of all or part of his or her interest in the Fund and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Unitholder. This power of attorney may be exercised by the Trustees on behalf of each Unitholder in executing any instrument by a facsimile signature or by listing all of the Unitholders and executing such instrument with a single signature as attorney and agent for all of them. Each Unitholder agrees to be bound by any representations or actions made or taken by the Trustees pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm any actions taken by the Trustees in good faith under this power of attorneys The Trustees may require, in connection with the subscription for, or any transfer of, Units, that the subscription form or transfer form be accompanied by a certificate of legal advice signed by a lawyer or that the execution of the subscription form or transfer form be witnessed as may be required by an Applicable Laws. This power of attorney shall continue in respect of the Trustees so long they are the Trustees of the Fund, and shall also continue in respect of new Trustees.

## **ARTICLE 13**

### **TERMINATION**

#### **13.1 Term of the Fund**

Subject to the other provisions of this Declaration of Trust, the Fund shall continue for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on October 14, 2015. For the purpose of terminating the Fund by such date, the Trustees shall commence winding-up the affairs of the Fund on such date as may be determined by the Trustees, being not more than two years prior to the end of the term of the Fund.

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

The Class A Unitholders may vote by Special Resolution to terminate the Fund at any meeting of Unitholders duly called by the Trustees for the purpose of considering termination of the Fund, following which the Trustees shall commence winding-up the affairs of the Fund as soon as is reasonably practicable. Such Special Resolution may contain such directions to the Trustees as the Unitholders determine, including a direction to distribute the Securities held by the Fund, or all of them, *in specie*.

#### **13.3 Procedure Upon Termination**

Forthwith upon being required to commence winding-up the affairs of the Fund, the Trustees shall give notice thereof to the Unitholders, which notice shall designate the time or times at which Unitholders may surrender their Units for cancellation and the date at which the registers of Units shall be closed.

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

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

#### **13.5 Sale of Investments**

After the date referred to in Section 13.4 the Trustees shall proceed to wind-up the affairs of the Fund as soon as may be reasonably practicable and for such purpose shall, subject to any direction to the contrary in respect of a termination authorized under Section 13.2, sell and convert into money all Fund Assets in one transaction or in a series of transactions at public or private sales and do all other acts appropriate to liquidate the Fund, and shall in all respects act in accordance with the directions, if any, of the Unitholders (in respect of a termination authorized under Section 13.2). If the Trustees are unable to sell all or any of the Securities or other assets which comprise part of the Fund

Assets by the date set for termination, the Trustees may distribute the remaining Securities or other assets directly to the Unitholders in accordance with their Pro Rata Share, subject to Applicable Law and receipt of necessary Approvals. Any Income of the Fund or Net Realized Capital Gains arising from the sale of such Securities shall be allocated, paid or made payable in accordance with Article 5.

### **13.6 Distribution of Proceeds or Assets**

After paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Trustees shall, subject to Applicable Laws and after obtaining all necessary Approvals, distribute the remaining part of the proceeds of the sale of the Securities and other assets together with any cash forming part of the Fund Assets among the Unitholders in accordance with their Pro Rata Share.

### **13.7 Further Notice to Unitholders**

If less than all of the Unitholders have surrendered their Units for cancellation within six months after the time specified in the notice referred to in Section 13.3, the Trustees shall give further notice to the remaining Unitholders to surrender their Units for cancellation and if within one year after the further notice, all the Units shall not have been surrendered for cancellation, such remaining Units shall be deemed to be cancelled without prejudice to the rights of the holders of such Units to receive their proportionate share of the remaining Fund Assets, and the Trustees may either take appropriate steps, or appoint an agent to take appropriate steps, to contact such Unitholders (deducting all expenses thereby incurred from the amounts to which such Unitholders are entitled as aforesaid) or, in the discretion of the Trustees, may pay such amounts into Court.

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

The Trustees shall be under no obligation to invest the proceeds of any sale of investments or other assets or cash forming part of the Fund Assets after the date referred to in Section 13.4 and, after such sale, the sole obligation of the Trustees under this Declaration of Trust shall be to hold such proceeds in trust for distribution under Section 13.6.

### **13.9 Termination of the Fund**

The Fund shall terminate when all of the Fund Assets have been sold or otherwise disposed of and all other known debts, liabilities and obligations of the Fund have been paid, retired, discharged or provided for.

## **ARTICLE 14**

### **MEETINGS OF TRUSTEES**

#### **14.1 Calling and Notice of Meetings**

Meetings of the Trustees shall be called and held from time to time at such time and at such place as the Trustees may determine, and any one Trustees may give notice of meetings when directed or authorized by such Persons. Notice of each meeting of the Trustees shall be given to each Trustees not less than 48 hours before the time when the meeting is to be held, provided that if a quorum of Trustees is present, the Trustees may without notice hold a meeting immediately following an annual meeting of Unitholders. A Trustees may waive this notice and the presence of such Trustees at such a meeting will be deemed to be a waiver of this notice requirement except where such Trustees attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened. Notice of a meeting of the Trustees may be given verbally, in writing or by telephone, fax or electronic mail. A notice of a meeting of Trustees need not specify the purpose of or the business to be transacted at the meeting. Notwithstanding the foregoing, the Trustees may by resolution from time to time fix a day or days in any month or months for regular meetings of the Trustees at a place and hour to be named, in which case, provided that a copy of such resolution is sent to each Trustees forthwith after being passed and forthwith after each Trustees's appointment, no other notice shall be required for any such regular meeting.

## **14.2 Place of Meetings**

Meetings of the Trustees may be held at any place in Canada. A Trustees who attends a meeting of Trustees, in person or by telephone, is deemed to have consented to the location of the meeting except when he or she attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully held.

## **14.3 Meetings by Telephone**

A Trustees may participate in a meeting of the Trustees by means of telephone, electronic or other communication facilities that permit all Persons participating in the meeting to communicate with each other, provided that a majority of Trustees participating in the meeting are either residents of Canada within the meaning of the Tax Act or present in Canada. A Trustees participating in such a meeting in such manner shall be considered present at the meeting and at the place of the meeting.

## **14.4 Quorum**

The quorum for the transaction of business at any meeting of the Trustees shall consist of one (if there is only one Trustees) and a majority of the number of Trustees then holding office (if there are more than one), provided that a majority of Trustees participating in the meeting are residents of Canada within the meaning of the Tax Act and, notwithstanding any vacancy among the number of Trustees, a quorum of Trustees may exercise all of the powers of the Trustees.

## **14.5 Action by the Trustees**

At all meetings of the Trustees every question shall be decided by a majority of the votes cast on the question. The powers of the Trustees may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all Trustees who would be entitled to vote on that resolution at a meeting of the Trustees. Resolutions in writing may be signed in counterparts (including by facsimile and PDF) each of which shall be deemed to be an original and all originals together shall be deemed to be one and the same instrument.

## **14.6 Adjourned Meeting**

Any meeting of the Trustees may be adjourned from time to time. Further notice of the adjourned meeting need not be given. The adjourned meeting shall be duly constituted if a quorum is present and if it is held in accordance with the terms of the adjournment. If there is not a quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated upon its adjournment.

## **14.7 Remuneration and Expenses**

The Trustees shall be paid such reasonable remuneration for their services as the Trustees may from time to time determine. The Trustees shall also be entitled to be reimbursed for reasonable traveling and other expenses properly incurred by them in attending meetings of the board of Trustees or any committee thereof or in connection with their services as Trustees.

# **ARTICLE 15**

## **GENERAL**

## **15.1 Notices**

- (a) Any notice or other document required to be given or sent to Unitholders under this Declaration of Trust shall be given or sent: (i) by personal delivery; (ii) through ordinary post addressed to the registered Unitholder at his, her or its last address appearing on the register; provided that if there is

a general discontinuance of postal service due to strike, lockout or otherwise, such notice may be given by publication twice in the Report on Business section of the National Edition of *The Globe and Mail*, the Financial Post section of the *National Post* or similar section of any other newspaper having national circulation in Canada; provided further that if there is no newspaper having national circulation, then by publishing twice in the business section of a newspaper in each city where the register or a branch register is maintained; or (iii) by electronic or telecommunications device. Any notice so given shall be deemed to have been given: (i) on the day of delivery, if by personal delivery; (ii) on the day following that on which the letter or document was posted, if mailed, or, in the case of notice being given by publication, after publishing such notice twice in the designated newspaper or newspapers; or (iii) on the date of delivery, if by electronic or telecommunications device. In proving notice was posted, it shall be sufficient to prove that such letter or document was properly addressed, stamped and posted.

- (b) Any written notice or written communication given to the Trustees under this Declaration of Trust shall be addressed to the Trustees at the head office of the Fund and shall be deemed to have been given on the date of delivery or, if mailed, five days from the date of mailing. If any such notice or communication shall have been mailed and if regular mail service shall be interrupted by strikes or other irregularities, such notice or communication shall be deemed to have been received 48 hours after 12:01 a.m. on the day following the resumption of normal mail service, provided that during the period that regular mail service shall be interrupted any notice or other communication shall be given by personal delivery or by fax or other means of prepaid, transmitted or recorded communication.

## **15.2 Failure to Give Notice**

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

## **15.3 Joint Holders**

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

## **15.4 Service of Notice**

Any notice or document sent by post to or left at the address of a Unitholder pursuant to this Article 15 shall, notwithstanding the death, bankruptcy or mental incompetence of such Unitholder, and whether or not the Trustees have notice of such death, bankruptcy or mental incompetence, be deemed to have been fully served and such service shall be deemed sufficient service on all Persons having an interest in the Units concerned.

## **15.5 Information Available to Unitholders**

Each Unitholder shall have the right to obtain, on demand and without any fee, from the head office of the Fund a copy of this Declaration of Trust and any amendments thereto, together with any financial statements with respect to the Fund or the Partnership.

## **15.6 Income Tax: Obligations of the Trustees**

The Trustees shall satisfy, perform and discharge all obligations and responsibilities of the Trustees under the Tax Act (including any obligations of the Fund under Part XIII and Part XIII.2 of the Tax Act) and neither the Fund nor the Trustees shall be accountable or liable to any Unitholder by reason of any act or acts of the Trustees consistent with any such obligations or responsibilities

## **15.7 Income Tax: Election**

In respect of the first taxation year of the Fund, the Fund shall elect pursuant to subsection 132(6.1) of the Tax Act, in the prescribed manner and within the prescribed time, that the Fund be deemed to be a mutual fund trust for the entire year.

## **15.8 Income Tax: Deductions**

Subject to Article 5, the Trustees shall claim the maximum deductions available to the Fund or such lesser amounts as the Trustees may determine to be in the best interests of the Unitholders for the purposes of computing its income pursuant to the provisions of the Tax Act to the extent required to reduce the taxable income of the Fund to nil.

## **15.9 Fiscal Year**

The fiscal year of the Fund shall end on December 31 of each year.

## **15.10 Financial Disclosure**

The Fund will send to Unitholders at least 21 days prior to the date of each annual meeting of Unitholders and, in any event, on or before any earlier date prescribed by Applicable Laws, annual financial information of the Partnership for the fiscal year ended immediately prior to such annual meeting.

## **15.11 Unitholder Meeting Information**

Prior to each meeting of Unitholders, the Trustees will provide to each Unitholder, together with the notice of the meeting:

- (a) a form of proxy which can be used by a Unitholder to appoint a proxy, who need not be a Unitholder, to attend and act at the meeting on behalf of the Unitholder, in the manner and to the extent authorized by the proxy; and
- (b) all information required by Applicable Laws and this Declaration of Trust.

## **15.12 Taxation Information**

Within the time required under the Tax Act, the Fund will provide to Unitholders who received distributions from the Fund in the prior calendar year, such information and forms as may be needed by such Unitholders in order to complete their tax returns in respect of the prior calendar year under the Tax Act and equivalent provincial legislation in Canada.

## **15.13 Execution of Instruments**

The Trustees shall have the authority to sign in the name of and on behalf of the Fund all instruments in writing and any instruments in writing so signed shall be binding upon the Fund without any further authorization or formality. For greater certainty, the foregoing shall not limit in any way the power of the Trustees to delegate to any Person or Persons the authority to sign in the name of and on behalf of the Fund any specific instrument or instruments in writing or instruments in writing generally.



## **ARTICLE 16**

### **AUDITORS**

#### **16.1 Qualification of Auditors**

The Auditors shall be an independent recognized firm of chartered accountants which has an office in Canada.

#### **16.2 Appointment of Auditors**

The Trustees in their absolute discretion may appoint auditors of the Fund to hold such office. The Auditors will receive such remuneration as may be approved by the Trustees.

#### **16.3 Change of Auditors**

The Auditors may at any time be removed by the Trustees and, upon the resignation or the removal of the Auditors, new auditors may be appointed by the Trustees.

#### **16.4 Waiver of Auditors**

The Trustees may in their absolute discretion waive the appointment of auditors of the Fund and appoint accounting advisors for the purpose of a review engagement.

## ARTICLE 17- MISCELLANEOUS

### 17.1 Counterparts

This Declaration of Trust may be simultaneously executed in several counterparts, each of which when executed shall be deemed to be an original, and such counterparts, together, whether in original or facsimile form, shall constitute but one and the same instrument, which shall be sufficiently evidenced by any such original or facsimile counterparts.

### 17.2 Severability

The provisions of this Declaration of Trust are severable. If any provision of this Declaration of Trust shall be held invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall attach only to such provision in such jurisdiction and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Declaration of Trust in any jurisdiction.

### 17.3 Successors and Assigns

The provisions of this Declaration of Trust shall enure to the benefit of, and be binding upon, the parties hereto and their respective heirs, executors, administrators, successors and assigns.

### 17.4 Recitals

The recitals herein are incorporated into this Declaration of Trust.

IN WITNESS WHEREOF each of the undersigned has caused these presents to be executed as of the "21<sup>st</sup>" day of "October", 2015.

#### TRUSTEES:

"Paul Belter"

**Paul Belter**

"Jonathon Wescott"

WITNESS

"Terry Kemp"

**Terry Kemp**

"Jonathon Wescott"

WITNESS

"Paul Gaudreau"

**Paul Gaudreau**

"Jonathon Wescott"

WITNESS

#### INITIAL UNITHOLDER:

"Dan Walsh"

"Jonathon Wescott"

WITNESS

**SCHEDULE B**

**NORTH RIVER LIMITED PARTNERSHIP  
PARTNERSHIP AGREEMENT**

## **NORTH RIVER LIMITED PARTNERSHIP AGREEMENT**

THIS LIMITED PARTNERSHIP AGREEMENT dated for reference the 21<sup>st</sup> day of October, 2015.

AMONG:

**NORTH RIVER PROPERTIES INC.**, an Alberta company having an office at 4203 Roper Road, Edmonton, Alberta T6B3S5

(the "**General Partner**")

OF THE FIRST PART

AND:

**PAUL BELTER**, an individual having an address at 2210 Manulife Place, 10180 – 101 Street, Edmonton, Alberta, T5J 3S4

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

OF THE SECOND PART

AND:

Each party who from time to time is accepted as a limited partner in the **NORTH RIVER LIMITED PARTNERSHIP** or who is a successor of any such person and who becomes a limited partner upon being registered as such under the *Partnership Act* (Alberta)

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

OF THE THIRD PART

WHEREAS:

- A. The Limited Partnership is being formed for the purpose of the Partnership Business (as defined herein).
- B. The General Partner has assumed the obligations and liabilities as general partner of the Limited Partnership; and
- C. The Partners wish to finance the Limited Partnership by the issuance of Units in the Limited Partnership to Investors.

NOW THEREFORE THIS AGREEMENT WITNESSETH that, in consideration of the covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties hereto, the parties covenant and agree as follows:

## ARTICLE 1 INTERPRETATION

### **Definitions**

1.1 In this Agreement, unless the context otherwise requires, the following words or expressions will have the following meanings:

- (a) "**affiliate**" has the same meaning as is ascribed to it in the *Business Corporations Act*, R.S.A. 2000 c.B-9, in effect as of the date of execution hereof;
- (b) "**Accountant**" means such accountant who is a member, or such partnership of chartered accountants whose partners are members, in good standing of the Canadian Institute of Chartered Accountants or the Certified General Accountants Association of Canada and who or which is appointed by the General Partner from time to time as the accountant or auditor of the Limited Partnership;
- (c) "**Capital**" means: (i) with reference to a Limited Partner, the value of money or other property contributed or agreed to be contributed by such Limited Partner upon Subscription for the Units held by that Limited Partner; and (ii) with reference to the Limited Partnership, the aggregate Capital of the Limited Partners;
- (d) "**Capital Account**" means the account established for each Limited Partner by the General Partner and to which the Capital Account will be credited or debited the amounts set out in Section 6.5;
- (e) "**Certificate**" means the certificate of limited partnership pursuant to the Partnership Act in respect of the Limited Partnership, as amended from time to time;
- (f) "**Deferred Plan**" means trust governed by registered retirement savings plans, registered retirement income funds, registered educational savings plans, deferred profit share plans, and/or tax free saving accounts under the *Income Tax Act*;
- (g) "**Fiscal Year**" means the fiscal year of the Limited Partnership as established by the General Partner;
- (h) "**General Partner**" means North River Properties Inc., the general partner of the Limited Partnership on formation, or any replacement thereof admitted as the general partner of the Limited Partnership in accordance with the terms of this Agreement;
- (i) "**Income Account**" means the account established for each Limited Partner by the General Partner in accordance with Section 6.6;
- (j) "**Income Tax Act**" means the *Income Tax Act* R.S.C 1985 c.1, as amended from time to time, together with all regulations made pursuant thereto;
- (k) "**Initial Limited Partner**" means Paul Belter and his successors or assigns;
- (l) "**Investor**" means a Person who subscribes for Units, subject to the acceptance or rejection by the General Partner;

- (m) **"Investment Canada Act"** means the *Investment Canada Act*, R.S.C 1985 c. 28, with all regulations made pursuant thereto;
- (n) **"Limited Partner"** means any Investor whose Subscription is accepted by the General Partner and any Person who acquires Units on a subsequent transfer from a Limited Partner in accordance with the terms of this Agreement;
- (o) **"Limited Partnership"** means the North River Limited Partnership, a limited partnership formed on October 21, 2015 under the Partnership Act;
- (p) **"Loan Agreement"** has the meaning ascribed to it in Section 2.4 hereof;
- (q) **"Management Fee"** means a fee paid for the management of the Limited Partnership, determined by the General Partner at any time and from time to time;
- (r) **"Net Income of the Partnership"** or **"Net Losses of the Partnership"**, for accounting purposes in respect of any fiscal period, means, respectively, the net income or net loss (including the amount of the gain or loss of the Partnership from the disposition of any of the property, assets and undertaking of the Partnership) of the Partnership in respect of such period determined in accordance with Canadian GAAP;
- (s) **"Ordinary Resolution"** means a resolution passed by a majority of the votes cast at a duly convened meeting of the Limited Partners by Limited Partners who, being entitled to do so, vote in person or by proxy at such duly convened meeting, or a resolution consented to in writing, in one or more counterparts, by Limited Partners holding in the aggregate more than 50% of the aggregate number of votes held by those Limited Partners who would have been entitled to vote on such resolution;
- (t) **"Partners"** means collectively the General Partner, the Initial Limited Partner and the Limited Partners, and **"Partner"** means any one of the Partners;
- (u) **"Partnership Act"** means the *Partnership Act*, R.S.A. 2000 c. P-3, as amended from time to time;
- (v) **"Person"** means an individual, corporation, body corporate, partnership, or trust or any trustee, executor, administrator or other legal representative or any legal entity, including, without limitation, qualified pension and profit sharing trusts;
- (w) **"Partnership Business"** has the meaning assigned to it by Section 2.4 hereof;
- (x) **"Proportionate Interest"** means, at any time with reference to a Limited Partner, the proportion which the number of Units of a Series owned by the Limited Partner at such time as recorded in the Register is of the total number of Units of such Series so recorded in the names of all Limited Partners at such time;
- (y) **"Register"** means the records of the Limited Partnership in which are recorded the names and addresses of the Limited Partners, the number of Units held by each Limited Partner and particulars of the transfers of Units;

- (z) **"Registrar and Transfer Agent"** means the General Partner, or such other Person who may be appointed from time to time by the General Partner to act as registrar and transfer agent for the Limited Partnership;
- (aa) **"Series"** means a series of Units;
- (bb) **"Special Resolution"** means a resolution passed by at least two thirds (2/3) of the votes cast at a duly convened meeting of Limited Partners by Limited Partners who, being entitled to do so, vote in person or by proxy at such duly convened meeting, or a resolution consented to in writing, in one or more counterparts, by Limited Partners holding in the aggregate more than 50% of the aggregate number of votes held by those Limited Partners who would have been entitled to vote on such resolution;
- (cc) **"Subscription"** means a subscription for Units made by an Investor;
- (dd) **"Subscription Agreement"** has the meaning ascribed to it in Section 5.4;
- (ee) **"Subscription Price"** means the price set by the General Partner for each Unit of a Series payable by an investor upon subscribing for a Unit;
- (ff) **"Trust"** means North River Trust established by deed of trust dated October 14, 2015, as amended or restated from time to time;
- (gg) **"Trust Commissions"** means any and all commissions and fees payable by the Trust to parties who sell Trust Units and who are entitled to receive such commissions and fees under applicable securities laws;
- (hh) **"Trust Unit"** means a unit of trust (of any class);
- (ii) **"Trust Unitholder"** means at any time the Persons who are the holders of record at that time of one or more Trust Units, as shown on the registers of such holders maintained by the Trust or by a transfer agent on behalf of the Trust;
- (jj) **"Unit"** means, collectively, such limited partnership units as may be created and issued from time to time in accordance with this Agreement; and
- (kk) **"Unit Certificate"** means a certificate issued by the Limited Partnership evidencing the number of Units owned by a Limited Partner.

### **Interpretation**

For the purposes of this Agreement, except as otherwise expressly provided for herein, or unless the context requires:

- (a) "this Agreement" means this limited partnership agreement as it may from time to time be supplemented or amended;
- (b) the headings, subsections and other subdivisions used throughout this Agreement are solely for the convenience of the parties and are not to be used as an aid in the interpretation of this Agreement;

- (c) all accounting terms not otherwise defined in this Agreement have the meanings normally assigned to them and all computations made pursuant to this Agreement will be made in accordance with Canadian GAAP applicable from time to time;
- (d) any reference to a currency in this Agreement is a reference to Canadian currency and accounts of the Limited Partnership will be maintained in Canadian currency;
- (e) any reference to a statute includes such statute and the regulations made pursuant to the statute, with all amendments made to the statute and in force from time to time, and to any statute or regulation that may be passed which has the effect of supplementing or superseding the statute so referred to or the regulations made pursuant to the statute;
- (f) any reference to an entity includes any entity that is a successor to such entity; and
- (g) any words herein importing gender include the masculine, feminine or neuter gender, corporations and partnerships, and the singular number will include the plural number, as the case may be, and vice versa, whenever the context so requires.

## **ARTICLE 2 THE PARTNERSHIP**

### **Formation and Name of Limited Partnership**

2.1 The General Partner and the Initial Limited Partner acknowledge and confirm that the Limited Partnership is hereby formed as a limited partnership in accordance with the laws of the province of Alberta and the provisions of this Agreement to carry on the Partnership Business in common with a view to profit under the name of "North River Limited Partnership" or such other name or names as the General Partner may determine from time to time, provided that the General Partner files an amended Certificate under the Partnership Act as required.

### **Maintaining Limited Partnership and Certificates**

2.2 The General Partner will do all things and cause to be executed and filed the Certificate and any amendment to the Certificate as may be required from time to time. The General Partner will also file any other certificate, document, or instrument required of the Limited Partnership to be filed under the laws of the Province of Alberta or any other jurisdiction for any purpose the General Partner deems advisable. The General Partner and each Limited Partner at the request of the General Partner will execute and deliver as promptly as possible any documents that may be necessary or desirable to further the intent of this Agreement, to continue to qualify the Limited Partnership as a limited partnership under the laws of the Province of Alberta, or to give effect to the continuation of the Limited Partnership under applicable laws. The General Partner will take all necessary action on the basis of information available to it in order to maintain the status of the Limited Partnership as a limited partnership in any jurisdiction where the General Partner deems it advisable to do so.

### **Fiscal Year**

2.3 The Fiscal Year of the Limited Partnership will end in each year on a date to be determined by the General Partner, having reference to the Income Tax Act and the best interests of the Limited Partners or on such other date as the Limited Partners may determine by Special Resolution.



## **Business of the Limited Partnership**

2.4 The sole purpose of the Limited Partnership is to acquire, lease, rent, manage or develop residential, commercial and/or industrial real property in the Province of Alberta, as well as performing such other activities as may be incidental or ancillary to or arising from the foregoing purpose as may be reasonably determined by the General Partner (the "**Partnership Business**").

2.5 The Limited Partnership will not carry on any business other than the Partnership Business and will not otherwise utilize any of its funds except for short-term liquid investments, such as government obligations, certificates of deposit, short-term debt obligations, and interest bearing accounts.

## **Term of Partnership**

2.6 The Limited Partnership will commence upon the date of filing of the Certificate and will continue until it is dissolved in accordance with Article 9 hereof.

2.7 The Limited Partnership will not be dissolved or terminated on the death, bankruptcy, removal, retirement, dissolution, winding-up, receivership, termination of a Partner's interest or mental incompetence of any Partner or upon the transfer of a Unit in the Limited Partnership or the admission of any new Partner.

## **Contribution of Capital**

2.8 The Partners hereinafter listed have contributed the indicated capital amounts set forth opposite their respective names to the Limited Partnership:

<u>Partner and Address</u>	<u>Number of Units</u>	<u>Contribution</u>
Paul Belter 2210 Manulife Place, 10180 – 101 Street, Edmonton, Alberta, T5J 3S4	1 Unit	\$10.00

## **Principal Place of Business**

2.9 The principal place of business of the Limited Partnership will be 4203 Roper Road NW, Edmonton, Alberta T6B 3S5 or such other address as the General Partner may designate from time to time by written notice to the Limited Partners. The Limited Partnership may maintain such other offices, including its registered office, at such addresses as the General Partner may determine from time to time. The General Partner may change the principal place of business or the registered office of the Limited Partnership and the registered office of the General Partner from time to time by giving notice to that effect to all Limited Partners, pursuant to the notice provisions contained in this Agreement.

## **Status of the General Partner**

2.10 The General Partner hereby represents and warrants that:

- (a) it is a body corporate, duly incorporated under the laws of Alberta and that so long as it is the general partner of the Limited Partnership, it will maintain its corporate existence;

- (b) it will carry out its powers and authorities and manage and operate the Limited Partnership and the undertaking, property and assets thereof in a reasonable and prudent manner and will act honestly, in good faith and in the best interests of the Limited Partners and in the business of the Limited Partnership;
- (c) it has and will continue to have the capacity to act as the general partner of the Limited Partnership and its obligations herein do not conflict with or constitute a default under its articles of incorporation, by-laws or any agreement by which it is bound; and
- (d) it will not carry on any business other than the Partnership Business.

### **Status of Each Limited Partner**

2.11 Each Limited Partner hereby represents, warrants and covenants that it:

- (a) is acting as principal;
- (b) if an individual, has the legal capacity and competence to enter into and be bound by this Agreement and all other agreements contemplated hereby;
- (c) if a corporation, partnership, unincorporated association or other entity, is legally competent to execute this Agreement and all other agreements contemplated hereby and to take all actions required pursuant hereto, and further certifies that all necessary approvals of directors, shareholders, partners, members or otherwise have been given;
- (d) is and will continue to be a resident of Canada for the purposes of the Income Tax Act;
- (e) is not and will not become a "non-Canadian" within the meaning of the Investment Canada Act;
- (f) will not assign or transfer a Unit to any Person who is unable to make the representations and warranties provided in this Section 2.11;
- (g) will not transfer the Units in whole or in part in a manner inconsistent with the terms of these representations, warranties and covenants and the provisions of this Agreement regarding the transfer of Units; and
- (h) will, at the request of the General Partner, provide such evidence of its status as the General Partner may require.

### **Limitation on Authority of Limited Partners**

2.12 A Limited Partner may from time to time inquire as to the state and progress of the business of the Limited Partnership and may provide comments as to its management; however no Limited Partner, in its capacity as a Limited Partner, will:

- (a) take part in the management or control of the Partnership Business;
- (b) execute any document which binds or purports to bind the Limited Partnership, the General Partner, the Initial Limited Partner or any other Limited Partner;

- (c) hold itself out as having the power or authority to bind the Limited Partnership, the General Partner, the Initial Limited Partner or any other Limited Partner;
- (d) have any authority to undertake any obligation or responsibility on behalf of the Limited Partnership (except that the General Partner may act on behalf of the Limited Partnership notwithstanding that it may also be a Limited Partner); or
- (e) bring any action for partition or sale with respect to interests of the Limited Partnership in real or personal property, whether corporeal or incorporeal.

### **Number of Partners**

2.13 The Limited Partnership will at all times have at least one General Partner and one or more Limited Partners (or the Initial Limited Partner).

2.14 If a Limited Partner ceases to be a resident of Canada for the purposes of the Income Tax Act or ceases to be a "non-Canadian" within the meaning of the Investment Canada Act, the General Partner may, at its discretion, automatically repurchase the Units held by such Limited Partner at a price equal to the Limited Partner's Capital Account as of the date that such Limited Partner ceases to be a resident of Canada or became a "non-Canadian", as applicable.

## **ARTICLE 3 THE GENERAL PARTNER**

### **Authority of General Partner**

3.1 Subject to those matters requiring an Ordinary Resolution or a Special Resolution, and subject to the provisions of the Partnership Act, the General Partner will carry on the Partnership Business with full power and authority to administer, manage, control and operate the business of the Limited Partnership, and to do or cause to be done any act, take or cause to be taken any proceeding, make any instrument, deed, agreement or document necessary, appropriate or incidental to the carrying on of the business of the Limited Partnership. No Person dealing with the Limited Partnership will be required to inquire into the authority of the General Partner to take any action or make any decision on behalf of or in the name of the Limited Partnership.

### **Powers of General Partner**

3.2 Without limiting the generality of Section 3.1 hereof, it is acknowledged and agreed that the General Partner will have the power and authority to take any such action or make any decision as it considers necessary or desirable in connection with the business and purpose of the Limited Partnership and the sale of the Units and for the formation and operation of the Limited Partnership including but not limited to the following:

- (a) acting as the Registrar and Transfer Agent for the Limited Partnership or retaining another Person to so act;
- (b) executing, delivering and carrying out all agreements, documents and instruments which from time to time require execution by or on behalf of the Limited Partnership;

- (c) appointing, contracting or consulting on behalf of the Limited Partnership with any person to act as a manager, administrator, consultant, accountant, correspondent, lender, technical advisor, lawyer, broker, underwriter, agent, fiduciary, escrow agent, depositary, custodian, registrar, transfer agent, paying agent or in any other capacity deemed by the General Partner as necessary or desirable.
- (d) opening and operating a bank account with one or more banks, trust companies or other banking institutions for the Limited Partnership in the name of the Limited Partnership with full and exclusive signing authority on behalf of the Limited Partnership;
- (e) paying taxes, fees, costs and expenditures reasonably incurred by the Limited Partnership and the Trust;
- (f) managing, administering, conserving, developing, operating, acquiring and disposing of any and all of the properties or assets of the Limited Partnership and in general engaging in any and all phases of the Partnership Business, including without limitation, the power to amend or waive terms or conditions of the Loan Agreement and to pursue all available remedies under the terms of the Loan Agreement;
- (g) the power to: (i) borrow money and incur indebtedness; and (ii) charge, mortgage, hypothecate and/or pledge, free and clear from any and all trusts, all or any of the currently owned or subsequently acquired Limited Partnership's property, to secure such borrowed funds, indebtedness or guarantees;
- (h) executing and delivering any mortgage, pledge or other instrument giving or creating a lien or charge upon all or any part of the Limited Partnership's property, to secure the payment of any indebtedness of the Limited Partnership or the performance of any obligation of the Limited Partnership under any contract or agreement of the Limited Partnership;
- (i) investing funds not immediately required for the operations of the Limited Partnership or the Partnership Business in, and only in, securities of, or guaranteed by, the Government of Canada, the government of any Canadian province or a Canadian chartered bank, which securities mature not more than one year from the date of such investment;
- (j) receiving and releasing, in whole or in part, the collateral or security for all or any part of the Limited Partnership's property;
- (k) foreclosing any mortgage or other security interest forming all or any part of the Limited Partnership's property;
- (l) bringing or defending on behalf of the Limited Partnership any actions or proceedings in connection with the Partnership Business;
- (m) filing any returns, declarations or powers of attorney that may be required by a governmental or like authority;
- (n) making any elections under the Income Tax Act or analogous fiscal legislation;

- (o) determining conclusively the value of any or all of the Limited Partnership's property, in accordance with the principles set out in this Agreement, considering such information and advice as the General Partner, in its sole judgment, may deem material and reliable; and
- (p) executing such documents and instruments as may be reasonably required to give effect to the agreements it has entered into on behalf of the Limited Partnership.

### **Duties of General Partner**

3.3 The General Partner will:

- (a) provide overall management and financial and business planning for the Limited Partnership;
- (b) manage and operate the day-to-day affairs of the Limited Partnership;
- (c) take in and account for income from the Partnership Business;
- (d) make distributions in accordance with this Agreement;
- (e) pay costs and expenditures reasonably incurred by the Limited Partnership and the Trust (including Trust Commissions if applicable);
- (f) make annual reports and such other reports to the Limited Partners as provided for in this Agreement;
- (g) on behalf of the Limited Partnership purchase and maintain insurance of such types and coverages as are customary in Canada for businesses similar to the Partnership Business; and
- (h) maintain books and records as provided for in this Agreement.

### **Reimbursement**

3.4 The General Partner will be reimbursed by the Limited Partnership for the Management Fee as well as all expenses reasonably and properly incurred by the General Partner in conducting the Partnership Business, including the cost of administration, overhead and such professional, technical, administrative and other services and advice as the General Partner considers necessary, provided that the General Partner is not in default of its obligations hereunder in connection with such costs and expenses.

### **Amendment of Agreement**

3.5 The General Partner may, without prior notice to or consent from the Initial Limited Partner or any Limited Partner amend any provision of this Agreement from time to time:

- (a) for the purpose of adding to this Agreement any further covenants, restrictions, deletions or provisions which, in the opinion of the General Partner, acting reasonably, are necessary for the protection of the Limited Partners;

- (b) to cure any ambiguity or to correct or supplement any provisions contained herein, which, in the opinion of the General Partner, acting reasonably, may be defective or inconsistent with any other provisions contained herein, and with respect to which, in the General Partner's reasonable opinion, the cure, correction or supplemental provision does not and will not substantially adversely affect the interests of the Limited Partners; or
- (c) to make such other provisions in regard to matters or questions arising under this Agreement, which, in the opinion of the General Partner, acting reasonably, do not and will not materially adversely affect the interests of the Limited Partners.

3.6 Unless otherwise provided for herein, this Agreement may only be amended with the consent of the Limited Partners given by Special Resolution (with each outstanding Series of Units entitled to vote separately as a Series).

### **Power of Attorney**

3.7 Each Limited Partner hereby irrevocably nominates, constitutes and appoints the General Partner, with full power of substitution, as his agent and true and lawful attorney to act on his behalf with full power and authority in his name, place and stead, to execute, under seal or otherwise, swear to, acknowledge, deliver, and record or file, as the case may be, as and where required:

- (a) this Agreement, and all declarations, Certificates, and any instrument required to continue and keep in good standing the Limited Partnership as a limited partnership in the Province of Alberta and any other jurisdiction in which the Limited Partnership carries on business from time to time;
- (b) any instrument and any amendment to the Certificate necessary to reflect any amendment to this Agreement;
- (c) any instrument required in connection with the dissolution and termination of the Limited Partnership;
- (d) any instrument required in connection with any election, designation, application or determination relating to the Limited Partnership under the Income Tax Act and any analogous fiscal legislation;
- (e) any document which the General Partner deems necessary or appropriate to be executed or filed in connection with the business, property, assets and undertaking of the Limited Partnership;
- (f) the documents necessary to be filed with the appropriate governmental body or authority in connection with the business, property, assets and undertaking of the Limited Partnership;
- (g) the documents, on behalf and in the name of the Limited Partnership, as may be necessary to give effect to the Partnership Business as discussed hereunder including, without limitation, any deed, indenture, debenture, mortgage, guarantee, or other security document charging the whole or any part of the assets of the Limited Partnership or pledging, mortgaging, assigning or otherwise encumbering any interest of a Limited Partner, in or to the assets or undertaking of the Limited Partnership;

- (h) any instruments relating to the admission of substituted Limited Partners;
- (i) the documents, on its behalf and in its name, as may be necessary to give effect to the sale of a Unit or to give effect and commit it to any contributions required under the terms of this Agreement; and
- (j) all other instruments and documents on its behalf and in its name or in the name of the Limited Partnership as may be deemed necessary or desirable by the General Partner to carry out fully the terms of this Agreement; provided that, any action taken by the General Partner pursuant to the foregoing will only be authorized where such action is in accordance with the terms of this Agreement and such action has been approved by General Partner and nothing contained herein will authorize the General Partner to bind the Limited Partner personally;

and to complete, amend or modify any of the foregoing to complete any missing information or correct any clerical or other errors in the completion of any of the foregoing.

3.8 The power of attorney granted herein is irrevocable, is a power coupled with an interest, shall survive the death, disability or other legal incapacity of a Limited Partner and shall survive the assignment, to the extent of the obligations of the Limited Partner under this Agreement, by the Limited Partner of the whole or any part of the interest of the Limited Partner in the Partnership, and extends to and is binding upon the heirs, executors, administrators, successors and assigns of the Limited Partner, and may be exercised by the General Partner, on behalf of a Limited Partner, by executing any instrument as General Partner of the Partnership, by executing any instrument with a single signature as attorney and agent for the Limited Partners or by such other form of execution as the General Partner may determine, and it shall not be necessary for the General Partner to execute any document or instrument under seal; however, the General Partner may, in its discretion, execute documents or instruments under seal. This power of attorney will not terminate on the dissolution of the Limited Partnership but will continue in full force and effect thereafter for the purposes of concluding any matters pertaining to the Limited Partnership, to the activities previously carried on by the Limited Partnership or to the dissolution of the Limited Partnership and the winding up of its affairs.

3.9 Each Limited Partner agrees to be bound by any representation or actions made or taken in good faith by the General Partner pursuant to such power of attorney in accordance with the terms of the Subscription Agreement or in accordance with this Agreement, and hereby waives any and all available defences which may be available to it, to contest, negate or disaffirm the action of the General Partner taken in good faith under such power of attorney.

### **Income Tax Claims and Deductions**

3.10 The General Partner will cause the Limited Partnership to claim the maximum amount allowable in each year for income tax purposes in respect of capital cost allowance and costs of initial services incurred by the Limited Partnership unless to do so would not, in the General Partner's reasonable opinion, be in the best interests of the Limited Partnership and the Limited Partners as a group, or would unfairly advantage some Limited Partners to the detriment of the others.

### **Delegation**

3.11 The General Partner may contract with any Person to carry out any of the duties of the General Partner and may delegate to such Person any power or authority of the General Partner hereunder, but no such contract or delegation will relieve the General Partner of any of its obligations hereunder.

### **Transactions Involving Affiliates**

3.12 A member of the General Partner or any affiliate of the General Partner may be employed by or retained by the Limited Partnership to provide goods or services to the Limited Partnership if the goods or services are provided on terms no less favourable than could be obtained in an arm's length transaction or on the terms disclosed in an offering memorandum or other offering document issued by the Limited Partnership from time to time. The validity of any transaction, agreement or payment involving the Limited Partnership and any affiliate of the General Partner otherwise permitted by the terms of this Agreement will not be affected by reason of the relationship between the General Partner and such affiliate.

### **Safekeeping of Assets**

3.13 The General Partner is responsible for the safekeeping and use of all of the funds of the Limited Partnership, whether or not in its immediate possession or control, and will not employ or permit another to employ the funds or assets of the Limited Partnership except for the exclusive benefit of the Limited Partnership.

### **Liability of General Partner**

3.14 The General Partner will have unlimited liability for the debts, obligations and losses and any other liabilities and obligations of the Limited Partnership.

### **Limitation of Liability of General Partner**

3.15 The General Partner will not be personally liable to the Limited Partnership or the Limited Partners for the return of Capital or for the performance of any act or for any failure to act so long as such act or failure to act was performed within the scope of its authority and in good faith, and so long as it was not guilty of negligence or wilful misconduct in such act or failure to act.

### **Indemnification of the General Partner**

3.16 The Limited Partnership will indemnify the General Partner, its directors, officers, employees and agents from and against any claims made against any of them by, or any liabilities incurred by any of them to, any Person or entity other than the Limited Partnership or the Limited Partners by reason of any act or failure to act so long as same was performed within the scope of its authority and in good faith provided, however, that the Limited Partnership will not indemnify the General Partner, its directors, officers, employees and agents from and against claims or liabilities resulting from the negligence or wilful misconduct of any of them. The indemnification herein will be made from assets of the Limited Partnership and no Limited Partner will be personally liable to any Person in respect of such indemnification.

### **Conflicts of Interest**



3.17 The Limited Partners acknowledge that the General Partner's associates, affiliates and their respective directors and officers, and the directors and officers of the General Partner, may and are permitted to be engaged in and continue in other businesses in which the Partnership will not have an interest and which may be competitive with the activities of the Partnership. Without limitation, the General Partner's associates, affiliates and their respective directors and officers, and the directors and officers of the General Partner may, and are permitted to, act as a partner, shareholder, director, officer, employee, consultant, joint venturer, advisor or in any other capacity or role whatsoever of, with or to, other entities, including limited partnerships, which may be engaged in all or some of the aspects of the affairs of the Partnership and may be in competition with the Partnership.

Some or all of the directors and/or officers of the General Partner are directors and/or officers of Paragon Partners Inc. and may be directors, officers and/or trustees of other entities that may acquire Units, which number of Units so acquired may be significant.

### **Consent to Conflicts of Interest**

3.18 The Limited Partners agree that the activities and facts as set forth in Section 3.17 shall not constitute a conflict of interest or breach of fiduciary duty to the Partnership or the Limited Partners, the Limited Partners hereby consent to such activities and the Limited Partners waive, relinquish and renounce any right to participate in, and any other claim whatsoever with respect to, any such activities. The Limited Partners further agree that neither the General Partner nor any other party referred to in Section 3.17 will be required to account to the Partnership or any Limited Partner for any benefit or profit derived from any such activities or from such similar or competing activity or any transactions relating thereto by reason of any conflict of interest or the fiduciary relationship created by virtue of the position of the General Partner hereunder.

### **Restrictions**

3.19 The General Partner will not cause the Limited Partnership to sell or otherwise dispose of all or substantially all of its assets unless such sale or disposition is approved by a Special Resolution. The granting of any security for advances made to the Limited Partnership will not be deemed to be a disposition within the meaning of this Section.

### **Commingling of Funds**

3.20 The funds and assets of the Limited Partnership will not be commingled with funds or assets of the General Partner or of any other Persons other than in connection with the ownership of property jointly or in common with others.

### **Assignment of Interest of General Partner**

3.21 The General Partner may not sell, assign or otherwise transfer its interest or rights as the General Partner in the Limited Partnership, except with the prior approval of the Limited Partners given by Special Resolution.

### **Removal of General Partner**

3.22 Upon the bankruptcy, dissolution or making of an assignment for the benefit of creditors of or by the General Partner or upon the appointment of a receiver of the assets of the General Partner, the General Partner will, in such circumstances, be deemed to have been removed and a new general partner will be appointed by an Ordinary Resolution passed by a vote of Limited Partners holding not less than

fifty percent (50%) of the Units represented at the meeting and entitled to vote thereon within 180 days of the said bankruptcy, dissolution, assignment or appointment.

3.23 The General Partner may otherwise be removed by a resolution passed at a meeting of the Limited Partners holding not less than eighty percent (80%) of the Units, provided that a new General Partner is appointed at the meeting and the new General Partner assumes the responsibilities of the removed General Partner and causes to be delivered to such removed General Partner a release of its liabilities under this Agreement. In the event of the removal of the General Partner, the successor general partner will cause the Limited Partnership to pay the removed General Partner all accrued amounts allocable to the removed General Partner up to the date of such removal.

#### **Prohibition on Non-Corporate General Partners**

3.24 The Partners hereby covenant and agree that no individuals or entities other than corporations may be admitted as General Partner of the Limited Partnership and that any successor General Partner will be a corporation.

### **ARTICLE 4 LIMITED PARTNERS**

#### **Limited Liability of Limited Partners**

4.1 Subject to the provisions of the Partnership Act, the liability of a Limited Partner for the debts, liabilities and obligations of the Limited Partnership will be limited to the amount of the Capital contributed by the Limited Partner plus that Limited Partner's Proportionate Interest in any undistributed income of the Limited Partnership. Where the Limited Partners have received the return of all or a part of their contributed Capital, they are nevertheless liable to the Limited Partnership, or where the Limited Partnership is dissolved, to its creditors, for any amount, not in excess of the amount returned with interest, necessary to discharge the liabilities of the Limited Partnership to all creditors who have extended credit or whose claims arose before the return of the contributed Capital.

#### **Indemnity of the Limited Partners**

4.2 The General Partner will indemnify and hold harmless each Limited Partner for any costs, liabilities, damages or expenses incurred by a Limited Partner if his liability is not limited in the manner provided for herein unless the liability arises out of any negligence or misconduct of such Limited Partner.

### **ARTICLE 5 THE UNITS**

#### **Capital**

5.1 The capital of the Limited Partnership will consist of an unlimited number of Units, issuable in Series. The General Partner at its sole discretion shall have the power to designate the subscription price for each Series of Units.

## **Nature of Units**

5.2 Subject to Sections 6.9 and 6.10, all issued and outstanding Units of a particular Series will be equal in nature and will have the same rights and obligations, including:

- (a) the right to vote to the extent permitted by this Agreement;
- (b) the right to receive distributions from the Limited Partnership; and
- (c) the obligation to contribute to the Limited Partnership.

Each Limited Partner acknowledges that the funds raised pursuant to an offering of Units of a particular Series will be used to conduct the Partnership Business and that the Net Income or Net Losses of the Partnership attributable to such funds will be allocated among the holders of Units of such Series. Accordingly, the Net Income or Net Losses attributable to a particular Series may not be identical.

Subject to Section 6.3, no Unit will have any preference, conversion, exchange, pre-emptive or redemption rights in any circumstances over any other Unit. Except as otherwise provided for by the terms of this Agreement, all Net Income of the Partnership and Net Losses of the Partnership will be allocated to the Limited Partners according to their Proportionate Interests.

Each Unit of each Series is entitled to participate equally with the Units of the same Series. Except as otherwise specified in this Agreement, each Unit of a Series shall be identical to all other Units of the same Series in all respects and, accordingly, shall entitle the holder to the same rights and obligations as a holder of any other Unit of the same Series. No Limited Partner shall, in respect of any Unit held by any such Limited Partner, be entitled to any preference, priority or right in any circumstance over any other Limited Partner in respect of any Unit of the same Series held by the other Limited Partner.

## **Offering(s) of Units**

5.3 Subject to Section 5.1 the General Partner is entitled to raise Capital for the Limited Partnership from time to time by such means and in such jurisdictions as the General Partner deems appropriate. The General Partner may, in its sole discretion, determine the terms and conditions of the sale of Units or other securities of the Limited Partnership from time to time and may carry out any activity in that regard including the preparing and filing of prospectuses, offering memoranda and other documents, paying the expenses of issue and entering into agreements with any Person providing for a commission or fee, and all things done by the General Partner in that regard prior to the execution of this Agreement are hereby ratified and confirmed.

## **Subscription Agreement**

5.4 A Person wishing to become a Limited Partner will deliver to the General Partner at its principal place of business at North River Trust, c/o Kemway Contractors (2006) Ltd., 4203 Roper Road NW, Edmonton, Alberta T6B 3S5 a completed subscription agreement in such form as may be approved by the General Partner from time to time, ("**Subscription Agreement**") and will execute and deliver, under seal or otherwise, such other documents and instruments, including powers of attorney, as the General Partner may request. The General Partner may, in its sole discretion, refuse to accept any Subscription for Units, and if a Subscription is not accepted, the Subscription Price will be refunded.

## **Limited Partners**

5.5 Upon acceptance by the General Partner of any Subscription Agreement, and upon payment by the subscriber of the Subscription Price in respect of that Subscription, all Partners will be deemed to consent to the admission of the subscriber as a Limited Partner, and the General Partner will execute this Agreement on behalf of the subscriber, will cause the Register or such other documents as may be required to be filed or amended under the Partnership Act or similar legislation in other jurisdictions, to be filed or amended specifying the prescribed information and will cause such information in respect of the new Limited Partner to be included in the Register and other books and records of the Limited Partnership.

## **Unit Certificate**

5.6 Upon the acceptance by the General Partner of a Subscription for a Unit or Units and payment of the Subscription Price for such Unit or Units, a Unit Certificate will be issued in respect of the Unit or Units stating the name of the registered holder, the number of Units held, and stating that the Unit or Units are fully paid. The Unit Certificate evidencing the Units will be in the form as is from time to time approved by the General Partner and will be signed manually or by facsimile signature of the General Partner. The Unit Certificates representing the Units will be held by the Limited Partnership's registrar and transfer agent, unless a Limited Partner makes written request to take delivery of that Limited Partner's Unit Certificate, and a copy of the certificates sent to the registered holders.

5.7 The Limited Partnership will not be bound to issue more than one Unit Certificate in respect of a Unit or Units held jointly by more than one Person, and the delivery of one such Unit Certificate to one such joint Unit holder will be sufficient delivery to all.

5.8 The Limited Partnership will have a lien on a Unit registered in the name of a Limited Partner for any debt of that Partner owing to the Limited Partnership. If a Limited Partner is so indebted to the Limited Partnership, such Limited Partner agrees that the Unit Certificate evidencing such Unit will be retained by the General Partner and pledged to the Limited Partnership as security for such debt.

## **Effective Date**

5.9 The rights and obligations of a subscriber as a Limited Partner under this Agreement commence and are enforceable by and upon the Limited Partner as between the Limited Partner and the other Partners from the date on which the Certificate is amended as required by the Partnership Act, adding such Limited Partner as a Limited Partner of the Limited Partnership, and Units in respect of which a Subscription Agreement has been accepted by the General Partner will thereupon be deemed to be issued.

## **Issue Expenses**

5.10 The General Partner, as agent for and for the account of the Limited Partnership, will pay all costs, commissions, disbursements, fees and expenses incurred in connection with any offering of the Units pursuant to Section 5.3. All such costs, commissions, disbursements, fees and expenses will be and remain a primary obligation of the Limited Partnership.

## **Receipt**

5.11 The receipt of any money, securities or other property from the Limited Partnership by a Person in whose name any Unit is recorded or by the duly authorized agent of such Person in that regard, will be sufficient discharge for all money, securities and other property payable, issuable or deliverable in respect of such Unit and from all liability of the Limited Partnership to see to its application.

## **Registrar and Transfer Agent**

5.12 The General Partner, or such other Person as the General Partner may appoint from time to time, will:

- (a) maintain a registered office in Alberta for the Limited Partnership;
- (b) maintain at the registered office a register to record the names and addresses of the Partners (the "**Register**"), the number of Units held by each Limited Partner and particulars of registration and assignment of Units;
- (c) maintain such other records as may be required by law;
- (d) make on behalf of the Limited Partnership all recordings or filings with any governmental authority that are required to be made by the Limited Partnership; and
- (e) keep an original of the Certificate and an original of this Agreement at the registered office of the Partnership.

5.13 The General Partner will be authorized to make such reasonable rules and regulations as it may consider necessary or desirable in connection with the Register, including the form and content of the Register, the times when the Register may be closed, establishment of record dates, the documentation required to record assignments of Units and other matters.

## **Assignment and Transfer of Units**

5.14 No Limited Partner may transfer any Unit or Units without the prior written consent of the General Partner.

## **Fractions of Units**

5.15 No assignment of a fraction of a Unit may be made or will be recognized or entered in the Register.

## **Liability on Transfer**

5.16 When an assignment and transfer of any Unit is completed and the transferee is registered as the Limited Partner, the transferor of that Unit will thereupon be relieved of all obligations and liabilities under this Agreement to the extent permitted by law and the transferee will assume such obligations and liabilities.

### **Successors in Interest**

5.17 The Limited Partnership will continue notwithstanding the withdrawal, removal or admission of any new General Partner or Limited Partner.

### **Lost Unit Certificates**

5.18 If a Unit Certificate has been defaced, lost, destroyed, or wrongly taken, the General Partner will cause a new Unit Certificate to be issued therefor if the Limited Partner in whose name the Unit Certificate is recorded files with the General Partner proof of loss and an indemnity bond in form and in an amount sufficient to indemnify and hold harmless the General Partner from any costs, damages, liabilities or expenses incurred as a result of issuing such new Unit Certificate and satisfies such other reasonable requirements as are imposed by the General Partner.

### **Inspection of Register**

5.19 Any Limited Partner, or an agent of a Limited Partner duly authorized in writing, will have the right to inspect and take extracts from the Register during normal business hours and upon payment of a reasonable fee to the General Partner, and to obtain a copy of the Register not more than 10 days after the date of filing of his written request therefor with the General Partner at its registered office.

### **Non-Recognition of Trust Arrangements**

5.20 The General Partner will not be obliged to recognize, acknowledge or account to any trust arrangement, charge, pledge or equity with respect to any Unit and will not recognize any Person as having any interest in any Unit except for the Person recorded on the Register or shown on the Certificate, as the holder of such Unit. The receipt of the Person in whose name any Unit is recorded on the Register will be a sufficient discharge for all amounts paid in respect of such Unit and from all liability therefor.

### **Incapacity, Death, Insolvency or Bankruptcy**

5.21 The General Partner will cause to be recorded in the Register the name of any Person becoming entitled to any Units in consequence of the incapacity, death or insolvency or bankruptcy of any Limited Partner, or otherwise by operation of law, as the holder of such Units upon:

- (a) production of the proper evidence of such entitlement and such other evidence as may be required by law and upon compliance with the requirements of the General Partner; and
- (b) delivery of the form of transfer as may be required by the General Partner from time to time, duly completed and properly executed.

Such Person will then be entitled to receive a new Unit Certificate upon delivery of the existing Unit Certificate or upon compliance with Section 5.18.

### **Changes to Membership or Information**

5.22 No change of name or address of a Limited Partner, no transfer of a Unit of a Limited Partner in the Limited Partnership, and no admission of a substituted Limited Partner in the Limited Partnership will be effective for the purposes of this Agreement until all reasonable requirements of the General

Partner with respect to the transfer have been met and until such change, transfer, substitution or addition is duly reflected in an amendment to the Register prepared and recorded as may be required by the Partnership Act. The names and addresses of the Limited Partners as reflected from time to time in the Register, as from time to time amended, will be conclusive as to such facts for such purposes of the Limited Partnership.

### **General Partner as a Limited Partner**

5.23 The General Partner may subscribe for and acquire Units or purchase Units by private contract or in the market and will be entered on the Register and the Certificate as a Limited Partner in respect of such Units and will be entitled to all of the rights of a Limited Partner under this Agreement except as otherwise provided in this Agreement.

## **ARTICLE 6 CONTRIBUTIONS, ALLOCATIONS AND DISTRIBUTIONS**

### **Capital Contributions**

6.1 It is hereby acknowledged and agreed that as of the date hereof, the Initial Limited Partner has made a Capital contribution of \$10.00. This contribution entitles the Initial Limited Partner to an interest in the profits of the Limited Partnership and to the return of its \$10.00 Capital contribution, and such other rights as are specifically set out herein.

6.2 The contribution of each Limited Partner to the Capital of the Limited Partnership is the Subscription Price for the Units paid by the Limited Partner.

6.3 The Capital contribution by the Initial Limited Partner will be redeemed forthwith by the Limited Partnership upon the completion of an offering of Units pursuant to Section 5.3.

### **Additional Capital Contributions and Partner Loans**

6.4 No Limited Partner will be required to make any additional capital contribution in excess of that required for the Subscription Price of such Limited Partner's Units, unless the General Partner is authorized by Special Resolution of the Limited Partners to request additional capital contributions from the Limited Partners. If the Partnership requires additional funding, the General Partner may also request that one or more Limited Partners voluntarily loan funds to the Partnership. If a Limited Partner elects to make such a loan to the Partnership, the Partnership will be required to repay such loan, together with interest thereon, in priority to any distributions of amounts in respect of cash flow from the business of the Partnership.

### **Capital Account**

6.5 The General Partner will establish and maintain a separate capital account (each a "**Capital Account**") for each Limited Partner to which will be credited the amount of Capital contributed by each Limited Partner. The Capital Account of each Limited Partner will be debited with the amount of Capital returned to the Limited Partner by the Limited Partnership on a redemption or return of capital. No interest will be payable on such accounts.

### **Income Account**

6.6 The General Partner will establish and maintain a separate income account for each Limited Partner to which will be credited any Net Income of the Partnership allocated to such Limited Partner pursuant to the terms of this Agreement. The Income Account of each Limited Partner will be debited with any Net Losses of the Partnership allocated to such Limited Partner and any distributions of Net Income of the Partnership to such Limited Partner pursuant to the provisions of this Agreement. No interest will be payable on such accounts.

### **No Right of Withdrawal**

6.7 No Partner will have any right to withdraw or make a demand for withdrawal of any Capital or receive any other distribution from the Limited Partnership except as expressly provided for in this Agreement and unless such withdrawal satisfies the requirements of the Partnership Act.

### **Liability for Further Assessment on Limited Partners**

6.8 The liability of each Limited Partner for the debts and losses of the Limited Partnership is limited to the amount of its capital contribution to the Limited Partnership. A Limited Partner will have no further personal liability for such debts and losses and following the delivery of its contribution to the Limited Partnership and it will not be subject to, or be liable for, any further calls or assessments or further contributions to the Limited Partnership.

### **Allocation of Partnership Net Income and Net Losses**

6.9 The Net Income or Net Losses of the Partnership will be allocated and distributed among the Limited Partners in accordance with their Proportionate Interests.

### **Distributions**

6.10 Distributions of the Net Income or Net Losses of the Partnership or the Capital will be made at such time or times and in such amount or amounts as the General Partner, in its sole discretion, may determine, provided that any amounts distributed to the Limited Partners will be in accordance with their Proportionate Interests. The General Partner will use reasonable commercial efforts to distribute the Net Income or Net Losses of the Partnership on a monthly basis.

### **Allocation for Tax and Accounting Purposes**

6.11 The Net Income or Net Losses of the Partnership for a Fiscal Year for income tax and accounting purposes will be allocated among the Partners in the same manner in which cash flow and distributions are ultimately distributed to such parties (excluding returns of capital and repayments of loans) with such adjustments as necessary to be made on a cumulative basis.

### **Effect of Assignment on Distribution**

6.12 If, during the Fiscal Year, a Limited Partner assigns or transfers a Unit, and such Limited Partner is not entitled to transfer the Unit, the General Partner will not distribute to that Limited Partner any share of the profits available for distribution in respect of the Unit transferred and will not allocate any profits or losses to such Limited Partner's Capital Account as of the date of the transfer, but will allocate the profit or loss to the Capital Account of the beneficial holder of the Unit as at the end of the Fiscal Year.



## **Adjustment**

6.13 If, as determined by the General Partner, any Limited Partner has received a distribution which exceeds such Limited Partner's entitlement at any time, such Limited Partner will forthwith repay to the Limited Partnership the amount of such excess upon receiving notice thereof from the General Partner requiring payment. Until paid, such amount will bear interest at the rate of interest charged by The Royal Bank of Canada in accordance with prevailing market conditions on short term loans and designated by it as its "prime rate" plus 2% per annum, compounded monthly. The General Partner may deduct such amount together with accumulated interest from any subsequent distribution to such Limited Partner.

## **Debit Balance of Account**

6.14 The interest of a Partner in the Limited Partnership will not terminate by reason of a debit balance in that Partner's Capital Account.

## **Redemptions**

6.15

- (a) Each Limited Partner hereby consents to: (i) any redemptions of a particular Series of Units held by the Trust upon request by the Trust where such request is made as a result of corresponding redemptions of Trust Units by the Trust effected in accordance with the Declaration of Trust governing the Trust; or (ii) any redemptions in the sole discretion of the General Partner of Units of a particular Series held by any Limited Partner following the date which is 60 months after the issuance date of a particular Unit and effected in accordance with this Section 6.15.
- (b) Notice of Redemption. Provided that, in the view of the General Partner, acting reasonably, the Partnership is able to comply with subsection 62(1)(a) of the Partnership Act, the General Partner may, in its sole discretion, if deemed necessary, desirable, advisable, or expedient by the General Partner, or for any other reason, redeem any or all of the Units of a particular Series upon delivering not less than 5 days' written notice (the "**Redemption Notice**") to the applicable Limited Partner(s) of the date of redemption (the "**Redemption Date**") and the number of Units to be redeemed (the "**Redeemed Units**"). For greater certainty, upon receipt of a Redemption Notice, such Limited Partner(s) shall not be entitled to transfer or assign the Redeemed Units to another Person.
- (c) Redemption Price. The aggregate price (the "**Redemption Price**") to be paid by the General Partner to a Limited Partner for any redemption of a particular Series of Units pursuant to this Section 6.15 shall be determined based on the following procedures (in order of priority):
  - (i) an allocation shall be made to pay the expenses of liquidation and redemption associated with such Series and the creditors of the Partnership Business attributable to such Series;
  - (ii) an allocation shall be made to pay all liabilities of the Limited Partnership associated with the Partnership Business attributable to the Series, including any

loans or advances made by the Limited Partners and including any amounts owing to the General Partner in respect of costs and expenses owing to it pursuant to this Limited Partnership Agreement, in the manner required by law;

- (iii) an allocation shall be made to establish such reserves for dissolution of the Limited Partnership as the General Partner considers necessary;
  - (iv) each Limited Partner of such Series shall be returned the amount of their Capital Account; and
  - (v) any balance then remaining shall be distributed to the Limited Partners of such Series in accordance with their Proportionate Interests.
- (d) **Effect of Redemption.** Upon such redemption, the Limited Partner's Capital Account in respect of the Redeemed Units shall be adjusted to zero, and the Redeemed Units of such Limited Partner shall be cancelled. The General Partner shall use its best efforts to deliver payment representing the Redemption Price in the form of cash, cheque, money order, or wire transfer, to the Limited Partner on the Redemption Date.

## **ARTICLE 7 PARTNERSHIP MEETINGS**

### **Special Meetings**

7.1 The General Partner may, at any time, and will, upon the Limited Partners' request, convene a meeting of Limited Partners. In the event the General Partner fails to call such meeting within 30 days after receipt of such Limited Partners' request to call such meeting, any Partner may call such meeting. Every meeting will be held at a reasonable time and place. For the purposes of this paragraph, "Limited Partners' request" means a written instrument requesting the General Partner to convene a meeting signed in one or more counterparts by Limited Partners holding not less than 40% of the issued Units other than those Units held by the General Partner.

### **Notice of Meetings**

7.2 Notice of any Partners' meeting will be given to each Limited Partner at its address shown in the Register and to the General Partner. The notice will be mailed by prepaid registered mail at least 21 days prior to the meeting and will specify the time and place of the meeting and the nature of all business to be transacted. Notice for adjourned meetings will be given not less than 10 days in advance and otherwise in accordance with the provisions for notice contained in this section, except that it need not specify the nature of the business to be transacted. Accidental failure to give notice to a Partner will not invalidate a meeting or proceeding thereat.

### **Quorum**

7.3 A quorum at any meeting of the Partners will consist of two Limited Partners present in person or by proxy and representing at least 30% of the Units. If such quorum is not present within one-half hour after the time fixed for the holding of such meeting, the meeting will be adjourned to be held not later than 14 days thereafter, on a date to be fixed by the chair of the meeting, and the quorum for the adjourned meeting will be the number of Limited Partners present at the adjourned meeting in person

or represented by proxy. Any business may be transacted at the adjourned meeting which might properly have been transacted at the original meeting.

### **Voting**

7.4 At all meetings of the Partnership, each Partner will be entitled to one vote for each Unit owned. Only Partners of record or a person appointed by proxy will be entitled to vote. Every question submitted to a meeting, except questions requiring a Special Resolution, will be decided by a show of hands unless a poll is demanded, in which case a poll will be taken. A poll will be taken on every matter requiring a Special Resolution. At any meeting of the Partners on a matter voted upon:

- (a) for which no poll is required or requested, a declaration made by the chairman of the meeting as to the voting on a particular resolution will be conclusive evidence thereof; and
- (b) for which a poll is required or requested, the result of the poll will be deemed to be the decision of the meeting on the question or resolution in respect of which the poll was taken.

### **Record Dates**

7.5 The General Partner may, up to 30 days in advance of a meeting, cause the Register to be closed for up to 21 days to determine the holders of Units for purposes of the meeting and any adjournment thereof.

### **Proxies**

7.6 At any meeting of Partners, any Partner entitled to vote may vote by proxy in the following form, provided the proxy will have been received by the General Partner for verification prior to the meeting:

#### **Instrument of Proxy**

I, \_\_\_\_\_, of \_\_\_\_\_, in the Province of \_\_\_\_\_, being the owner of \_\_\_\_\_ Series \_\_\_\_\_ Unit(s) of **NORTH RIVER LIMITED PARTNERSHIP**, hereby appoint \_\_\_\_\_ in the Province of \_\_\_\_\_, as my proxyholder, with full power of substitution, to vote for me and on my behalf at the meeting of Partners to be held on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, and every poll that may take place in consequence thereof.

WITNESS my hand this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Any individual may be appointed by proxy and every instrument of proxy will be considered valid unless challenged by a Partner or holder of another proxy prior to or at the time of its exercise. The chairman will determine the validity of any challenged instrument of proxy.

### **Validity of Proxy Vote**

7.7 A vote cast in accordance with the terms of an instrument of proxy will be valid notwithstanding the previous death, incapacity, insolvency or bankruptcy of the Partner giving the proxy or the revocation of the proxy unless written notice of such death, incapacity, insolvency, bankruptcy or revocation will have been received by the chairman of the meeting prior to the time such vote is cast.

### **Information Circular**

7.8 No person will solicit proxies unless such person, concurrently with or prior thereto, delivers or sends an information circular to each Partner whose proxy is solicited. The information circular will conform insofar as is applicable to the form and content prescribed by the *Securities Act* (Alberta) and the regulations thereunder. It will not be necessary to send to each Partner a copy of any document to be ratified, confirmed or approved if such document is made available for inspection through the General Partner. A proxy solicited in contravention of this section will be invalid and will confer no right to vote upon the holder thereof.

### **Powers Exercisable by Special Resolution**

7.9 The following powers will only be exercisable by Special Resolution passed by the Limited Partners:

- (a) consenting to an amendment of this Agreement except as otherwise provided for herein;
- (b) waiving any default by the General Partner on such terms as the Limited Partners may determine;
- (c) agreeing to any compromise or arrangement by the Limited Partnership with any creditor or class of creditors;
- (d) changing the Fiscal Year;
- (e) amending, modifying, altering or repealing any Special Resolution previously passed by the Limited Partners;
- (f) dissolving or terminating the Limited Partnership;
- (g) approving a settlement of an action against the General Partner as a result of a breach of its duties; and
- (h) creating or issuing additional interests in the Limited Partnership of a different class than the Units or where such additional interests would have a preference or priority over the existing Units in respect of distributions, income or loss, or return of contributed Capital.

### **Powers Exercisable by Ordinary Resolution**

7.10 Any other matters to be determined by the Limited Partners other than as otherwise expressly provided for herein will be determined by Ordinary Resolution.

## **Minutes**

7.11 Minutes of the proceedings of every meeting of Partners will be made and recorded by the General Partner. Minutes, when signed by the chairman of the meeting, will be prima facie evidence of the matters therein stated. Until the contrary is proven, every meeting in respect of which minutes have been made will be taken to have been duly held and convened and all proceedings referred to in the minutes will be deemed to have been duly passed.

## **Conduct of Meetings**

7.12 The chairman of any meeting will be a person nominated in writing by the General Partner unless and until a chairman is selected by Ordinary Resolution. Meetings will be conducted as required by this Agreement and as determined in the meeting where procedures are not prescribed herein. Representatives of the General Partner, the Accountant and any advisor of a Partner or the Limited Partnership may attend any meeting, address the meeting and move any resolution.

## **Resolutions Binding**

7.13 Any Special Resolution or Ordinary Resolution will be binding on all Partners and their respective heirs, executors, administrators, other legal representatives, successors and assigns, whether or not such Partner was present or represented by proxy at the meeting at which such resolution was passed and whether or not such Partner voted against such resolution.

# **ARTICLE 8 ACCOUNTING AND FINANCIAL INFORMATION**

## **Books of Account**

8.1 The General Partner will keep and maintain or cause to be kept and maintained full, complete and accurate books of account and records of the Partnership Business. As required by the Partnership Act, the Register and other prescribed documents will be kept at the Limited Partnership's registered office. A Partner will not have access to any information of the Limited Partnership which, in the reasonable opinion of the General Partner exercised in good faith, should be kept confidential in the interests of the Limited Partnership.

## **Financial Statements**

8.2 All financial transactions of the Limited Partnership will be recorded and accounted for in accordance with Canadian GAAP, consistently applied.

## **Appointment of Accountant**

8.3 The General Partner will, on behalf of the Limited Partnership, retain the Accountant to review and report to the Partners upon the financial statements of the Limited Partnership for each Fiscal Year and to review as at the end of each Fiscal Year, the balance of the Capital Account for each Limited Partner.

## **Annual Report**

8.4 Within 120 days after the end of each Fiscal Year, or such shorter period as may be practical in the circumstances, the General Partner will forward to each Partner an annual report for such Fiscal Year containing unaudited financial statements of the Limited Partnership for the Fiscal Year just ended with comparative financial statements for the immediately preceding Fiscal Year if applicable. The annual report will also contain a report on the financial statements, a report on allocations and distributions to Partners, and other information material to the Partnership Business.

## **Income Tax Information**

8.5 Within 90 days after the end of each Fiscal Year, the General Partner will forward to each Limited Partner information as to the taxable income or loss and credits and charges to Capital allocated to such Limited Partner and such other information as is necessary to enable such Limited Partner to file tax returns containing such Limited Partner's income from the Limited Partnership for such Fiscal Year.

# **ARTICLE 9 DISSOLUTION AND LIQUIDATION**

## **Dissolution**

9.1 The Limited Partnership will be dissolved on the earliest of:

- (a) the passing of a Special Resolution approving the dissolution of the Limited Partnership;
- (b) the dissolution of the Limited Partnership by operation of law or judicial decree; or
- (c) the date upon which the Limited Partnership disposes of all of its property and otherwise ceases to carry on the Partnership Business.

## **Distribution upon Dissolution**

9.2 Upon the dissolution of the Limited Partnership, the assets of the Limited Partnership will be liquidated and all proceeds thereof collected by the General Partner and all such proceeds will be distributed as follows:

- (a) to pay the expenses of liquidation and the creditors of the Limited Partnership;
- (b) to pay all liabilities of the Limited Partnership including any loans or advances made by the Limited Partners and including any amounts owing to the General Partner in respect of costs, fees, and expenses owing to it pursuant to this Agreement, in the manner required by law;
- (c) to establish such reserves as the General Partner considers necessary;
- (d) to return to each Limited Partner the amount of their Capital Account; and

- (e) to distribute any remaining proceeds to the Limited Partners, if any, in accordance with their Proportionate Interests.

Alternatively, the Limited Partners may approve by Special Resolution distributions of all assets of the Limited Partnership in kind or *in specie* in which event each Limited Partner will, subject to the provisions contained herein, be entitled to receive an undivided interest in each and every asset of the Limited Partnership in accordance with such Limited Partner's Proportionate Interest as of the date of dissolution or sale.

## **ARTICLE 10 MISCELLANEOUS**

### **Notices**

10.1 Any notice, direction or request required or permitted to be given hereunder will be in writing and will be given by personal service, e-mail, facsimile, or registered letter, with postage fully prepaid, addressed as follows:

- (a) if to the General Partner:

North River Properties Inc.  
4203 Roper Road NW  
Edmonton, Alberta, T6B 3S5  
Attention: Paul Belter  
Fax: 1.780.461.2699  
E-mail: [info@kemway.com](mailto:info@kemway.com)

- (b) if to a Limited Partner, to the address of such Limited Partner as it appears on the Register.

Any notice, direction or request delivered personally will be deemed to be received by and given to the addressee on the day of delivery. Any notice, direction or request delivered by facsimile or e-mail will be deemed to be received on the delivery or transmission thereof, as the case may be. Any notice, direction or request mailed as aforesaid will be deemed to have been received by and given to the addressee on the third business day following the date of mailing except in the event of a disruption of postal service, in which event notice will be delivered personally or given by e-mail or facsimile. The General Partner will advise the Limited Partners in any change in the above address for the General Partner and each Limited Partner will advise the Registrar and Transfer Agent of any change in the address shown on the Register (or their facsimile or e-mail address).

Any notice required to be delivered to a Limited Partner under this Agreement may be delivered in electronic form. Each Limited Partner hereby agrees and consents to receiving such notices or information in electronic format and further expressly waives any right to receive such notices or information in physical form.

### **Provisions Severable**

10.2 Each provision of this Agreement will be severable. If any provision hereof is illegal or invalid, such illegality or invalidity will not affect the validity of the remainder of this Agreement.

## **Counterparts**

10.3 This Agreement may be executed in any number of counterparts with the same effect as if the parties hereto had all signed the same document. This Agreement may also be adopted in any subscription form or similar instrument signed by a Limited Partner, with the same effect as if such Limited Partner had executed a counterpart of this Agreement. All counterparts of this Agreement will be construed together and will constitute one instrument.

## **Time**

10.4 Time is of the essence of this Agreement.

## **Proper Law**

10.5 This Agreement will be governed by and construed in accordance with the laws of the Province of Alberta.

## **Further Assurances**

10.6 The parties agree to execute and deliver such further documents and do such things as may be necessary in order to give full effect to this Agreement.

## **Successors and Assigns**

10.7 Subject to any restrictions on assignment and transfer contained in this Agreement, this Agreement will enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement as of the date first written above notwithstanding its actual date of execution.

**NORTH RIVER PROPERTIES INC., as)**  
**General Partner** )

\_\_\_\_\_) )  
"Paul Belter" )  
Director ) C/S  
Paul Belter )  
)

\_\_\_\_\_) )  
**PAUL BELTER** )

\_\_\_\_\_) )  
"Paul Belter" )  
Authorized Signatory of Initial Limited Partner ) C/S  
)  
)



)  
Each person who from time to time becomes a)  
Limited Partner, by his/her or its agent or attorney,)  
**NORTH RIVER PROPERTIES INC.** )  
)  
)  
*“Paul Belter”* )  
Director )  
Paul Belter )  
)

C/S

**SCHEDULE C**

**NORTH RIVER TRUST PRO FORMA (INCLUDING COMMERCIAL SOLUTIONS  
ACQUISITION)**

### North River Trust Pro Forma

	<b>Building #2 Commercial Solutions Building</b>	<b>Building #1 Glenville (Existing)</b>	<b>Total</b>
1. Acquisition Price	9,900,000	10,150,000	20,050,000
2. Mortgage Balance April 1, 2016	6,800,000	6,979,982	13,779,982
3. Closing Costs and Excess Cash	(170,400)	(100,382)	(270,782)
4. Equity	3,270,400	3,270,400	6,540,800

1. = 2. less 3. plus 4.

Base Rent	693,000	661,063	1,354,063
Less: Non-Recoverable	(17,966)	(15,917)	(33,883)
Less: Mortgage Principal and Interest	(394,764)	(388,980)	(783,744)
Annual Cash Flow	280,270	256,166	536,436
Annual Return on Equity	8.57%	7.83%	8.20%

Mortgage Principal Repayment Total	567,853	549,731	1,117,584
Annual Average (3 year term)	189,284	199,902	389,186
Annual Return on Equity	5.79%	6.11%	5.95%

Total Annual Return	14.36%	13.94%	14.15%
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Mortgage on Building #1 was \$7,050,000@2.72%; 3 year term; 25 year amortization

Mortgage on Building #2 will be \$6,800,000@3.10%; 3 year term; 25 year amortization

**SCHEDULE D**

**FINANCIALS FOR**  
**NORTH RIVER TRUST**  
**NORTH RIVER LIMITED PARTNERSHIP**  
**NORTH RIVER PROPERTIES INC.**

**NORTH RIVER TRUST**  
**Financial Statements**  
**As at December 31, 2015**

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**Pennock Acheson Nielsen Devaney  
Chartered Accountants**

2201 Toronto Dominion Tower  
10088 - 102 Avenue  
Edmonton, Alberta T5J 2Z1

Telephone: (780) 496-7774  
Facsimile: (780) 423-0582

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## INDEPENDENT AUDITOR'S REPORT

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To the Unitholders of North River Trust

We have audited the accompanying financial statements of North River Trust, which comprise the statement of financial position as at December 31, 2015 and the statements of income and comprehensive income, unitholders' capital and cash flows for the three month period then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

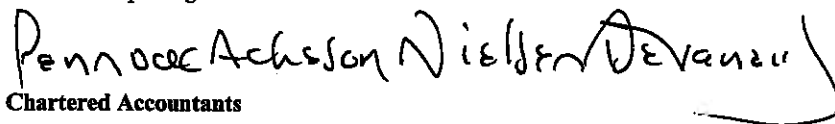
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of North River Trust as at December 31, 2015 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

  
Chartered Accountants

March 30, 2016

**NORTH RIVER TRUST**  
**Statement of Financial Position**  
**As at December 31, 2015**

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**ASSETS**

**CURRENT**

Cash	\$ 1,500
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INVESTMENT IN NORTH RIVER LIMITED PARTNERSHIP	<u>3,200,000</u>
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\$ <u>3,201,500</u>
---------------------

**UNITHOLDERS' CAPITAL**

\$ <u>3,201,500</u>
---------------------

**APPROVED BY THE TRUSTEES**

\_\_\_\_\_  
*Trustee*

\_\_\_\_\_  
*Trustee*

**NORTH RIVER TRUST**

**Statement of Income and Comprehensive Income**

**Three Month Period Ended December 31, 2015**

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**NET INCOME AND COMPREHENSIVE INCOME**

**\$ -**

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**NORTH RIVER TRUST****Statement of Unitholders' Capital****Three Month Period Ended December 31, 2015**

	2014				2015	
	Balance	Net Income	Contributions	Withdrawals	Balance	
Class A partner units	\$ -	\$ -	\$ 1,500	\$ -	\$ 1,500	
Class B partner units	-	-	3,200,000	-	3,200,000	
	\$ -	\$ -	\$ 3,201,500	\$ -	\$ 3,201,500	

**NORTH RIVER TRUST****Statement of Cash Flows****Three Month Period Ended December 31, 2015**

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**NET INFLOW (OUTFLOW) OF CASH RELATED TO  
THE FOLLOWING ACTIVITIES:****INVESTING ACTIVITY**

Investment in North River Partnership	<u>\$ (3,200,000)</u>
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**FINANCING ACTIVITY**

Partners' contributions	<u>3,201,500</u>
-------------------------	------------------

**INCREASE IN CASH**

1,500
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**CASH - BEGINNING OF PERIOD**

-
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**CASH - END OF PERIOD**

<u>\$ 1,500</u>
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# **NORTH RIVER TRUST**

## **Notes to Financial Statements**

**Three Month Period Ended December 31, 2015**

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### **1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

North River Trust (the "Trust") is an unincorporated open-ended trust established by the Trust's Declaration of Trust dated October 14, 2015. The Trust is intended to be a "mutual fund trust" for the purposes of the Income Tax Act (Canada).

The Trust was formed to raise funds pursuant to an offerings for the purposes of acquiring class B units ("Class B Units") in the Trust. The Trust shall use the proceeds from the sale of Class B Units to make capital contribution to North River Limited Partnership (the "Partnership"), a Canadian limited partnership. The Partnership is considered a related party due to common officers and directors of the Trust. The Partnership acquires real estate properties in Western Canada from the funds raised from the sale of its Partnership Units to the Trust.

The head office address of the Trust is 4203 Roper Road, Edmonton, Alberta T6B 3S5.

The Trustee's of the Trust are Paul Belter, Terry Kemp, and Paul Gaudreau (the "Trustee's"). The Administrator of the Trust is North River Properties Inc. (the "Administrator"). These financial statements were authorized for issue by the Trustee's on March 30, 2016.

#### *Basis of presentation*

The financial statements have been prepared on historical cost basis except for held for trading financial assets which are measured at fair value with changes in fair value recorded to earnings.

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

These financial statements reflect the assets, liabilities, revenues and expenses of the Trust and do not include any other assets, liabilities, revenues or expenses of the unitholders.

#### *Measurement uncertainty*

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period reported. Although these estimates are based on management's best knowledge, actual results may ultimately differ materially from these estimates. Information about areas of estimation uncertainty in applying accounting principles that have the most significant effect on the amounts recognized in the statements are as follows:

#### *Fair value of financial instruments*

The Partnership determines fair values of financial instruments each reporting period. Significant estimates and assumptions were used in determining the fair value of these financial instruments. Changes to input assumptions would impact the fair value of these financial instruments and any gain or loss on the fair value of these financial instruments that may need to be recognized or disclosed.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and include the following significant accounting policies:

# **NORTH RIVER TRUST**

## **Notes to Financial Statements**

**Three Month Period Ended December 31, 2015**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

#### *Financial instruments*

All financial instruments are initially recognized at fair value on the balance sheet. Subsequent measurement of financial instruments is based on their classification. Financial assets are classified as either fair value through profit or loss, loans and receivables, held to maturity or available for sale. Financial liabilities are classified as either fair value through profit or loss or other financial liabilities. Transaction costs are included in the initial carrying amount of financial instruments except for fair value through profit or loss items, in which case they are expensed as incurred. Financial assets and liabilities are classified as fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. This category of financial instruments includes derivative financial assets and liabilities (other than those designated as effective hedging instruments) and other financial assets and liabilities held principally for sale in the near term.

Financial assets classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The held to maturity classification consists of non-derivative financial assets that the Trust has the intent and ability to hold until maturity. Available for sale investments are non-derivatives that are either designated in this category or are not classified in any of the other categories. Financial liabilities classified as other financial liabilities consist of liabilities not classified as fair value through profit or loss. Financial instruments classified as held to maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.

The Trust derecognizes a financial asset when the contractual right to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Trust is recognized as a separate asset or liability. The Trust derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust has a legal right to offset the amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

The Trust's units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32 Financial Instruments: Presentations, in which case, the puttable instruments may be presented as equity. The Trust's units were determined to meet the conditions of IAS 32 and are, therefore classified and accounted for as equity.

# **NORTH RIVER TRUST**

## **Notes to Financial Statements**

**Three Month Period Ended December 31, 2015**

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### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### *Impairment*

##### **(i) Financial assets:**

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

##### **(ii) Non-financial assets:**

The carrying values of rental property are assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

#### *Cash and cash equivalents*

Cash includes cash and cash equivalents. Cash equivalents consist of cash on hand, balances with banks and highly liquid term deposits.

#### *Investments with significant influence*

The Trust's investment in the Partnership of which it owns 99.99% of the outstanding Partnership Units, over which the Trust exercises significant influence, is accounted for by the equity method. Accordingly, the investment is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and dividends received.

#### *Income taxes*

No provision has been made for income taxes in these financial statements as the income is taxed in the hands of the unitholders.

#### *Revenue recognition*

The Trust recognizes revenues when they are earned, specifically amounts can be determined and collection is reasonably assured.

# NORTH RIVER TRUST

## Notes to Financial Statements

Three Month Period Ended December 31, 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *Provisions*

A provision is recognized if, as a result of a past event, the Trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Trust from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Trust would recognize any impairment loss on associated assets.

#### *Future accounting pronouncements*

There are no future accounting pronouncements that have a material impact on these financial statements.

### 3. UNITHOLDERS' CAPITAL

#### Authorized:

Unlimited	Class A voting trust units
Unlimited	Class B non-voting trust units

#### Issued:

3 Class A trust units	\$	1,500
320,000 Class B trust units		<u>3,200,000</u>
	\$	<u>3,201,500</u>

The initial unitholders acquired 3 Class A units for \$1,500 and 320,000 Class B units for \$3,200,000 during the period ended December 31, 2015. The trust units are redeemable at the option of the holder pursuant to the restrictions outlined in the Offering Memorandum and Declaration of Trust. Income or loss of the Trust is allocated to each limited partner in proportion to the number of Units held by each unitholder at the end of each fiscal year. Subject to applicable laws, the Trust may also make cash distributions to the unitholders, from time to time.

### 4. RISK MANAGEMENT

#### Classification

All financial instruments are initially recorded at fair value with subsequent accounting based on their classification. The following is a summary of the classification of the Trust's financial assets and liabilities and the accounting measurement after initial recognition:

- Cash is classified as loans and receivables and are measured at amortized cost. The carrying amount included in the statement of financial position approximates fair value due to the short maturity of these instruments.

IFRS 7 "Financial Instruments: Disclosures" sets out a fair value hierarchy based on three levels of inputs used in the measurement of fair value as follows: Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and Level 3 - Inputs that are not based on observable market data. The Trust has concluded that its fair value of financial instruments are carried at fair value, are determined using Level 2 inputs.

# **NORTH RIVER TRUST**

## **Notes to Financial Statements**

**Three Month Period Ended December 31, 2015**

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### **4. RISK MANAGEMENT *(continued)***

#### **Liquidity risk**

Liquidity risk is the risk that the Trust will not be able to meet its obligations associated with financial liabilities. The Trust's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Trust's ongoing liquidity will be impacted by various external events and conditions. The Trust did not have any financial liabilities at October 31, 2015. The Trust expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through future operational cash flows, as well as future equity securities.

#### **Market risk**

Market Risk is the risk that changes in market prices, such as interest rates, will affect the Trust's net income or the value of financial instruments. The objective of the Trust is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

#### **Interest rate risk**

Interest rate risk is the risk refers to the consequences of interest rate changes on the Trust's cash flows, financial position and earnings. The Trust does not currently have any interest bearing debt, and is therefore not exposed to interest rate risk.

#### **Capital management**

The Trust's objectives in managing capital structure are to (i) maintain investor and creditor confidence, (ii) provide flexibility so as to preserve the Trust's access to capital and to meet its financial obligations, and (iii) to sustain future development of the business. The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions, and new opportunities, while remaining particularly cognizant of the commercial real estate sector. The Trust considers its capital structure to include partners' capital, and long-term debt. In order to maintain or adjust the capital structure, the Trust may issue units, adjust capital spending, expand credit facilities, or repay existing debt.

The Trust currently has no debt outstanding and it monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Trust is not subject to externally imposed capital requirements.

**NORTH RIVER TRUST**  
**Financial Statements**  
**As at February 29, 2016**  
*(Unaudited - See Notice To Reader)*



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**Pennock Acheson Nielsen Devaney**  
**Chartered Accountants**

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10088 - 102 Avenue  
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Telephone: (780) 496-7774  
Facsimile: (780) 423-0582

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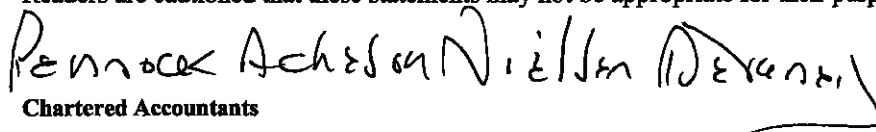
## NOTICE TO READER

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On the basis of information provided by management, we have compiled the statement of financial position of North River Trust as at February 29, 2016 and the statements of income and comprehensive income and unitholders' capital for the two month period then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

  
Chartered Accountants

March 30, 2016

**NORTH RIVER TRUST**  
**Statement of Financial Position**  
**As at February 29, 2016**  
*(Unaudited - See Notice To Reader)*

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**ASSETS**

**CURRENT**

Cash	\$ 1,500
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INVESTMENT IN NORTH RIVER LIMITED PARTNERSHIP	<u>3,222,477</u>
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\$ 3,223,977
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**UNITHOLDERS' CAPITAL**

<u>\$ 3,223,977</u>
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**NORTH RIVER TRUST**

**Statement of Income and Comprehensive Income**

**Two Month Period Ended February 29, 2016**

*(Unaudited - See Notice To Reader)*

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EQUITY PICK-UP	<u>\$ 22,477</u>
NET INCOME AND COMPREHENSIVE INCOME	<u>\$ 22,477</u>

**NORTH RIVER TRUST****Statement of Unitholders' Capital****Two Month Period Ended February 29, 2016***(Unaudited - See Notice To Reader)*

	December 31 2015				February 29 2016	
	Balance	Net Income	Contributions	Withdrawals	Balance	
Class A partner units	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500	
Class B partner units	3,200,000	22,477	-	-	3,222,477	
	\$ 3,201,500	\$ 22,477	\$ -	\$ -	\$ 3,223,977	

**NORTH RIVER LIMITED PARTNERSHIP**

**Financial Statements**

**As at December 31, 2015**

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**Pennock Acheson Nielsen Devaney  
Chartered Accountants**

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## INDEPENDENT AUDITOR'S REPORT

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To the Partners of North River Limited Partnership

We have audited the accompanying financial statements of North River Limited Partnership, which comprise the statement of financial position as at December 31, 2015 and the statements of income, comprehensive income, partners' capital and cash flow for the three month period then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

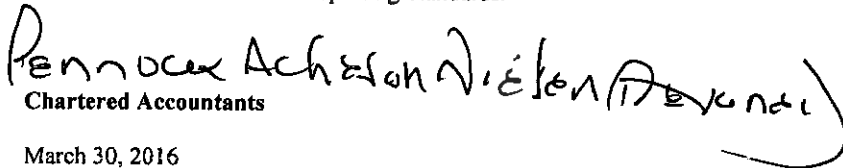
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of North River Limited Partnership as at December 31, 2015 and its financial performance and its cash flow for the period then ended in accordance with International Financial Reporting Standards.

  
Chartered Accountants

March 30, 2016

**NORTH RIVER LIMITED PARTNERSHIP****Balance Sheet****As at December 31, 2015****ASSETS**

Cash	\$ 3,066
Accounts receivable	4,063
Goods and services tax recoverable	5,338
Rental Property (Note 3)	<u>10,292,127</u>
	<u>\$ 10,304,594</u>

**LIABILITIES**

Accounts payable and accrued liabilities	\$ 50,620
Due to North River Properties Inc.	15,000
Tenant deposits	9,305
Long-term debt (Note 4)	<u>7,029,669</u>
	7,104,594

SUBSEQUENT EVENT (Note 7)

**PARTNERS' CAPITAL** (Note 5)

<u>3,200,000</u>
<u>\$ 10,304,594</u>

**APPROVED BY THE PARTNERS**

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*Partner*

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*Partner*

**NORTH RIVER LIMITED PARTNERSHIP**  
**Statement of Income, Comprehensive Income**  
**Three Month Period Ended December 31, 2015**

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REVENUE	<u>\$ 55,089</u>
EXPENSES	
Depreciation	29,200
Interest on long term debt	17,403
Accounting fees	6,000
Office	1,689
Asset management fees	551
Loan guarantee fees	184
Interest and bank charges	<u>62</u>
	<u>55,089</u>
NET INCOME AND COMPREHENSIVE INCOME	<u>\$ -</u>



**NORTH RIVER LIMITED PARTNERSHIP**  
**Statement of Partners' Capital**  
**Three Month Period Ended December 31, 2015**

	2014 Balance	Net Income	Contributions	Withdrawals	2015 Balance
North River Trust Units	\$ -	\$ -	\$ 3,200,000	\$ -	\$ 3,200,000

**NORTH RIVER LIMITED PARTNERSHIP**  
**Statement of Cash Flow**  
**Three Month Period Ended December 31, 2015**

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**NET INFLOW (OUTFLOW) OF CASH RELATED TO  
THE FOLLOWING ACTIVITIES:**

**OPERATING ACTIVITIES**

Cash receipts from tenants	\$ 60,331
Cash paid to suppliers and employees	36,858
Interest paid	<u>(17,465)</u>

Cash flow from operating activities	<u>79,724</u>
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**INVESTING ACTIVITY**

Purchase of property	<u>(10,321,327)</u>
----------------------	---------------------

**FINANCING ACTIVITIES**

Partners' contributions	3,200,000
Advances from related parties	15,000
Proceeds from long-term financing	7,050,000
Repayment of long-term debt	<u>(20,331)</u>

Cash flow from financing activities	<u>10,244,669</u>
-------------------------------------	-------------------

<b>INCREASE IN CASH</b>	<b>3,066</b>
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<b>CASH - BEGINNING OF PERIOD</b>	<b><u>-</u></b>
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<b>CASH - END OF PERIOD</b>	<b><u>\$ 3,066</u></b>
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# **NORTH RIVER LIMITED PARTNERSHIP**

## **Notes to Financial Statements**

**Three Month Period Ended December 31, 2015**

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### **1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

North River Limited Partnership (the "Partnership") is a limited partnership formed under the laws of the Province of Alberta, established by the Limited Partnership Agreement on October 21, 2015. The Partnership was formed for the purposes of generating valuable opportunities for partners with the acquisition, development and management of quality real estate properties in Western Canada, with the funds raised from the sale of Partnership units to North River Trust.

The head office address of the Partnership is 4203 Roper Road, Edmonton, Alberta T6B 3S5.

The general partner of the Partnership is North River Properties Inc. (the "General Partner"), and is responsible for the management, operation and administration of the affairs of the Partnership. These financial statements were authorized for issue by the General Partner on March 30, 2016.

#### *Basis of presentation*

The financial statements have been prepared on historical cost basis except for held for trading financial assets which are measured at fair value with changes in fair value recorded to earnings.

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

These financial statements reflect the assets, liabilities, revenues and expenses of the partnership and do not include any other assets, liabilities, revenues or expenses of the partners.

#### *Measurement uncertainty*

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period reported. Although these estimates are based on management's best knowledge, actual results may ultimately differ materially from these estimates. Information about areas of estimation uncertainty in applying accounting principles that have the most significant effect on the amounts recognized in the statements are as follows:

#### *Allowance for doubtful accounts*

The Partnership establishes an allowance for estimated losses for uncollectable accounts. The allowance is determined based on customer credit-worthiness, current economic trends, and past experience.

#### *Property*

The calculation of depreciation includes assumptions related to the useful lives and residual values of property and equipment and rental vehicles. The assumptions are based on experience with similar assets and are subject to change as new information becomes available. In addition, assessing for indicators of impairment requires judgment.

#### *Fair value of financial instruments*

The Partnership determines fair values of financial instruments each reporting period. Significant estimates and assumptions were used in determining the fair value of these financial instruments. Changes to input assumptions would impact the fair value of these financial instruments and any gain or loss on the fair value of these financial instruments that may need to be recognized or disclosed.

#### *Impairment tests*

Impairment tests on property include management's estimates and assumptions of future cash flows and discount rates.

**NORTH RIVER LIMITED PARTNERSHIP**  
**Notes to Financial Statements**  
**Three Month Period Ended December 31, 2015**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and include the following significant accounting policies:

*Financial instruments*

All financial instruments are initially recognized at fair value on the balance sheet. Subsequent measurement of financial instruments is based on their classification. Financial assets are classified as either fair value through profit or loss, loans and receivables, held to maturity or available for sale. Financial liabilities are classified as either fair value through profit or loss or other financial liabilities. Transaction costs are included in the initial carrying amount of financial instruments except for fair value through profit or loss items, in which case they are expensed as incurred. Financial assets and liabilities are classified as fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. This category of financial instruments includes derivative financial assets and liabilities (other than those designated as effective hedging instruments) and other financial assets and liabilities held principally for sale in the near term.

Financial assets classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The held to maturity classification consists of non-derivative financial assets that the Partnership has the intent and ability to hold until maturity. Available for sale investments are non-derivatives that are either designated in this category or are not classified in any of the other categories. Financial liabilities classified as other financial liabilities consist of liabilities not classified as fair value through profit or loss. Financial instruments classified as held to maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.

The Partnership derecognizes a financial asset when the contractual right to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Partnership is recognized as a separate asset or liability. The Partnership derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Partnership has a legal right to offset the amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

The Partnership's units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32 Financial Instruments: Presentations, in which case, the puttable instruments may be presented as equity. The Partnership's units were determined to meet the conditions of IAS 32 and are, therefore classified and accounted for as equity.

**NORTH RIVER LIMITED PARTNERSHIP**  
**Notes to Financial Statements**  
**Three Month Period Ended December 31, 2015**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Impairment*

(i) Financial assets:

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

(ii) Non-financial assets:

The carrying values of rental property are assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

*Cash and cash equivalents*

Cash includes cash and cash equivalents. Cash equivalents consist of cash on hand, balances with banks and highly liquid term deposits.

*Rental property*

Rental property are stated at cost less accumulated depreciation. Rental property are depreciated over their estimated useful lives at the following rates and methods:

Buildings	25-40 years	straight-line method
-----------	-------------	----------------------

Rental property acquired during the year but not placed into use are not depreciated until they are placed into use.

*Long lived assets*

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when an asset or group of assets carrying value exceeds the fair value, being the total undiscounted cash flow expected from use and eventual disposition. The amount of the impairment loss is the excess of the carrying value of the asset or group of assets over its fair value.

# NORTH RIVER LIMITED PARTNERSHIP

## Notes to Financial Statements

Three Month Period Ended December 31, 2015

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### *Income taxes*

No provision has been made for income taxes in these financial statements as the income is taxed in the hands of the partners.

#### *Revenue recognition*

Rental revenues and recovery of operating costs are recognized on a straight-line basis over the term of the lease. Revenue is only recognized when collection is reasonably assured.

#### *Future accounting pronouncements*

There are no future accounting pronouncements that have a material impact on these financial statements.

### 3. PROPERTY

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 1,800,000	\$ -	\$ 1,800,000
Buildings	8,521,327	29,200	8,492,127
	<u>\$ 10,321,327</u>	<u>\$ 29,200</u>	<u>\$ 10,292,127</u>

### 4. LONG-TERM DEBT

Alberta Treasury Branch loan bearing interest at 2.85% per annum, repayable in monthly payments of \$32,415, commencing December 31, 2015 and a final payment in the amount of \$6,473,243 on December 31, 2018, secured by a general security agreement, assignment of rents, limited guarantees in the amount of \$1,765,500 by certain directors and assignment of insurance.

\$ 7,029,669

Amounts payable within one year

-  
\$ 7,029,669

Management is currently in compliance with all pending covenants under the current debt agreement, estimated principal payment in each of the next three years:

2016	\$ 191,086
2017	365,340
2018	<u>6,473,243</u>
	<u>\$ 7,029,669</u>

**NORTH RIVER LIMITED PARTNERSHIP**  
**Notes to Financial Statements**  
**Three Month Period Ended December 31, 2015**

---

**5. PARTNERS' CAPITAL**

Authorized:

Unlimited      Class A partnership units

Issued:

320,000 Class A partnership units

**\$ 3,200,000**

The initial limited partners acquired 320,000 units for \$3,200,000 during the period ended December 31, 2015. Income or loss of the Partnership is allocated to each limited partner in proportion to the number of Units held by each partner at the end of each fiscal year. Subject to applicable laws, the Partnership may also make cash distributions to the partners, from time to time.

**6. RISK MANAGEMENT**

**Classification**

All financial instruments are initially recorded at fair value with subsequent accounting based on their classification. The following is a summary of the classification of the Partnership's financial assets and liabilities and the accounting measurement after initial recognition:

- Cash and accounts receivables are classified as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities, due to North River Properties Inc. and customer deposits are classified as other financial liabilities and measured at amortized cost. The carrying amount included in the statement of financial position approximates fair value due to the short maturity of these instruments and market rates imputed in the lease contracts.

- Long-term debt is classified as other financial liabilities and measured at amortized cost. At period-end the Partnership's long-term debt, fixed interest rates and the stated amount of outstanding principal is considered to be fair value.

IFRS 7 "Financial Instruments: Disclosures" sets out a fair value hierarchy based on three levels of inputs used in the measurement of fair value as follows: Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and Level 3 - Inputs that are not based on observable market data. The Partnership has concluded that its fair value of financial instruments are carried at fair value, are determined using Level 2 inputs.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Partnership is exposed to credit risk from customers. In order to reduce its credit risk, the Partnership reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

**Liquidity risk**

Liquidity risk is the risk that the Partnership will not be able to meet its obligations associated with financial liabilities. The Partnership's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Partnership's ongoing liquidity will be impacted by various external events and conditions. The Partnership expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through future operational cash flows, as well as future equity securities.

**NORTH RIVER LIMITED PARTNERSHIP**  
**Notes to Financial Statements**  
**Three Month Period Ended December 31, 2015**

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**6. RISK MANAGEMENT *(continued)***

**Market risk**

Market Risk is the risk that changes in market prices, such as interest rates, will affect the Partnership's net income or the value of financial instruments. The objective of the Partnership is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

**Interest rate risk**

Interest rate risk is the risk refers to the consequences of interest rate changes on the Partnership's cash flows, financial position and earnings. The Partnership does not currently have any interest bearing debt, and is therefore not exposed to interest rate risk.

**Capital management**

The Partnership's objectives in managing capital structure are to (i) maintain investor and creditor confidence, (ii) provide flexibility so as to preserve the Partnership's access to capital and to meet its financial obligations, and (iii) to sustain future development of the business. The Partnership manages its capital structure and makes adjustments to it in light of changes in economic conditions, and new opportunities, while remaining particularly cognizant of the commercial real estate sector. The Partnership considers its capital structure to include partners' capital, and long-term debt. In order to maintain or adjust the capital structure, the Partnership may issue units, adjust capital spending, expand credit facilities, or repay existing debt.

The Partnership monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

**Insurance**

The Partnership purchases discretionary insurance to cover property damage, business interruption and liability risk of loss exposure.

**7. SUBSEQUENT EVENTS**

The Partnership entered into an agreement to acquire property April 1, 2016 for total consideration of \$9,900,000 through financing a mortgage of \$6,800,000.



**NORTH RIVER LIMITED PARTNERSHIP**

**Financial Statements**

**As at February 29, 2016**

*(Unaudited - See Notice To Reader)*

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**Pennock Acheson Nielsen Devaney**  
**Chartered Accountants**

2201 Toronto Dominion Tower  
10088 - 102 Avenue  
Edmonton, Alberta T5J 2Z1

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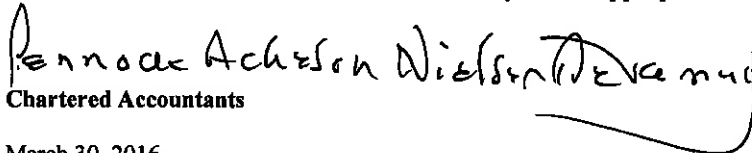
## NOTICE TO READER

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On the basis of information provided by management, we have compiled the balance sheet of North River Limited Partnership as at February 29, 2016 and the statements of income, comprehensive income and partners' capital for the two month period then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

  
Chartered Accountants

March 30, 2016

**NORTH RIVER LIMITED PARTNERSHIP****Balance Sheet****As at February 29, 2016**

(Unaudited - See Notice To Reader)

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**ASSETS**

Cash	\$	31,973
Accounts receivable		8,235
Goods and services tax recoverable		5,506
Rental Property		<u>10,239,331</u>
	\$	<u>10,285,045</u>

**LIABILITIES**

Accounts payable and accrued liabilities	\$	42,028
Due to North River Properties Inc.		15,000
Tenant deposits		9,305
Long term debt		<u>6,996,235</u>

**7,062,568****PARTNERS' CAPITAL****3,222,477****\$ 10,285,045**

**NORTH RIVER LIMITED PARTNERSHIP**  
**Statement of Income, Comprehensive Income**  
**Two Month Period Ended February 29, 2016**  
(Unaudited - See Notice To Reader)

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REVENUE	<u>\$ 110,178</u>
EXPENSES	
Depreciation	54,694
Interest on long term debt	31,396
Asset management fees	1,102
Office	441
Interest and bank charges	<u>68</u>
	<u>87,701</u>
NET INCOME AND COMPREHENSIVE INCOME	<u>\$ 22,477</u>

**NORTH RIVER LIMITED PARTNERSHIP****Statement of Partners' Capital****Two Month Period Ended February 29, 2016**

(Unaudited - See Notice To Reader)

	December 31 2015				February 29 2016	
	Balance	Net Income	Contributions	Withdrawals	Balance	
North River Trust Units	\$ 3,200,000	\$ 22,477	\$ -	\$ -	\$ 3,222,477	

**NORTH RIVER PROPERTIES INC.**

**Financial Statements**

**As at December 31, 2015**

**Pennock Acheson Nielsen Devaney  
Chartered Accountants**

2201 Toronto Dominion Tower  
10088 - 102 Avenue  
Edmonton, Alberta T5J 2Z1

Telephone: (780) 496-7774  
Facsimile: (780) 423-0582

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## INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of North River Properties Inc.

We have audited the accompanying financial statements of North River Properties Inc., which comprise the statement of financial position as at December 31, 2015 and the statements of income, comprehensive income and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

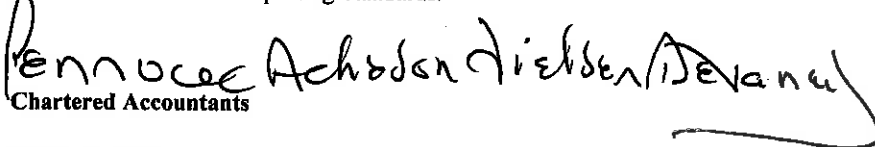
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of North River Properties Inc. as at December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

  
Chartered Accountants

March 30, 2016

**NORTH RIVER PROPERTIES INC.****Statement of Financial Position****As at December 31, 2015****ASSETS****CURRENT**

Cash	\$	28,644
Accounts receivable		578
Due from North River Limited Partnership		<u>15,000</u>
	\$	<u>44,222</u>

**LIABILITIES****CURRENT**

Accounts payable and accrued liabilities	\$	18,388
Income taxes payable		<u>3,603</u>
		<u>21,991</u>

**SHAREHOLDERS' EQUITY**

Share capital (Note 3)		100
Retained earnings		<u>22,131</u>
		<u>22,231</u>
	\$	<u>44,222</u>



**NORTH RIVER PROPERTIES INC.****Statement of Income, Comprehensive Income and Retained Earnings****Year Ended December 31, 2015**

<hr/>	
REVENUE	<u>\$ 42,185</u>
EXPENSES	
Accounting - in house	8,000
Accounting - external	3,000
Legal fees	2,951
Rent	1,500
Interest and bank charges	842
Office	<u>158</u>
	<u>16,451</u>
EARNINGS BEFORE INCOME TAXES	25,734
INCOME TAXES	<u>3,603</u>
NET INCOME AND COMPREHENSIVE INCOME BEING RETAINED EARNINGS - ENDING	<u>\$ 22,131</u>

**NORTH RIVER PROPERTIES INC.****Statement of Cash Flows****Year Ended December 31, 2015**

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**NET INFLOW (OUTFLOW) OF CASH RELATED TO  
THE FOLLOWING ACTIVITIES:****OPERATING ACTIVITIES**

Cash receipts from customers	\$ 41,607
Cash paid to suppliers and employees	2,779
Interest paid	<u>(842)</u>
	<u>43,544</u>

**FINANCING ACTIVITIES**

Proceeds on issuance of common shares	100
Advances to North River Limited Partnership	<u>(15,000)</u>
	<u>(14,900)</u>

Cash flow (used by) financing activities	<u>(14,900)</u>
<b>INCREASE IN CASH</b>	<b>28,644</b>

<b>CASH - BEGINNING OF YEAR</b>	<u>-</u>
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<b>CASH - END OF YEAR</b>	<b>\$ 28,644</b>
---------------------------	------------------

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# **NORTH RIVER PROPERTIES INC.**

## **Notes to Financial Statements**

**Year Ended December 31, 2015**

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### **1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

North River Properties Inc. (the "Company") was incorporated pursuant to the Business Corporations Act (Alberta) on June 4, 2008 and was inactive until it changed its name October 1, 2015. The Company was formed to operate as the general partner for North River Limited Partnership (the "Partnership"). The Company was incorporated as 1405399 Alberta Ltd. until it changed its name.

The head office address of the Company is 4203 Roper Road, Edmonton, Alberta T6B 3S5.

These financial statements were authorized for issue by the directors of the Company on March 30, 2016.

#### *Basis of Presentation*

The financial statements have been prepared on historical cost basis except for held for trading financial assets which are measured at fair value with changes in fair value recorded to earnings.

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

#### *Measurement uncertainty*

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period reported. Although these estimates are based on management's best knowledge, actual results may ultimately differ materially from these estimates. Information about areas of estimation uncertainty in applying accounting principles that have the most significant effect on the amounts recognized in the statements are as follows:

#### *Allowance for doubtful accounts*

The Partnership establishes an allowance for estimated losses for uncollectable accounts. The allowance is determined based on customer credit-worthiness, current economic trends, and past experience.

#### *Fair value of financial instruments*

The Partnership determines fair values of financial instruments each reporting period. Significant estimates and assumptions were used in determining the fair value of these financial instruments. Changes to input assumptions would impact the fair value of these financial instruments and any gain or loss on the fair value of these financial instruments that may need to be recognized or disclosed.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and include the following significant accounting policies:

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

*Financial instruments*

All financial instruments are initially recognized at fair value on the balance sheet. Subsequent measurement of financial instruments is based on their classification. Financial assets are classified as either fair value through profit or loss, loans and receivables, held to maturity or available for sale. Financial liabilities are classified as either fair value through profit or loss or other financial liabilities. Transaction costs are included in the initial carrying amount of financial instruments except for fair value through profit or loss items, in which case they are expensed as incurred. Financial assets and liabilities are classified as fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. This category of financial instruments includes derivative financial assets and liabilities (other than those designated as effective hedging instruments) and other financial assets and liabilities held principally for sale in the near term.

Financial assets classified as loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The held to maturity classification consists of non-derivative financial assets that the Company has the intent and ability to hold until maturity. Available for sale investments are non-derivatives that are either designated in this category or are not classified in any of the other categories. Financial liabilities classified as other financial liabilities consist of liabilities not classified as fair value through profit or loss. Financial instruments classified as held to maturity, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method.

The Company derecognizes a financial asset when the contractual right to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

Common shares are classified as equity. Incremental costs directly attributable to the common shares are recognized as a deduction from equity, net of any tax effect.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Impairment*

**(i) Financial assets:**

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

**(ii) Non-financial assets:**

The carrying values of rental property are assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognized.

*Cash and cash equivalents*

Cash includes cash and cash equivalents. Cash equivalents consist of cash on hand, balances with banks and highly liquid term deposits.

*Other investments*

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

*Income taxes*

The Company uses the liability method of accounting for income taxes. Under this method, deferred income tax liabilities and deferred income tax assets are recorded based on temporary differences. Temporary differences are differences between balance sheet carrying amounts and the tax bases of the assets and liabilities.

*Revenue recognition*

The Company recognizes revenues when they are earned, specifically amounts can be determined and collection is reasonably assured.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Provisions*

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company would recognize any impairment loss on associated assets.

*Future accounting pronouncements*

There are no future accounting pronouncements that have a material impact on these financial statements.

**3. SHARE CAPITAL***Authorized:*

Unlimited	Class A voting common shares
Unlimited	Class B non-voting common shares
Unlimited	Class C non-voting redeemable preferred shares, discretionary non-cumulative dividend
Unlimited	Class D non-voting redeemable preferred shares, discretionary non-cumulative dividend
Unlimited	Class E non-voting redeemable preferred shares, discretionary non-cumulative dividend

*Issued:*

100 Class A voting common shares

\$ 100

During the year the Company issued 100 Class A common shares for cash proceeds of \$100.

**4. RISK MANAGEMENT***Classification*

All financial instruments are initially recorded at fair value with subsequent accounting based on their classification. The following is a summary of the classification of the Company's financial assets and liabilities and the accounting measurement after initial recognition:

- Cash, accounts receivable and due from North River Limited Partnership are classified as loans and receivables and are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost. The carrying amount included in the statement of financial position approximates fair value due to the short maturity of these instruments.

IFRS 7 "Financial Instruments: Disclosures" sets out a fair value hierarchy based on three levels of inputs used in the measurement of fair value as follows: Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and Level 3 - Inputs that are not based on observable market data. The Company has concluded that its fair value of financial instruments are carried at fair value, are determined using Level 2 inputs.

**4. RISK MANAGEMENT *(continued)***

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Company's ongoing liquidity will be impacted by various external events and conditions. The Company expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through future operational cash flows, as well as future equity securities.

**Market risk**

Market Risk is the risk that changes in market prices, such as interest rates, will affect the Company's net income or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

**Interest rate risk**

Interest rate risk is the risk refers to the consequences of interest rate changes on the Company's cash flows, financial position and earnings. The Company does not currently have any interest bearing debt, and is therefore not exposed to interest rate risk.

**Capital management**

The Company's objectives in managing capital structure are to (i) maintain investor and creditor confidence, (ii) provide flexibility so as to preserve the Company's access to capital and to meet its financial obligations, and (iii) to sustain future development of the business. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions, and new opportunities, while remaining particularly cognizant of the commercial real estate sector. The Company considers its capital structure to include share capital, and long-term debt. In order to maintain or adjust the capital structure, the Company may issue shares, adjust capital spending, expand credit facilities, or repay existing debt.

The Company currently has no debt outstanding and it monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Company is not subject to externally imposed capital requirements.

**NORTH RIVER PROPERTIES INC.**

**Financial Statements**

**As at February 29, 2016**

*(Unaudited - See Notice To Reader)*



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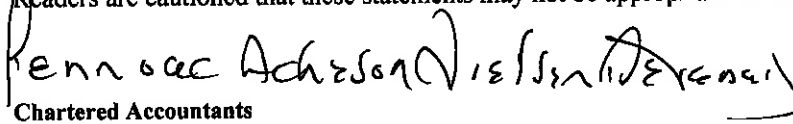
## NOTICE TO READER

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On the basis of information provided by management, we have compiled the statement of financial position of North River Properties Inc. as at February 29, 2016 and the statement of income, comprehensive income and retained earnings for the two month period then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

  
Chartered Accountants

March 30, 2016

**NORTH RIVER PROPERTIES INC.****Statement of Financial Position****As at February 29, 2016***(Unaudited - See Notice To Reader)***ASSETS****CURRENT**

Cash	\$	20,098
Accounts receivable		9,394
Due from North River Limited Partnership		<u>15,000</u>
	\$	<u>44,492</u>

**LIABILITIES****CURRENT**

Accounts payable and accrued liabilities	\$	11,765
Income taxes payable		4,432
Goods and services tax payable		<u>417</u>
		<u>16,614</u>

**SHAREHOLDERS' EQUITY**

Share capital		100
Retained earnings		<u>27,778</u>
		<u>27,878</u>
	\$	<u>44,492</u>

**NORTH RIVER PROPERTIES INC.****Statement of Income, Comprehensive Income and Retained Earnings****Two Month Period Ended February 29, 2016***(Unaudited - See Notice To Reader)*

REVENUE	<u>\$ 8,399</u>
EXPENSES	
Accounting - in house	1,334
Rent	1,000
Interest and bank charges	84
Office	<u>61</u>
	<u>2,479</u>
EARNINGS BEFORE INCOME TAXES	5,920
INCOME TAXES	<u>829</u>
NET INCOME AND COMPREHENSIVE INCOME	5,091
RETAINED EARNINGS - BEGINNING OF YEAR	<u>22,687</u>
RETAINED EARNINGS - END OF PERIOD	<u>\$ 27,778</u>

**SCHEDULE E**  
**COMMERCIAL SOLUTIONS BUILDING FINANCIALS**

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
(A Joint Venture)

FINANCIAL STATEMENTS

December 31, 2014

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
(A Joint Venture)

FINANCIAL STATEMENTS

December 31, 2014

**INDEX**

<b><u>Contents</u></b>	<b><u>Page</u></b>
Balance Sheet	1
Statement of Owners Equity	2
Statement of Net Rental Income	3
Statement of Cash Flows	4
Notes to the Financial Statements	5

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
 (A Joint Venture)

**BALANCE SHEET**

December 31, 2014

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Operating funds held by manager	\$ 78,282	\$ 136,397
Accounts receivable	12,637	116
Prepaid expenses	2,561	2,186
Deferred expenses (Note 1)	772,307	787,006
Income producing property (Note 2)	<u>6,452,948</u>	<u>6,452,948</u>
	<u><u>\$ 7,318,735</u></u>	<u><u>\$ 7,378,653</u></u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 12,165	\$ 11,042
Rental deposits and rents received in advance	60,638	73,939
Mortgages payable (Note 3)	<u>5,468,142</u>	<u>5,617,773</u>
	<u><u>5,540,945</u></u>	<u><u>5,702,754</u></u>
<b>OWNERS EQUITY</b>		
2K2 Management Ltd.	177,781	167,592
290506 Alberta Ltd.	142,223	134,073
335426 Alberta Ltd.	142,223	134,073
Stone Circle Developments Ltd.	142,223	134,073
1296207 Alberta Ltd.	106,668	100,555
699678 Alberta Ltd.	106,668	100,555
1247149 Alberta Ltd.	88,890	83,795
Jim Alexdropoulos	88,890	83,795
Nicolas Alexdropoulos	88,890	83,795
Harry Kaura	88,890	83,795
Leo Superstein	88,890	83,795
Torode Realty (Edmonton) Ltd.	88,890	83,795
976034 Alberta Ltd.	76,760	71,665
Schelske Welding Inc.	71,113	67,037
Gary B. Romanchuk Professional Corporation	53,333	50,276
1308022 Alberta Ltd.	35,555	33,517
CTM Managements Inc.	41,619	38,562
DAN-D Limited	23,842	23,842
Jeffrey Paul Grobman	35,555	33,517
Sandy Kaarsemaker	35,555	33,517
David Lloyd	35,555	33,517
Patrick K. Gillen	<u>17,777</u>	<u>16,758</u>
	<u><u>1,777,790</u></u>	<u><u>1,675,899</u></u>
	<u><u>\$ 7,318,735</u></u>	<u><u>\$ 7,378,653</u></u>

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
**(A Joint Venture)**

**STATEMENT OF OWNERS EQUITY**

For the year ended December 31, 2014

	Opening Balance	Distributions	Net Rental Income	Closing Balance
2K2 Management Ltd. - 10%	\$ 167,592	\$ (32,500)	\$ 42,689	\$ 177,781
290506 Alberta Ltd. - 8%	134,073	(26,000)	34,150	142,223
335426 Alberta Ltd. - 8%	134,073	(26,000)	34,150	142,223
Stone Circle Developments Ltd. - 8%	134,073	(26,000)	34,150	142,223
1296207 Alberta Ltd. - 6%	100,555	(19,500)	25,613	106,668
699678 Alberta Ltd. - 6%	100,555	(19,500)	25,613	106,668
Keiras Enterprises Ltd. - 5%	83,795	(16,250)	21,345	88,890
Jim Alexdropoulos - 5%	83,795	(16,250)	21,345	88,890
Nicolas Alexdropoulos - 5%	83,795	(16,250)	21,345	88,890
Harry Kaura - 5%	83,795	(16,250)	21,345	88,890
Leo Superstein - 5%	83,795	(16,250)	21,345	88,890
Torode Realty (Edmonton) Ltd. - 5%	83,795	(16,250)	21,345	88,890
976034 Alberta Ltd. - 4% & 1%	71,665	(16,250)	21,345	76,760
Schelske Welding Inc. - 4%	67,037	(13,000)	17,076	71,113
Gary B. Romanchuk Prof. Corp. - 3%	50,276	(9,750)	12,807	53,333
1308022 Alberta Ltd. - 2%	33,517	(6,500)	8,538	35,555
CTM Managements Inc. - 2% & 1%	38,562	(9,750)	12,807	41,619
DAN-D Limited - 2% - 1% & 0%	23,842	-	-	23,842
Jeffrey Paul Grobman - 2%	33,517	(6,500)	8,538	35,555
Sandy Kaarsemaker - 2%	33,517	(6,500)	8,538	35,555
David Lloyd - 2%	33,517	(6,500)	8,538	35,555
Patrick K. Gillen - 1%	16,758	(3,250)	4,269	17,777
	<u>\$ 1,675,899</u>	<u>\$ (325,000)</u>	<u>\$ 426,891</u>	<u>\$ 1,777,790</u>



**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
 (A Joint Venture)

STATEMENT OF NET RENTAL INCOME

For the year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
<b>INCOME</b>		
Rent	\$ 693,000	\$ 677,417
Recoveries from tenants	189,740	162,460
Other	<u>1,751</u>	<u>1,271</u>
	<u>884,491</u>	<u>841,148</u>
<b>EXPENSES</b>		
Property taxes	79,873	80,896
Insurance	5,432	4,924
Management fee	26,383	22,420
General expenses	2,880	2,712
Repairs and maintenance	67,823	44,158
Non-recoverable expenses	7,482	7,115
Mortgage interest	253,028	259,686
Amortization	<u>14,699</u>	<u>14,699</u>
	<u>457,600</u>	<u>436,610</u>
<b>NET RENTAL INCOME FOR THE YEAR</b>	<u><u>\$ 426,891</u></u>	<u><u>\$ 404,538</u></u>

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
 (A Joint Venture)

STATEMENT OF CASH FLOWS

For the year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net rental income for the year	\$ 426,891	\$ 404,538
Item not affecting cash:		
Amortization of deferred expenses	<u>14,699</u>	<u>14,699</u>
	441,590	419,237
Cash provided by (used in) changes in other elements of working capital		
Accounts receivable	(12,521)	(96)
Prepaid expenses	(375)	(32)
Accounts payable and accrued liabilities	1,123	2,536
Rental deposits and rent received in advance	<u>(13,301)</u>	<u>13,132</u>
	<u>416,516</u>	<u>434,777</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Mortgage principal repayments	(149,631)	(142,974)
Distributions to co-owners	<u>(325,000)</u>	<u>(170,000)</u>
	<u>(474,631)</u>	<u>(312,974)</u>
<b>INCREASE (DECREASE) IN OPERATING FUNDS HELD BY MANAGER</b>	(58,115)	121,803
<b>OPERATING FUNDS HELD BY MANAGER - BEGINNING OF THE YEAR</b>	<u>136,397</u>	<u>14,594</u>
<b>OPERATING FUNDS HELD BY MANAGER - END OF THE YEAR</b>	<u><u>\$ 78,282</u></u>	<u><u>\$ 136,397</u></u>

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

	<u>2014</u>	<u>2013</u>
1. Deferred Expenses		
Leasing Improvements	<u>\$ 742,909</u>	<u>\$ 742,909</u>
Concrete repairs	73,494	73,494
Less: accumulated amortization	<u>(44,096)</u>	<u>(29,397)</u>
	<u>29,398</u>	<u>44,097</u>
	<u><u>\$ 772,307</u></u>	<u><u>\$ 787,006</u></u>
2. Income Producing Property		
Land	\$ 1,185,000	\$ 1,185,000
Building	4,516,555	4,516,555
Building - soft cost	593,193	593,193
Winter construction	<u>158,200</u>	<u>158,200</u>
	<u><u>\$ 6,452,948</u></u>	<u><u>\$ 6,452,948</u></u>
3. Mortgages Payable		
ATB Financial	<u><u>\$ 5,468,142</u></u>	<u><u>\$ 5,617,773</u></u>

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
(A Joint Venture)

FINANCIAL STATEMENTS

December 31, 2015

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
(A Joint Venture)

**FINANCIAL STATEMENTS**

December 31, 2015

**INDEX**

<b><u>Contents</u></b>	<b><u>Page</u></b>
Balance Sheet	1
Statement of Owners Equity	2
Statement of Net Rental Income	3
Statement of Cash Flows	4
Notes to the Financial Statements	5

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
(A Joint Venture)

**BALANCE SHEET**

December 31, 2015

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Operating funds held by manager	\$ 51,267	\$ 78,282
Accounts receivable	(76,812)	12,637
Prepaid expenses	2,767	2,561
Deferred expenses (Note 1)	757,608	772,307
Income producing property (Note 2)	<u>6,452,948</u>	<u>6,452,948</u>
	<u><u>\$ 7,187,779</u></u>	<u><u>\$ 7,318,735</u></u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 11,056	\$ 12,165
Rental deposits and rents received in advance	72,584	60,637
Mortgages payable (Note 3)	<u>5,311,568</u>	<u>5,468,141</u>
	<u>5,395,208</u>	<u>5,540,943</u>
<b>OWNERS EQUITY</b>		
2K2 Management Ltd.	179,258	177,781
290506 Alberta Ltd.	143,405	142,223
335426 Alberta Ltd.	143,405	142,223
Stone Circle Developments Ltd.	143,405	142,223
1296207 Alberta Ltd.	107,555	106,668
699678 Alberta Ltd.	107,555	106,668
1247149 Alberta Ltd.	89,629	88,890
Jim Alexdropoulos	89,629	88,890
Nicolas Alexdropoulos	89,629	88,890
Harry Kaura	89,629	88,890
Leo Superstein	89,629	88,890
Torode Realty (Edmonton) Ltd.	89,629	88,890
976034 Alberta Ltd.	77,499	76,760
Schelske Welding Inc.	71,704	71,113
Gary B. Romanchuk Professional Corporation	53,776	53,333
1308022 Alberta Ltd.	35,851	35,555
CTM Managements Inc.	42,062	41,619
DAN-D Limited	23,842	23,842
Jeffrey Paul Grobman	35,851	35,555
Sandy Kaarsemaker	35,851	35,555
David Lloyd	35,851	35,555
Patrick K. Gillen	<u>17,927</u>	<u>17,779</u>
	<u>1,792,571</u>	<u>1,777,792</u>
	<u><u>\$ 7,187,779</u></u>	<u><u>\$ 7,318,735</u></u>

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
(A Joint Venture)

**STATEMENT OF OWNERS EQUITY**

For the year ended December 31, 2015

	Opening Balance	Distributions	Net Rental Income	Closing Balance
2K2 Management Ltd. - 10%	\$ 177,781	\$ (41,000)	\$ 42,479	\$ 179,260
290506 Alberta Ltd. - 8%	142,223	(32,800)	33,982	143,405
335426 Alberta Ltd. - 8%	142,223	(32,800)	33,982	143,405
Stone Circle Developments Ltd. - 8%	142,223	(32,800)	33,982	143,405
1296207 Alberta Ltd. - 6%	106,668	(24,600)	25,487	107,555
699678 Alberta Ltd. - 6%	106,668	(24,600)	25,487	107,555
Keiras Enterprises Ltd. - 5%	88,890	(20,500)	21,239	89,629
Jim Alexdropoulos - 5%	88,890	(20,500)	21,239	89,629
Nicolas Alexdropoulos - 5%	88,890	(20,500)	21,239	89,629
Harry Kaura - 5%	88,890	(20,500)	21,239	89,629
Leo Superstein - 5%	88,890	(20,500)	21,239	89,629
Torode Realty (Edmonton) Ltd. - 5%	88,890	(20,500)	21,239	89,629
976034 Alberta Ltd. - 4% & 1%	76,760	(20,500)	21,239	77,499
Schelske Welding Inc. - 4%	71,113	(16,400)	16,991	71,704
Gary B. Romanchuk Prof. Corp. - 3%	53,333	(12,300)	12,743	53,776
1308022 Alberta Ltd. - 2%	35,555	(8,200)	8,496	35,851
CTM Managements Inc. - 2% & 1%	41,619	(12,300)	12,743	42,062
DAN-D Limited - 2% - 1% & 0%	23,842	-	-	23,842
Jeffrey Paul Grobman - 2%	35,555	(8,200)	8,496	35,851
Sandy Kaarsemaker - 2%	35,555	(8,200)	8,496	35,851
David Lloyd - 2%	35,555	(8,200)	8,496	35,851
Patrick K. Gillen - 1%	17,779	(4,100)	4,248	17,927
	<u>\$ 1,777,792</u>	<u>\$ (410,000)</u>	<u>\$ 424,781</u>	<u>\$ 1,792,573</u>



**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
 (A Joint Venture)

STATEMENT OF NET RENTAL INCOME

For the year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
<b>INCOME</b>		
Rent	\$ 693,000	\$ 693,000
Recoveries from tenants	172,900	189,740
Other	<u>1,456</u>	<u>1,751</u>
	<u>867,356</u>	<u>884,491</u>
<b>EXPENSES</b>		
Property taxes	83,264	79,873
Insurance	6,068	5,432
Management fee	23,744	26,383
General expenses	3,096	2,880
Repairs and maintenance	49,379	67,823
Non-recoverable expenses	16,240	7,482
Mortgage interest	246,086	253,028
Amortization	<u>14,699</u>	<u>14,699</u>
	<u>442,575</u>	<u>457,600</u>
<b>NET RENTAL INCOME FOR THE YEAR</b>	<u><u>\$ 424,781</u></u>	<u><u>\$ 426,891</u></u>



**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
 (A Joint Venture)

**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net rental income for the year	\$ 424,781	\$ 426,891
Item not affecting cash:		
Amortization of deferred expenses	<u>14,699</u>	<u>14,699</u>
	439,480	441,590
Cash provided by (used in) changes in other elements of working capital		
Accounts receivable	89,449	(12,521)
Prepaid expenses	(206)	(375)
Accounts payable and accrued liabilities	(1,109)	1,123
Rental deposits and rent received in advance	<u>11,947</u>	<u>(13,301)</u>
	<u>539,560</u>	<u>416,516</u>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Mortgage principal repayments	(156,573)	(149,631)
Distributions to co-owners	<u>(410,000)</u>	<u>(325,000)</u>
	<u>(566,573)</u>	<u>(474,631)</u>
<b>INCREASE (DECREASE) IN OPERATING FUNDS HELD BY MANAGER</b>	(27,013)	(58,115)
<b>OPERATING FUNDS HELD BY MANAGER - BEGINNING OF THE YEAR</b>	<u>78,282</u>	<u>136,397</u>
<b>OPERATING FUNDS HELD BY MANAGER - END OF THE YEAR</b>	<u><u>\$ 51,269</u></u>	<u><u>\$ 78,282</u></u>

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

	<u>2015</u>	<u>2014</u>
1. Deferred Expenses		
Leasing improvements	\$ 742,909	\$ 742,909
Concrete repairs	73,494	73,494
Less: accumulated amortization	<u>(44,096)</u>	<u>(29,397)</u>
	<u>29,398</u>	<u>44,097</u>
	<u>\$ 772,307</u>	<u>\$ 787,006</u>
2. Income Producing Property		
Land	\$ 1,185,000	\$ 1,185,000
Building	4,516,555	4,516,555
Building - soft cost	593,193	593,193
Winter construction	<u>158,200</u>	<u>158,200</u>
	<u>\$ 6,452,948</u>	<u>\$ 6,452,948</u>
3. Mortgages Payable		
ATB Financial	<u>\$ 5,311,568</u>	<u>\$ 5,468,141</u>

**Commercial Solutions Building****STATEMENT OF CO-OWNERS' EQUITY**

For the year ended December 31, 2015

**2K2 Management Ltd. - 10%**

	Ref #	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 109,000.00	\$ (192,000.00)	\$ 260,779.02	\$ 177,779.02
Equity repayment		-			-
Distributions			(41,000.00)		(41,000.00)
Net rental income (loss) for the year	10			42,478.11	42,478.11
Balance - end of the year		<u>\$ 109,000.00</u>	<u>\$ (233,000.00)</u>	<u>\$ 303,257.13</u>	<u>\$ 179,257.13</u>
					B/S

**290506 Alberta Ltd. - 8%**

	Ref #	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 87,200.00	\$ (153,600.00)	\$ 208,623.22	\$ 142,223.22
Additional Equity		-			-
Distributions			(32,800.00)		(32,800.00)
Net rental income for the year	10			33,982.52	33,982.52
Balance - end of the year		<u>\$ 87,200.00</u>	<u>\$ (186,400.00)</u>	<u>\$ 242,605.74</u>	<u>\$ 143,405.74</u>
					B/S

**Commercial Solutions Building****STATEMENT OF CO-OWNERS' EQUITY**

For the year ended December 31, 2015

**335426 Alberta Ltd. - 8%**

	<b>Ref #</b>	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 87,200.00	\$ (153,600.00)	\$ 208,623.22	\$ 142,223.22
Additional Equity		-			-
Distributions			(32,800.00)		(32,800.00)
Net rental income for the year	10			33,982.52	33,982.52
Balance - end of the year		<u>\$ 87,200.00</u>	<u>\$ (186,400.00)</u>	<u>\$ 242,605.74</u>	<u>\$ 143,405.74</u>
<b>B/S</b>					

**Stone Circle Developments Ltd. - 8%**

	<b>Ref #</b>	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 87,200.00	\$ (153,600.00)	\$ 208,623.22	\$ 142,223.22
Additional Equity		-			-
Distributions			(32,800.00)		(32,800.00)
Net rental income for the year	10			33,982.52	33,982.52
Balance - end of the year		<u>\$ 87,200.00</u>	<u>\$ (186,400.00)</u>	<u>\$ 242,605.74</u>	<u>\$ 143,405.74</u>
<b>B/S</b>					

**Commercial Solutions Building****STATEMENT OF CO-OWNERS' EQUITY**

For the year ended December 31, 2015

**1296207 Alberta Ltd. - 6%**

	Ref #	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 65,400.00	\$ (115,200.00)	\$ 156,467.43	\$ 106,667.43
Additional Equity		-			-
Distributions			(24,600.00)		(24,600.00)
Net rental income for the year	10			25,486.89	25,486.89
Balance - end of the year		<u>\$ 65,400.00</u>	<u>\$ (139,800.00)</u>	<u>\$ 181,954.32</u>	<u>\$ 107,554.32</u>
					B/S

**699678 Alberta Ltd. - 6%**

	Ref #	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 65,400.00	\$ (115,200.00)	\$ 156,467.43	\$ 106,667.43
Additional Equity		-			-
Distributions			(24,600.00)		(24,600.00)
Net rental income for the year	10			25,486.89	25,486.89
Balance - end of the year		<u>\$ 65,400.00</u>	<u>\$ (139,800.00)</u>	<u>\$ 181,954.32</u>	<u>\$ 107,554.32</u>
					B/S

Commercial Solutions Building

## STATEMENT OF CO-OWNERS' EQUITY

For the year ended December 31, 2015

**Keiras Enterprises Ltd. - 5%**

		<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
	<b>Ref #</b>				
Balance - beginning of year		\$ 54,500.00	\$ (96,000.00)	\$ 130,389.51	\$ 88,889.51
Additional Equity		-			-
Distributions			(20,500.00)		(20,500.00)
Net rental income for the year	10			21,239.07	21,239.07
Balance - end of the year		<u>\$ 54,500.00</u>	<u>\$ (116,500.00)</u>	<u>\$ 151,628.58</u>	<u>\$ 89,628.58</u>
					<b>B/S</b>

**Jim Alexdropoulos - 5%**

		<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
	<b>Ref #</b>				
Balance - beginning of year		\$ 54,500.00	\$ (96,000.00)	\$ 130,389.51	\$ 88,889.51
Additional Equity		-			-
Distributions			(20,500.00)		(20,500.00)
Net rental income for the year	10			21,239.07	21,239.07
Balance - end of the year		<u>\$ 54,500.00</u>	<u>\$ (116,500.00)</u>	<u>\$ 151,628.58</u>	<u>\$ 89,628.58</u>
					<b>B/S</b>

**Commercial Solutions Building****STATEMENT OF CO-OWNERS' EQUITY**

For the year ended December 31, 2015

**Nicolas Alexdropoulos - 5%**

		<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
	<b>Ref #</b>				
Balance - beginning of year		\$ 54,500.00	\$ (96,000.00)	\$ 130,389.51	\$ 88,889.51
Additional Equity		-			-
Distributions			(20,500.00)		(20,500.00)
Net rental income for the year	10			21,239.07	21,239.07
Balance - end of the year		<u>\$ 54,500.00</u>	<u>\$ (116,500.00)</u>	<u>\$ 151,628.58</u>	<u>\$ 89,628.58</u>
					B/S

**Harry Kaura - 5%**

		<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
	<b>Ref #</b>				
Balance - beginning of year		\$ 54,500.00	\$ (96,000.00)	\$ 130,389.51	\$ 88,889.51
Additional Equity		-			-
Distributions			(20,500.00)		(20,500.00)
Net rental income for the year	10			21,239.07	21,239.07
Balance - end of the year		<u>\$ 54,500.00</u>	<u>\$ (116,500.00)</u>	<u>\$ 151,628.58</u>	<u>\$ 89,628.58</u>
					B/S



**Commercial Solutions Building****STATEMENT OF CO-OWNERS' EQUITY**

For the year ended December 31, 2015

**Leo Superstein - 5%**

	<b>Ref #</b>	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 54,500.00	\$ (96,000.00)	\$ 130,389.51	\$ 88,889.51
Additional Equity		-			-
Distributions			(20,500.00)		(20,500.00)
Net rental income for the year	10			21,239.07	21,239.07
Balance - end of the year		<u>\$ 54,500.00</u>	<u>\$ (116,500.00)</u>	<u>\$ 151,628.58</u>	<u>\$ 89,628.58</u>
<b>B/S</b>					

**Torode Realty (Edmonton) Ltd. - 5%**

	<b>Ref #</b>	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 54,500.00	\$ (96,000.00)	\$ 130,389.51	\$ 88,889.51
Additional Equity		-			-
Distributions			(20,500.00)		(20,500.00)
Net rental income for the year	10			21,239.07	21,239.07
Balance - end of the year		<u>\$ 54,500.00</u>	<u>\$ (116,500.00)</u>	<u>\$ 151,628.58</u>	<u>\$ 89,628.58</u>
<b>B/S</b>					



**Commercial Solutions Building****STATEMENT OF CO-OWNERS' EQUITY**

For the year ended December 31, 2015

**976034 Alberta Ltd. - 4% & 1%**

		<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
	<b>Ref #</b>				
Balance - beginning of year		\$ 43,600.00	\$ (84,040.00)	\$ 117,199.38	\$ 76,759.38
Additional Equity		-			-
Distributions			(20,500.00)		(20,500.00)
Net rental income for the year	<b>10</b>			21,239.07	21,239.07
Balance - end of the year		<u>\$ 43,600.00</u>	<u>\$ (104,540.00)</u>	<u>\$ 138,438.45</u>	<u>\$ 77,498.45</u>
					<b>B/S</b>

**Schelske Welding Inc. - 4%**

		<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
	<b>Ref #</b>				
Balance - beginning of year		\$ 43,600.00	\$ (76,800.00)	\$ 104,311.63	\$ 71,111.63
Additional Equity		-			-
Distributions			(16,400.00)		(16,400.00)
Net rental income for the year	<b>10</b>			16,991.26	16,991.26
Balance - end of the year		<u>\$ 43,600.00</u>	<u>\$ (93,200.00)</u>	<u>\$ 121,302.89</u>	<u>\$ 71,702.89</u>
					<b>B/S</b>

**Commercial Solutions Building****STATEMENT OF CO-OWNERS' EQUITY**

For the year ended December 31, 2015

**Gary B. Romanchuk Professional Corporation - 3%**

	<b>Ref #</b>	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 32,700.00	\$ (57,600.00)	\$ 78,233.72	\$ 53,333.72
Additional Equity		-			-
Distributions			(12,300.00)		(12,300.00)
Net rental income for the year	<b>10</b>			12,743.44	12,743.44
Balance - end of the year		<u>\$ 32,700.00</u>	<u>\$ (69,900.00)</u>	<u>\$ 90,977.16</u>	<u>\$ 53,777.16</u>
					<b>B/S</b>

**1308022 Alberta Ltd. - 2%**

	<b>Ref #</b>	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 21,800.00	\$ (38,400.00)	\$ 52,155.81	\$ 35,555.81
Additional Equity		-			-
Distributions			(8,200.00)		(8,200.00)
Net rental income for the year	<b>10</b>			8,495.63	8,495.63
Balance - end of the year		<u>\$ 21,800.00</u>	<u>\$ (46,600.00)</u>	<u>\$ 60,651.44</u>	<u>\$ 35,851.44</u>
					<b>B/S</b>

Commercial Solutions Building

## STATEMENT OF CO-OWNERS' EQUITY

For the year ended December 31, 2015

**CTM Investments Inc. 2% + 1%**

	Ref #	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 16,200.00	\$ (50,600.00)	\$ 76,020.54	\$ 41,620.54
Additional Equity		-			-
Distributions			(12,300.00)		(12,300.00)
Net rental income for the year	10			12,743.44	12,743.44
Balance - end of the year		<u>\$ 16,200.00</u>	<u>\$ (62,900.00)</u>	<u>\$ 88,763.98</u>	<u>\$ 42,063.98</u>
B/S					

**DAN-D Limited 2% - 1%**

	Ref #	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 27,400.00	\$ (18,960.00)	\$ 15,403.31	\$ 23,843.31
Additional Equity		-			-
Distributions			-		-
Net rental income for the year	10			-	-
Balance - end of the year		<u>\$ 27,400.00</u>	<u>\$ (18,960.00)</u>	<u>\$ 15,403.31</u>	<u>\$ 23,843.31</u>
B/S					

**Commercial Solutions Building****STATEMENT OF CO-OWNERS' EQUITY**

For the year ended December 31, 2015

**Jeffrey Grobman - 2%**

	Ref #	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 21,800.00	\$ (38,400.00)	\$ 52,155.81	\$ 35,555.81
Additional Equity		-			-
Distributions			(8,200.00)		(8,200.00)
Net rental income for the year	10			8,495.63	8,495.63
Balance - end of the year		<u>\$ 21,800.00</u>	<u>\$ (46,600.00)</u>	<u>\$ 60,651.44</u>	<u>\$ 35,851.44</u>
					B/S

**Sandy Karsemaker - 2%**

	Ref #	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 21,800.00	\$ (38,400.00)	\$ 52,155.81	\$ 35,555.81
Additional Equity		-			-
Distributions			(8,200.00)		(8,200.00)
Net rental income for the year	10			8,495.63	8,495.63
Balance - end of the year		<u>\$ 21,800.00</u>	<u>\$ (46,600.00)</u>	<u>\$ 60,651.44</u>	<u>\$ 35,851.44</u>
					B/S

Commercial Solutions Building

## STATEMENT OF CO-OWNERS' EQUITY

For the year ended December 31, 2015

**David Lloyd - 2%**

	Ref #	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 21,800.00	\$ (38,400.00)	\$ 52,155.81	\$ 35,555.81
Additional Equity		-			-
Distributions			(8,200.00)		(8,200.00)
Net rental income for the year	10			8,495.63	8,495.63
Balance - end of the year		<u>\$ 21,800.00</u>	<u>\$ (46,600.00)</u>	<u>\$ 60,651.44</u>	<u>\$ 35,851.44</u>
B/S					

**Patrick K. Gillen - 1%**

	Ref #	<u>Initial Equity</u>	<u>Distributions</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year		\$ 10,900.00	\$ (19,200.00)	\$ 26,077.95	\$ 17,777.95
Additional Equity		-			-
Distributions			(4,100.00)		(4,100.00)
Net rental income for the year	10			4,247.81	4,247.81
Balance - end of the year		<u>\$ 10,900.00</u>	<u>\$ (23,300.00)</u>	<u>\$ 30,325.76</u>	<u>\$ 17,925.76</u>
B/S					

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
(A Joint Venture)

**FINANCIAL STATEMENTS**

December 31, 2015

**Commercial Solutions Building**  
**2714 / 2716 5th Street, Nisku, Alberta**  
(A Joint Venture)

FINANCIAL STATEMENTS

December 31, 2015

**INDEX**

<u>Contents</u>	<u>Page</u>
Balance Sheet	1
Statement of Owners Equity	2
Statement of Net Rental Income	3
Statement of Cash Flows	4
Notes to the Financial Statements	5