

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

OFFERING MEMORANDUM

No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. 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. See Item 10 "Risk Factors".

Date: June 29, 2018

Issuers: Evest Real Estate Trust (the "Trust")
Promintory Developments Limited Partnership (the "Partnership")
(each an "Issuer" and collectively the "Issuers")

Head Office: 630 Millbank Street, Vancouver, BC V5Z 4B7
Tel: 1-604-499-8900 Fax: N/A
Email: promintorylp@evestfunds.com

Currently Listed or Quoted: No. These securities do not trade on any exchange or market.

Reporting Issuer: No

SEDAR Filer: No

THE OFFERINGS:

Securities Offered: Units of the Trust ("Trust Units") and Units of the Partnership ("LP Units"), each, a "Unit" and together, the "Units" having the attributes and characteristics as set out in "Item 7 – Description of Units".

Price Per Security: \$1.00 per Unit.

Minimum/Maximum Offering: Up to \$8,000,000 (8,000,000 Units Maximum). There is no minimum amount for the current Offering, you could be the only purchaser in the current Offering. Funds available under this Offering may not be sufficient to accomplish our proposed objectives.

Minimum Subscription Amount: There is no minimum subscription amount. However, the Issuers may decide not to accept subscriptions under certain minimum amounts as they may determine from time to time, to minimize administrative costs.

Payment Terms: Personal cheque, certified cheque, bank draft, wire transfer or electronic funds transfer. All dollar amounts in this Offering Memorandum are in Canadian dollars unless otherwise indicated. See "Item 7—Description of Units - Subscription Procedure".

Closing Date(s): The Offerings shall be completed in multiple tranches and the closings (the "Closings") of such tranches may occur from time to time and at any time on such dates as each of the Trustee and General Partner determines. If certain conditions have not been satisfied or waived on or before the date selected by the Trustee (in respect of Trust Units) and the General Partner (in respect of LP Units), in their respective sole discretion in respect of a Closing, subscriptions and subscription funds will be returned to subscribers without interest or deduction.

Purpose: The Partnership has acquired a 3.16 acre real estate development property located at 665 Boynton Place, Kelowna, British Columbia described herein as the "Property". The activities of the Trust are limited to investing in the Partnership. Investors that desire to invest through an RRSP, RESP, RDSP, RRIF, TFSA or other Deferred Plans will be required to invest in the Trust (which will in turn invest in the Partnership), whereas investors who are Canadian residents that do not need to invest through Deferred Plans may prefer to invest directly into the Partnership. The Trust may accept up to 45% of its investment from "offshore investors" who are non-residents of Canada. See "Item 8 – Canadian Federal Income Tax Consequences and RRSP Eligibility".

Tax Consequences: There are important tax consequences relating to the ownership of these securities. All investors will be responsible for the preparation and filing of their own tax returns in respect of this investment. See "Item 8 – Canadian Federal Income Tax Consequences and RRSP Eligibility".

Selling Agents: There are no agents engaged by the Issuers at the date of this Offering Memorandum. The General Partner will market the sale of Trust Units and LP Units. See "Item 9—Compensation Paid to Sellers and Finders".

Resale Restrictions: You will be restricted from selling your Trust Units and LP Units for an indefinite period. There will be no market for the Trust Units or LP Units. See "Item 12—Resale Restrictions".

Purchasers' Rights: You have two Business Days to cancel your agreement to purchase the Trust Units or the LP Units. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel your agreement. See "Item 13—Purchasers' Rights".

Capitalized terms used but not otherwise defined above have the meanings ascribed to them under "Glossary of Terms" in this confidential Offering Memorandum. All dollar amounts in this Offering Memorandum are in Canadian dollars unless otherwise indicated.

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FORWARD-LOOKING STATEMENTS

Certain information regarding the Issuers set forth in this Offering Memorandum, including the Issuers' future plans and business, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "anticipate", "believe", "continue", "estimate", "expect", "intend", "plan", "potential", "predict", "project", "seek" or other similar words, or statements that certain events or conditions "may", "might", "could", "should" or "will" occur are intended to identify forward looking statements. Such statements represent the Issuers' internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, business opportunities, future expenditures, plans for and results of business prospects and opportunities. These statements are only predictions and actual events or results may differ materially. Although that the expectations reflected in the forward-looking statements are reasonable, future results, levels of activity, performance or achievement cannot be guaranteed since such expectations are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Many factors could cause the Issuers' actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Issuers.

Forward-looking statements included in this Offering Memorandum include, but are not limited to, statements with respect to: use of proceeds of the Offering; the business to be conducted by the Issuers; the ability to make and the timing and payment of distributions; payment of fees; the Issuers' business objectives; treatment under governmental regulatory regimes and tax laws; financial and business prospects and financial outlook; and timing of dissolution of the Issuers; possibility of extension of the dissolution date of the Issuers; results of operations, the timing thereof and the methods of funding.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to the risks discussed under "**Item 10 - Risk Factors**" and other factors, many of which are beyond the control of the Issuers. Readers are cautioned that the foregoing list of factors is not exhaustive.

The forward-looking statements contained in this Offering Memorandum are based on a number of assumptions, including those relating to: the Issuers' business strategy and operations; the ability of the Issuers to achieve or continue to achieve their business objectives; the Issuers' expected financial performance, condition and ability to generate distributions; the Partnership, including its business strategy, operations, financial performance, condition and ability to generate distributions; factors and outcomes associated with the real estate sector in Kelowna, British Columbia, including competition and competitive conditions; concentration in a single industry (being real estate development of the Project in Kelowna, British Columbia); possibility of substantial redemptions of securities; taxation of the Issuers; the impact on the Issuers of future changes in applicable legislation; application of legislation and regulations applicable to the Issuers; and availability of and dependence upon certain key employees of the General Partner.

Although the forward-looking statements contained in this Offering Memorandum are based upon assumptions believed to be reasonable, the Issuers cannot assure investors that actual results will be consistent with these forward-looking statements.

The Issuers have included the above summary of risks related to forward-looking information provided in this Offering Memorandum in order to provide investors with a more complete perspective on the Issuers' current and future operations and such information may not be appropriate for other purposes. The Issuers' actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Issuers will derive therefrom. These forward-looking statements are made as of the date of this Offering Memorandum and the Issuers disclaim any intent or obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable laws.

DOCUMENTS INCORPORATED BY REFERENCE

Any documents of the type referred to in National Instrument 45-106 – *Prospectus Exemptions* to be incorporated by reference in an Offering Memorandum, including any marketing materials that are effective after the date of this Offering Memorandum and before the termination of the Offerings, are deemed to be incorporated by reference in this Offering Memorandum. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Issuers at their registered office at Suite 700 - 595 Burrard Street, Vancouver, British Columbia, V7X 1S8.

Any statement contained in this Offering Memorandum or in a document incorporated or deemed to be incorporated by reference herein is deemed to be modified or superseded for the purposes of this Offering Memorandum to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded is not deemed, except as so modified or superseded, to constitute a part of this Offering Memorandum.

Information contained or otherwise accessed through the Issuers' website or any website does not form part of this Offering Memorandum or the Offerings.

GLOSSARY OF TERMS

The following terms have the following meaning throughout this Offering Memorandum:

"Acting Parties" means the General Partner, any Affiliates and subcontractors of the General partner, Promintory Developments Inc, in its capacity as initial unitholder of the Trust, and any directors, officers, employees and individual shareholders of the foregoing, and **"Acting Party"** means any one of them;

"Affiliate" has the meaning ascribed to it in Section 1 of the *Business Corporations Act* (British Columbia);

"Aggregate Contributed Capital" means, with respect to the Partnership, the sum of the Capital Contributions of all of the Limited Partners, and with respect to the Trust the sum of the Capital Contributions of all of holders of Trust Units;

"Applicable Laws" means all applicable provisions of law, domestic or foreign, including the Securities Act;

"Approvals" means any directive, order, consent, exemption, waiver, consent order or decree of or from, or notice to, action by or filing with, any Governmental Authority;

"associate" has the meaning ascribed thereto in the Securities Act;

"Auditors" means **Dale Matheson Carr-Hilton Labonte LLP**, or such other firm of chartered professional accountants as may be appointed as auditor or auditors of the Issuers from time to time;

"Available Funds" means, at any time, such amounts as indicated in row D of the table under **"Item 1.1 - Use of Available Funds"**;

"BCA" means the *Business Corporations Act* (British Columbia), as amended from time to time;

"Boynton GP" means Boynton Developments (Kelowna) Ltd.;

"Boynton LP" means Boynton (Kelowna) Limited Partnership;

"Business" means development of the Property and sale of the constructed dwellings located upon the Property;

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

"Cash Flow of the Trust" means the cash flow of the Trust calculated in accordance with the Declaration of Trust and means the amount so calculated;

"Closing" means a closing of the Offering;

"CRA" means the Canada Revenue Agency;

"Capital Contributions" means, with respect to each Limited Partner (including the Initial Limited Partner), the aggregate Subscription Price in respect of all of the Units held by such Limited Partner or the fair market value of property paid or agreed to be paid or contributed or agreed to be contributed to the Partnership by such Limited Partner, and with respect to each holder of Trust Units, the aggregate Subscription Price in respect of all of the Trust Units held by such holder;

"Capital Street" means Capital Street Investment Services Inc.

"Debt" means the First Mortgage, Second Mortgage and the Other Loan;

"Declaration of Trust" means the Declaration of Trust dated as of June 19, 2018 between the Trustee and Promintory Developments Inc. as the initial Trust Unit holder, and all persons who thereafter become holders of Trust Units, governing the business and affairs of the Trust, and as may be amended, supplemented or restated from time to time, a copy of which is available for examination at the registered office of the Issuers at 630 Millbank Street, Vancouver, BC V5Z 4B7;

"Deferred Plan" means a trust governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disabilities savings plan, or tax-free savings account;

"Development Permit" means the development permit or permits issued by the City of Kelowna with respect to the Business;

"discretion" means sole, absolute, and unfettered discretion;

"DIT Loan" means a loan from the "Diversified Income Trust" controlled by John Murphy.

"Distributable Cash" means, with respect to a Fiscal Period, the amount, if any, by which the aggregate of:

- (a) the Gross Receipts for the Fiscal Period; plus
- (b) the amount of any Reserves at the beginning of that Fiscal Period;

exceed the aggregate of all operating and capital expenditures related to the development and operating of the Property (including fees and expenses paid to the General Partner) including without restricting the generality of the foregoing:

- (c) management costs, all costs of approvals of the Project, asset acquisition costs, asset management costs, other general and administrative expenses and applicable taxes, sales and duties of any other nature paid or payable by the Partnership, including withholding taxes paid or payable) paid or incurred in the Fiscal Period;
- (d) debt service payments and charges paid or incurred for that Fiscal Period in accordance with the contractual obligations of the Partnership and otherwise incurred in the operation and administration of the Partnership and the Business;
- (e) the amount of all Reserves at the end of that Fiscal Period,

in each case, calculated, without duplication, and, where applicable, all as disclosed in the financial statements of the Partnership for that Fiscal Period, prepared in accordance with IFRS consistently applied;

"Distribution" and **"distributed"** means amounts paid or other property distributed:

- (a) by the Partnership to a Partner in respect of its interest in the Partnership but specifically do not include amounts paid to a Partner in respect of property acquired by the Partnership or from services provided to the Partnership or money lent to the Partnership by such Partner; or

- (b) by the Trust to a Trust Unitholder in respect of its interest in the Trust but specifically do not include amounts paid to a Trust Unitholder in respect of property acquired by the Trust or from services provided to the Trust or money lent to the Trust by such Trust Unitholder;

"Distribution Payment Date" means, in respect of a Distribution Period, on the tenth business day immediately following the end of the Distribution Period or such other date determined from time to time by the Trustee, in the case of the Trust, or the General Partner, in the case of the Partnership;

"Distribution Period" means each semi-annual period ending on June 30 and December 31, or such other periods as may be determined from time to time by the Trustee, in the case of the Trust, or the General Partner, in the case of the Partnership, from and including the first day thereof and to and including the last day thereof;

"Distribution Record Date" means the last Business Day of each Distribution Period, or such other date determined from time to time by the Trustee, in the case of the Trust, or the General Partner, in the case of the Partnership;

"EMD" means a person or company registered as an exempt market dealer pursuant to NI 31-103;

"Financing" means any credit facility granted or extended to or for the benefit of, or investment by way of debt in, the Partnership, whereby or pursuant to which money, credit or other financial accommodation has been or may be provided, made available or extended to the Partnership by way of borrowed money, the purchase of debt instruments or securities, bankers acceptances, letters of credit, overdraft or other forms of credit and financial accommodation, and includes any and all trust deeds, indentures, mortgages, bonds, or debentures (whether issued and delivered as security or sold to a purchaser), security agreements and other deeds, instruments or documents in respect thereof;

"First Mortgage" means the first mortgage registered on title of the Property in the principal amount of \$2,800,000 incurred by Boynton LP for the purchase of the Property and owing to a third party lender named Renaissance Enterprises (Lanterra) Corporation as a vendor take-back mortgage on the original sale of the Property to Boynton LP at an interest rate of 5.5% per annum having a \$200,000 installment payment due on August 1, 2018 and a first term ending on December 2, 2018;

"Fiscal Period" means:

- (a) in the case of the first "Fiscal Period" of the Trust, the period commencing on the date of formation and ending on June 22, 2018;
- (b) in the case of the first "Fiscal Period" of the Partnership, the period commencing on the date of formation and ending on March 31, 2018; and,
- (c) thereafter, each Fiscal Period shall commence on January 1 and end on December 31 of each calendar year or such other date as determined, with respect to the Partnership by the General Partner, and with respect to the Trust by the Trustee;

"Funding Agreement" means the agreement entered into between the Trust and the Partnership dated June 19, 2018, which provides that the Partnership will pay all costs, fees, Selling Commissions and expenses incurred by the Trust in connection with the Trust Offering;

"General Partner" means Promintory Developments Inc., a British Columbia corporation, in its capacity as and for so long as it remains general partner of the Fund, and any successor or permitted assignee thereof. See **"Item 4 Material Agreements – Partnership Agreement"**;

"General Partner Fees" means the management remuneration of the General Partner;

"Governmental Authority" means (i) any nation, province, territory, state, county, city or other jurisdiction; (ii) any federal, provincial, territorial, 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;

"Gross Proceeds" means, at any time, the aggregate gross proceeds of the Trust Offering or the Partnership Offering, as applicable;

"Gross Receipts" means, for any Fiscal Period, all amounts received by the Partnership in the Fiscal Period from all sources including, without limitation:

- (a) cash generated from the operation of the Business;
- (b) financing proceeds (not including Unit proceeds);
- (c) cash generated from the sale of all or any portion of the Project or its assets; and
- (d) any interest on deposits or other funds and investments of the Partnership, including Reserves;

all as disclosed in the financial statements of the Partnership for that Fiscal Period, prepared in accordance with IFRS consistently applied;

"GST" means any applicable Canadian federal or provincial goods and services tax or harmonized sales tax;

"Guarantee Fee" means a fee equal to up to 3% percent of the principal amount of an applicable loan, which may be payable to a related party or an arms-length third party in the sole discretion of the General Partner, which shall be payable on terms to be determined and negotiated by the General Partner in the sole discretion of the General Partner;

"IFRS" means International Financial Reporting Standards promulgated by the International Accounting Standards Board;

"include", "including" and "includes" means "include, without limitation", "including, without limitation", and "includes, without limitation", respectively;

"Income of the Trust" for any taxation year of the Trust, means the net 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 the income of a trust, and taking into account such adjustments thereto as are determined by the Trustee in respect of dividends received from taxable Canadian corporations, amounts paid or payable by the Trust to Trust Unit holders and such other amounts as may be determined in the discretion of the Trustee; provided, however, that capital gains and capital losses shall be excluded from the computation of net income;

"Initial Limited Partner" means David Kiess;

"Initial Trust Unit" means the one Trust Unit issued to Promintory Developments Inc. upon settlement of the Trust;

"Insider of the Trust" means a person who would be an "insider of the Trust" as defined in Regulation 4803(1) of the Tax Act if the references to "corporation" were read as references to the Trust;

"Issuers" means, collectively, the Trust and the Partnership;

"Joint Venture Agreement" means the joint venture agreement, dated March 20, 2018, between the General Partner and Boynton GP relating to the development of the Property and as more particularly described in *Item 4.3 – Joint Venture Agreement*;

"Limited Partner" means any person who is admitted to the Partnership as a limited partner for so long as they are a registered holder of at least one LP Unit;

"LP Unit" means a limited partnership unit representing a beneficial interest in the Partnership issued from time to time in accordance with the Partnership Agreement and having the rights, privileges, restrictions and conditions as set out in the Partnership Agreement;

"LP Unit Redemption Price" has the meaning ascribed thereto under *"Item 4.2—Partnership Agreement"*;

"Management Fee" means a fee totaling 3.0% of the Project Costs, payable by the Partnership to the General Partner as follows:

- (a) a monthly payment of \$25,000.00 payable on the first day of each month commencing on the first full month after acquisition of the land or rights thereto and continuing until the earlier of the payment in full of the Management Fee and the completion of the Project as evidenced by an occupancy permit for the Project whether interim, conditional or final; and
- (b) the remainder, if any, payable upon completion of the Project, which means the sale of the last of the Property.

"Maximum Offering" means the maximum current offering of Trust Units and LP Units for total aggregate Gross Proceeds (other than as payable from the Trust to the Partnership for the Partnership's purchase of LP Units) of up to \$8,000,000;

"Net Capital Contribution" means the net proceeds raised by the Trust or Partnership under the respective Trust Offering or Partnership Offering in respect of a Unit being redeemed by a Trust Unitholder or Limited partner, as the case may be, being the Gross Proceeds from the issuance of such Unit less the Selling Commissions and Offering Costs paid on or attributable to such Unit;

"Net Income" and "Net Loss" mean, for any period, the net income or net loss of the Partnership for the period determined in accordance with IFRS;

"Net Realized Capital Gains" of the Trust for any taxation year of the Trust shall be determined as the amount, if any, by which the aggregate of the capital gains of the Trust for the year exceeds:

- (a) the aggregate of the capital losses of the Trust for the year;
- (b) any capital gains which are realized by the Trust as a result of a redemption of Trust Units; and
- (c) the amount determined by the Trustee in respect of any net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for the year;

"NI 31-103" means National Instrument 31-104 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

"NI 45-106" means National Instrument 45-106 – *Prospectus and Registration Exemptions*;

"Non-Registered Unitholder" means beneficial holders of Trust Units or LP Units who hold such Units through an intermediary, such as a financial institution, broker, or nominee;

"Non-Resident" means a Person who is not a resident of Canada and a partnership that is not a Canadian partnership for the purposes of the Tax Act;

"Offerings" means, collectively, the Trust Offering and the Partnership Offering;

"Offering Costs" means and fees, costs and expenses incurred by or on behalf of the Trust or the Partnership, as the case may be, in connection with the Offerings and sale of Units from time to time, including legal, accounting, audit, printing, filing, Transfer Agent and other costs and fees associated with the Offerings, including the preparation of an offering memorandum;

"Offering Memorandum" means this offering memorandum of the Issuers as the same may be amended, supplemented or replaced from time to time;

"Other Loan" means the loan having a principal amount owing of \$170,000 to 1019283 BC Ltd. (a corporation owned by David Kiess) that was incurred by cash payment from 1019283 BC Ltd. for an installment payment on the First Mortgage, having an interest rate of 12% per annum with interest only monthly installments with a first term ending on May 1, 2019;

"Partners" means the General Partner and all Limited Partners, and **"Partner"** means any one of the Partners;

"Partnership" means the Promintory Developments Limited Partnership, a limited partnership established under the laws of the Province of British Columbia, or any successor or permitted assignee thereof;

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

"Partnership Agreement" means the limited partnership agreement dated February 1, 2018, respecting the Partnership, between the General Partner, David Kiess as the Initial Limited Partner, and any Person who subsequently becomes a Limited Partner pursuant to the terms thereof, as may be amended, supplemented or restated from time to time, a copy of which is available at the registered offices of the Issuers at 630 Millbank Street, Vancouver, BC V5Z 4B7;

"Partnership Offering" means the private placement of LP Units by the Partnership under this Offering Memorandum;

"Permitted Investments" means all property, assets and rights which may be held from time to time by a "mutual fund trust" under the provisions of subsection 132(6) of the Tax Act, including without limitation:

- (a) the initial contribution made to the Trust by the initial Trust Unitholder;
- (b) all funds realized from the sale of Trust Units;
- (c) securities in the capital of the corporations and interests in limited partnerships or trusts, including without limitation, the Partnership;
- (d) debt or debt instruments issued by any issuer;
- (e) rights in and to any real property, provided that it is capital property;
- (f) any proceeds of disposition of any of the foregoing property; and
- (g) all income, interest, profit, gains and accretions and additional rights arising from or accruing to such foregoing property or such proceeds of disposition;

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

"Preferred Return" means, in respect of a Unit, a return equal to 12% per annum, non-compounded, on the Capital Contribution of a Limited Partner from the date of contribution (see *"Item 7 – Description of Units"*);

"Principals" means the principals of the General Partner being Robert Fraser and David Kiess, or their replacements from time to time and **"Principal"** means any one of them;

"Promoters" means the Trustee, the General Partner and the initial unitholder of the Trust, being the entities that took the initiative in founding and organizing the Partnership;

"Property" means:

- (a) the approximately 3.16 acre real estate development lands situated at 665 Boynton Place, Kelowna, British Columbia, and currently legally described as:

Parcel identifier: 027-456-633

LOT 5 SECTIONS 31 AND 32 TOWNSHIP 26 OSOYOOS DIVISION YALE DISTRICT PLAN
KAP86216,

as such lands and premises may be subdivided, consolidated, or stratified from time to time, together with all buildings, fixtures and improvements thereon, and all rights and benefits appurtenant thereto; and

- (b) any lands or interest therein acquired from time to time by the Partnership in connection with the development of the Property;

"Proportionate Interest", for each LP Unit or Limited Partner, as the case may be, means that fraction which:

- (a) has as its denominator the aggregate of an amount equal to the total proceeds received by the Partnership from subscriptions for LP Units plus, if applicable, the amount of any additional capital contributed by Limited Partners; and
- (b) has as its numerator:

- i. in the case of an LP Unit, an amount equal to the Subscription Price of such LP Unit; or
- ii. in the case of a Limited Partner, an amount equal to the aggregate of the total Subscription Price paid or deemed to have been paid by such Limited Partner for all of his, her or its Units;

"Proposed Amendments" means all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof;

"Project" means the development and sale of constructed units located upon the Property;

"Project Costs" means any and all expenses incurred by the Partnership related to its completion of the Project;

"pro rata share" of any particular amount in respect of a Trust Unitholder at any time shall be the product obtained by multiplying the number of Trust Units that are outstanding and owned by that Trust Unitholder at such time by the amount obtained when the particular amount is divided by the total number of all Trust Units that are issued and outstanding at that time;

"Qualified Person" means a person in respect of whom, if such person were to become a Limited Partner, the representations of such person contained in the Partnership Agreement would be true;

"Redemption Date" means the last Business day of any calendar quarter end upon which a Unit is redeemable;

"Redemption Notes" means the promissory notes issued by an Issuer to Trust Unitholders as payment for the Redemption Price for the Trust Units in the circumstances where Trust Units are not redeemed for cash; and such Redemption Notes shall be subject to the following terms and conditions:

- (a) unsecured and bearing interest from and including the issue date of each such note at a market rate determined at the time of issuance by the Trustee, as the case may be, based on the advice of an independent financial advisor, and payable annually in arrears;
- (b) subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into by the Issuer pursuant to the note indenture with holders of senior indebtedness;
- (c) ranking pari passu with all unsecured indebtedness of the Issuer;
- (d) subject to earlier prepayment, being due and payable on or prior to four years after the date of issuance of the Redemption Note; and
- (e) subject to such other standard terms and conditions as would be included in a note indenture for promissory notes of this kind, as may be approved by the Trustee.

"Redemption Price" means the amount payable pursuant to a redemption of Unit(s) by an Issuer to a holder of Unit(s) equal to the lesser of:

- (a) 95% of the Net Capital Contribution of such Unit(s), until December 31, 2018;
 - (b) 97.5% of the Net Capital Contribution of such Unit(s), until December 31, 2019; and
 - (c) 100% thereafter,
- less a redemption fee of \$200;

"Reserves" means reserves which in the opinion of the General Partner in relation to the Partnership are necessary or advisable, having regard to the current and anticipated cash resources of the Partnership to:

- (a) provide for the orderly payment of obligations owing, to become owing or anticipated to be incurred by the Partnership; or
- (b) comply with any commitments as to the financial condition of the Partnership as contained in any loan agreement, mortgage, trust deed or other security providing for or securing financial accommodation to the Partnership;

"Second Mortgage" means the second mortgage registered on title of the Property for an aggregate principal amount of \$490,000 owing to a lending group comprised of \$140,000 principal amount owing to 1019283 BC Ltd. (a corporation owned by David Kiess), \$50,000 principal amount owing to Peter Jensen, and \$280,000 owing to Christine Shylo Graham and Hunter Churchill Graham, all having an interest rate of 12% per annum with interest only monthly installments with a first term ending on August 15, 2018; the \$490,000 was incurred by a cash payment of \$300,000 by the lending group to payout the previous second mortgage amount of \$300,000 that was incurred together with the First Mortgage for the purchase of the Property and a cash payment of \$190,000 on behalf of the General Partner to acquire its 89% interest in Boynton GP, and the \$190,000 is now owing from the General Partner to Boynton LP as a related party transaction included in the liabilities of the General Partner as disclosed in its audited financial statements attached to this Offering Memorandum;

"Securities Act" means the Securities Act (British Columbia), as amended from time to time, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder;

"Special Resolution" means:

(a) in respect of the Trust:

- i. (i) a resolution passed by the affirmative votes of such number of the Trust Unitholders entitled to vote on the resolution, attending in person or by proxy, holding in the aggregate not less than 66-2/3% of the Trust Units of such Trust Unitholders, at a duly convened meeting of the Trust Unitholders or any adjournment thereof; or
- ii. (ii) a written resolution signed in one or more counterparts by Trust Unitholders (or their lawful attorney) holding, in the aggregate, not less than 66-2/3% of the Trust Units then outstanding, notice of which has been given to all Trust Unitholders;

(b) in respect of the Partnership:

- i. (i) a resolution passed by the affirmative votes of such number of the Partners entitled to vote on the resolution, attending in person or by proxy, holding in the aggregate not less than 75% of the Units of such Partners, at a duly convened meeting of the Partners or any adjournment thereof; or
- ii. (ii) a written resolution signed in one or more counterparts by Partners (or their lawful attorney) holding, in the aggregate, not less than 75% of the Units then outstanding, notice of which has been given to all Partners;

"Specifications" means the proposed plan to subdivide and/or develop the Property as set out in *Item 3.7 – The Project*;

"Subscription Agreement" means a subscription agreement to be executed and delivered by each investor providing for the purchase by such investor of Trust Units or LP Units (as elected by the investor), in the form attached hereto as Schedule "A";

"Subscription Price" means the amount of \$1.00 per Unit to be contributed to the capital of the Trust or the Partnership, as the case may be, as consideration for the issuance of that Unit;

"subsidiary" has the meaning ascribed thereto in the Securities Act;

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

"Tax Income" and **"Tax Loss"** means, respectively, with respect to the Partnership and in respect of any period, income or loss for such period determined in accordance with the provisions of the Tax Act;

"Transfer Agent" means such Person(s) as may from time to time be appointed by the Trust to act as registrar and transfer agent of the Trust Units and by the Partnership to act as registrar and transfer agent of the LP Units, together with any sub-transfer agent duly appointed by the Transfer Agent;

"Transfer Form" means a transfer and power of attorney in such form as approved or accepted from time to time by the General Partner;

"Trust" means the Evest Real Estate Trust, a trust constituted by the Declaration of Trust, as the same may be amended, supplemented or restated from time to time;

"Trust Offering" means the private placement of Trust Units by the Trust under this Offering Memorandum;

"Trust Property", at any time, shall mean the Permitted Investments that are at such time held by the Trustee for the benefit of the Trust Unitholders and for the purposes of the Trust under the Declaration of Trust;

"Trust Unit" means a Class "A" Series 1 unit of the Trust, which represents an interest in the Trust, as provided for in the Declaration of Trust, and has the rights, privileges, restrictions and conditions set forth in the Declaration of Trust, and shall not include fractional Trust Units (see **"Item 7 – Description of Units"**);

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

"Trust Unit Redemption Price" has the meaning ascribed thereto under **"Item 4.1—Declaration of Trust"**;

"Trustee" means the trustee of the Trust at that time, so long as such Person remains as trustee, which is currently Evest Real Estate Asset Management Corp.;

"Unanimous Resolution" means:

(a) in respect of the Trust:

- i. a resolution passed by the affirmative votes of such number of the Trust Unitholders entitled to vote on the resolution, attending in person or by proxy, holding in the aggregate not less than 100% of the Trust Units of such Trust Unitholders, at a duly convened meeting of the Trust Unitholders or any adjournment thereof; or
- ii. a written resolution signed in one or more counterparts by Trust Unitholders (or their lawful attorney) holding, in the aggregate, not less than 100% of the Trust Units then outstanding, notice of which has been given to all Trust Unitholders;

(b) in respect of the Partnership:

- i. a resolution passed by the affirmative votes of such number of the Partners entitled to vote on the resolution, attending in person or by proxy, holding in the aggregate not less than 100% of the Units of such Partners, at a duly convened meeting of the Partners or any adjournment thereof; or
- ii. a written resolution signed in one or more counterparts by Partners (or their lawful attorney) holding, in the aggregate, not less than 100% of the Units then outstanding, notice of which has been given to all Partners;

"Unit" means a Trust Unit or a LP Unit, and "Units" means Trust Units and/or LP Units;

"Unit Certificate" means a certificate evidencing one or more Trust Units or LP Units (as applicable), issued and certified in accordance with the provisions of the Declaration of Trust or the Partnership Agreement, as applicable;

"\$" means Canadian dollars.

ITEM 1: USE OF AVAILABLE FUNDS

1.1 Funds

	<u>Assuming Maximum Offering</u>
A. Amount to be Raised by the Offerings ⁽¹⁾	\$8,000,000
B. Selling Commissions and Fees ⁽²⁾	800,000
C. Estimated Offering Costs ⁽³⁾	<u>75,000</u>
D. Available Funds $D = A - (B + C)$	\$7,125,000
E. Additional sources of funding required ⁽⁴⁾	Nil
F. Working capital deficiency (surplus) ⁽⁵⁾	<u>16,018</u>
G. Total: $G = (D+E) - F$	\$7,108,982

- (1) Assuming the Issuers complete the maximum Offering, the Issuers will have raised gross proceeds of \$8,000,000. There is no minimum Offering.
- (2) The Units will be offered for sale by Capital Street and such other registered dealers as may be appointed from time to time, which agents for the Issuers will be paid the Selling Commissions. The maximum commission payable to such agents will be an up to 10% Selling Commission of the Gross Proceeds of the Units sold by such agents See *“Item 9 - Compensation paid to Sellers and Finders”*.
- (3) All expenses, fees and Selling Commissions related to the Offering will be borne by the Partnership pursuant to the terms of the Funding Agreement. The estimated costs of the Offerings disclosed above are the aggregate of the costs estimated to be associated with the Trust Offering and the Partnership Offering.
- (4) Professionals and consultants have been engaged for development of the Property (see *“Item 3.2 – Business of the Partnership”*). The Partnership may require additional Financing to participate in the development of the Property (see *“Item 3.6 - Insufficient Funds”*) and the amount of additional funding required will depend on numerous factors and future conditions including the Gross Proceeds raised by the Offerings. The General Partner will assess and propose the needs to secure additional financing from independent sources as and if required.
- (5) Prior to commencement of the Offering the Issuers have a working capital deficiency of \$16,018.

1.2 Use of Available Funds

The Trust will use the Gross Proceeds from the sale of Trust Units to purchase LP Units of the Partnership. The Partnership will pay the costs and fees of the Offerings set out in *“Item 1.1 – Available Funds”* above for both the Trust and the Partnership.

The Partnership will use the Available Funds as follows:

Description of intended use of available funds listed in order of priority (Based on an estimated 6-month plan)	Assuming Maximum Offering
Design, Consultants, Legal and Accounting	\$309,000
Municipal charges	\$135,000
Development Cost Charges at \$15,666 per unit	\$595,000
Property taxes	\$39,000
HPO/Warranty at \$1,250 per unit	\$42,000
Insurance	\$50,000
Off Site Servicing at \$500 per unit	\$19,000
Utility Hook ups at \$1,000 per unit	\$38,000

Debt Interest	\$108,000
Management Fees to General Partner ⁽¹⁾	\$150,000
Contingency at 5% of hard and soft cost	\$221,250
Working Capital including Costs of construction financing ⁽²⁾	\$1,942,732
Pay down a portion (or more) of the Debt ⁽³⁾	\$3,460,000
Total: Equal to G in the Funds table above⁽⁴⁾	\$7,108,982

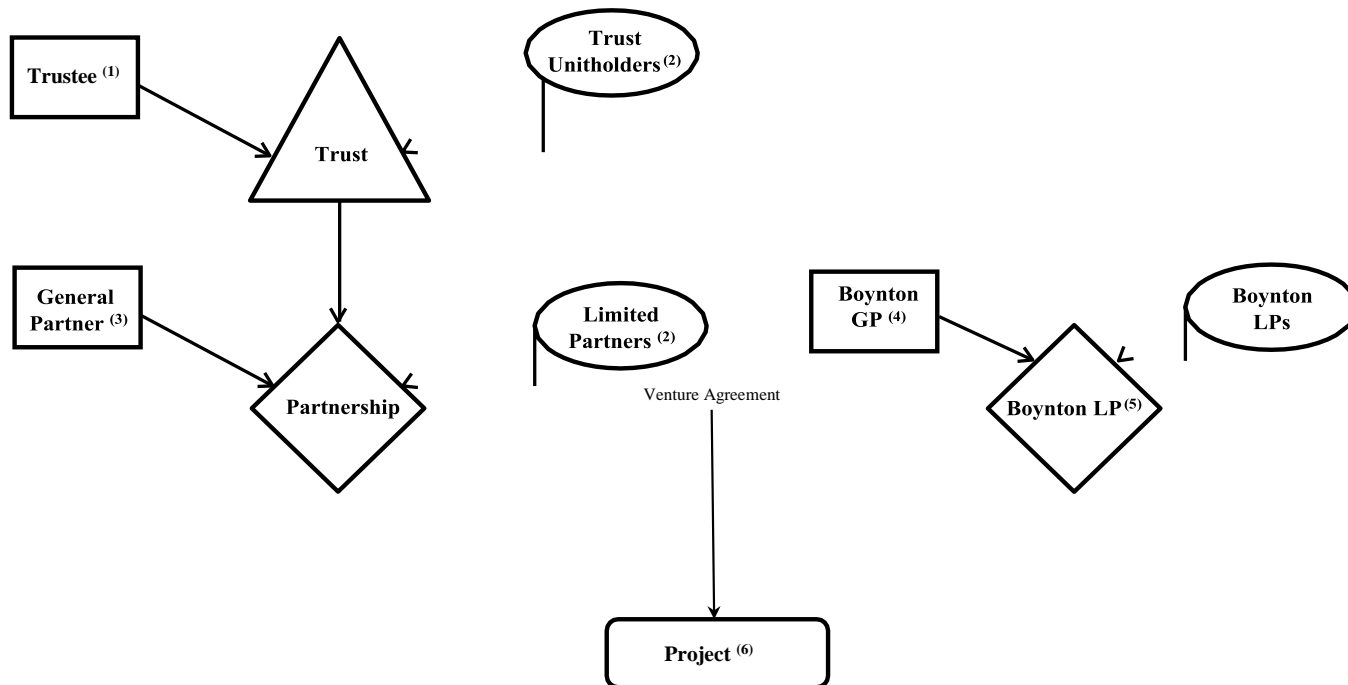
- (1) The General Partner is entitled to Management Fees (as described in this Offering Memorandum and the Partnership Agreement) as well as a portion of the Distributable Cash (as described in this Offering Memorandum and the Partnership Agreement). The Management Fee is a fee equal to 3% of the Project Costs which shall be paid at \$25,000 per month otherwise calculated and divided by the estimated number of months of the duration of the Project. See “*Item 4.2 Material Agreements – Partnership Agreement*”. The General Partner is a related party to the Issuers and is beneficially owned by 85% by Mr. Bob Fraser and 15% by Mr. David Kiess. The General Partner intends to pay, from its own resources, Lauren Labas \$12,000 per year, Bob Fraser \$90,000 per year, and David Kiess \$42,000 per year for their respective services – see “*Item 5.1—Compensation and Securities Held*”.
- (2) \$16,018 of the available funds will be applied against the working capital deficiency.
- (3) The Debt totals a principal amount of approximately \$3,460,000. The Issuers intend to use \$1,500,000 (36.5%) of available funds to pay down a portion of the Debt. The Debt includes: (1) the \$2,800,000 First Mortgage incurred for the purchase of the Property; (2) \$490,000 Second Mortgage of which \$300,000 was incurred to payout a previous \$300,000 second mortgage that was incurred for the purchase of the Property and \$190,000 that was incurred as a cash payment by the lenders on behalf of the General Partner to acquire its 89% interest in Boynton GP; and (3) \$170,000 Other Loan incurred as a cash payment by the lender to pay part of an installment payment on the First Mortgage. The Second Mortgage includes \$140,000 principal amount owing to 1019283 BC Ltd. (owned by David Kiess, a director and 15% owner of the General Partner), which is a related party to the Partnership. The Other Loan lender is also 1019283 BC Ltd. (owned by David Kiess), a related party to the Partnership. Depending on real estate market circumstances and general economic conditions, the General partner may, on behalf of the Partnership, decide in its sole discretion to pay down more or all of the Debt, in which case other uses of proceeds would be reduced accordingly to provide funding for the additional debt pay down.

1.3 Reallocation

The LP intends to spend the available funds as stated. The LP will reallocate funds only for sound business reasons. In the event that the LP does not raise all of the required capital it will leave the existing mortgages in place and will use the Property for borrowing where needed and available. In the event the LP is unable to raise sufficient funds to proceed with the Project or if the Project fails prior to completion and sale then the LP intends to sell the unfinished Project and with the proceeds pay creditors and distribute the remainder, if any, to Partners in accordance with the Partnership Agreement.

ITEM 2: STRUCTURE OF THE ISSUERS

2.1 Structure of the Issuers



Notes:

1. Evest Real Estate Asset Management Corp. is the Trustee of the Trust. Lauren Labas owns 100% of the Trustee and is the sole director and officer of the Trustee.
2. Investors under the Trust Offering will be Trust Unitholders and investors under the Partnership Offering will be Limited Partners. All of the Gross Proceeds of the Trust Offering will be used to acquire LP Units from the Partnership, and the net proceeds described as the Available Funds above (see *"Item 1 – Use of Available Funds"*) will be used to acquire the Property. Under the Funding Agreement, the Partnership has agreed to pay all expenses of the Trust in consideration for the Trust investing all of its gross proceeds into the Partnership.
3. Promintory Developments Inc. is the General Partner of the Partnership. The General Partner is a related party to the Issuers and is beneficially owned by 85% by Mr. Bob Fraser and 15% by Mr. David Kiess.
4. Boynton Developments (Kelowna) Ltd. ("**Boynton GP**") is the general partner of the Boynton LP. Boynton GP is owned 89% by the General Partner and 11% Mr. Bob Fraser. Boynton GP is a related party to the Partnership and therefore Boynton LP is also a related party to the Partnership.
5. Boynton (Kelowna) Limited Partnership maintains an interest in the Property pursuant to the Joint Venture Agreement;
6. Pursuant to the Joint Venture Agreement, the Partnership has agreed to improve the 3.16-acre real estate development Property located at 665 Boynton Place, Kelowna, British Columbia, by management and development of housing upon the Property, marketing and selling lots constructed thereon, paying the encumbrances from equity or lot sales, and pay Boynton LP from those net sales proceeds \$6,349,500. The Partnership may offer to Boynton LP unit holders the ability to exchange their units for units of the Partnership, which would be at \$1.00 per LP Unit for the equivalent dollar value of the Boynton LP units.

2.2 The Trust and Trustee

The Trust is an unincorporated, open-ended, limited purpose trust formed under the laws of the Province of British Columbia, formed as of June 19, 2018 pursuant to the Declaration of Trust, made between Evest Real Estate Asset Management Corp. (the “**Trustee**”), as trustee, and Promintory Developments Inc. as the initial Trust Unitholder, and governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The principal place of business of the Trust is 630 Millbank Street, Vancouver, BC V5Z 4B7 and the registered office of the Trust is located at Suite 700 – 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8. A copy of the Declaration of Trust is available upon request at the registered offices of the Issuers.

The beneficial interests of the Trust are divided into four classes of units, as Class “A”, Class “B”, Class “C”, and Class “D” units, which are entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust, including the right to vote and to participate pro rata in any distributions from the Trust. Each class of units has identical rights, restrictions and conditions. Each such unit of the Trust is without nominal or par value, entitles the holder thereof to one vote at all meetings of Trust Unitholders, entitles the holder thereof to the pro rata right to receive distribution and participate pro rata upon dissolution or liquidation, and entitles the holder to the right of redemption under the terms and conditions set forth in the Declaration of Trust.

The Trust is authorized to issue an unlimited number of any class of units. In order to establish the Trust, one Class “A” unit (the “**Initial Trust Unit**”) was issued for cash of \$1.00 on June 19, 2018. Under the Trust Offering, the Trust is offering for sale a maximum of up to 8,000,000 Class “A” Series 1 units (each, a “**Trust Unit**”) at a price of \$1.00 per Trust Unit for Gross Proceeds of \$8,000,000.

The Trust has only issued Class “A” units of the Trust and does not anticipate issuing any other class of units, and if it were to issue any such other class of units, those units, subject to the discretion of the Trustee, would have no different rights and restrictions than any other class, other than additional potential contractual restrictions in favour of the Trust.

The Trustee, Evest Real Estate Asset Management Corp., is a corporation existing pursuant to the laws of British Columbia owned directly or indirectly by the Principals, with Lauren Labas as the sole director and officer, having its registered office located at 630 Millbank Street, Vancouver, BC V5Z 4B7. See “**Item 5 – Directors, Management, Promoters and Principal Holders**”.

As trustee of the Trust, the Trustee has the full authority and responsibility to manage the business and affairs of the Trust. Upon each Closing under the Trust Offering (which does not include the Initial Trust Unit), the Trust will use the entire Gross Proceeds raised from the issuance of Trust Units to acquire LP Units of the Partnership. All expenses of the Trust Offering and the Partnership Offering will be borne by the Partnership pursuant to the Funding Agreement. Likewise, all distributions received by the Trust from the Partnership shall, in turn, be forthwith distributed pro rata to the Trust Unitholders.

As trustee of the Trust, responsible for management of the Trust, the Trustee may delegate certain of these duties from time to time.

2.3 Partnership

The Partnership was registered on February 13, 2018 to develop the Property. The authorized capital of the Partnership is an unlimited number of LP Units at a price of \$1.00 per LP Unit. The Partnership has a total of 200 LP Units issued: 100 LP Units to the Initial Limited Partner and 100 LP Units to the General Partner. The General Partner is entitled to 50% of the votes of Limited Partner LP Units as if it were the owner of 50% of the Partnership Units (that is to say that if 100 units are issued then the General Partner shall have 100 votes and the total votes in the Partnership shall be 200 votes). The Partnership and the General Partner are private Issuers at the date of this offering memorandum. See “**Item 3.2 – Business of the Partnership**” and “**Item 4 – Material Agreements**”.

The limited partners of the Partnership are the Trust and other Limited Partners that acquire LP Units under the Partnership Offering or otherwise from time to time.

The Partnership's head office is located at 630 Millbank Street, Vancouver, BC V5Z 4B7.

2.4 Management of the Partnership – General Partner

The General Partner was incorporated on December 5, 2017 under the British Columbia *Business Corporations Act*. The General Partner has 5,000,100 Class "A" voting shares issued: 4,500,000 to Robert Fraser and 500,100 to David Kiess. No other shares are presently issued. Authorized capital of the General Partner is an unlimited number of shares of six classes "A" through "F" of which only Class "A"'s are issued as stated. See "**Item 5 – Directors, Management, Promoters and Principal Holders**". The General Partner's sole business is to manage the business of the Partnership. The General Partner will not engage in any business other than acting as General Partner of the Partnership. The General Partner is entitled to a Management Fee under the Partnership Agreement, but has agreed to the subordination to other creditors and the Limited Partners and to the postponement of payment until after the earlier of the sale or refinance of the Property.

The General Partner has, to the exclusion of the Limited Partners, the sole power and exclusive authority to manage the business and affairs of the Partnership, to make all decisions regarding the business of the Partnership and to bind the Partnership. The General Partner is to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Limited Partners and the Partnership and the General Partner shall, in discharging its duties, exercise the degree of care, the diligence and the skill that a reasonably prudent manager of a partnership would exercise in similar circumstances. The General Partner will oversee, administer and manage the Partnership and its investment in the Property and the development of the Property; however, pursuant to the terms of the Partnership Agreement, the General Partner may delegate its duties in this regard, including to Affiliates of the General Partner, without the approval of the Limited Partners.

Certain restrictions are imposed on the General Partner and certain actions may not be taken by it without approval of the Limited Partners by Special Resolution. The General Partner cannot dissolve the Partnership or wind-up its affairs except in accordance with the provisions of the Partnership Agreement. See "**Item 4 – Material Agreements**".

Pursuant to the General Partner's constating documents, articles and the BCA, any resolution of the directors of the General partner must be passed: (i) at a meeting of the directors of the General partner, by a majority of the directors entitled to vote on that resolution at such meeting; (ii) in writing by all the directors entitled to vote on that resolution at a meeting. Currently, the board of directors is comprised of solely of Robert Fraser. See "**Item 5 – Directors, Promoters and Principal Holders**".

2.5 Auditors

Dale Matheson Carr-Hilton Labonte LLP are the independent auditors of the Issuers. As Auditors, **Dale Matheson Carr-Hilton Labonte LLP** provides assurance that the Issuers' annual financial statements present fairly, in all material respects, its financial position, financial performance and its cash flows in accordance with International Financial Reporting Standards. **Dale Matheson Carr-Hilton Labonte LLP** is independent of the Issuers, in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

ITEM 3: BUSINESS OF THE ISSUERS

3.1 Business of the Trust

The Trust's primary purpose and sole business is to acquire LP Units in the Partnership, with the objective of generating returns to Trust Unitholders. Upon each Closing under the Trust Offering, the Trust will use the entire Gross Proceeds raised from the issuance of Trust Units to acquire LP Units of the Partnership. All expenses of the Trust Offering and the Partnership Offering will be borne by the Partnership pursuant to the Funding Agreement.

In effect, the Trust allows investors to invest through Deferred Plans indirectly into the Partnership (see *"Item 8.2—Eligibility for Investment in Trust Units by Deferred Plans"*). Consequently, investors that purchase Trust Units should also review this Offering Memorandum with respect to the Partnership.

3.2 Business of the Partnership

The business of the Partnership will be to develop the Property on its own behalf and on behalf of Boynton (Kelowna) Limited Partnership pursuant to the Joint Venture Agreement into residential and commercial units, obtain approvals to develop subdivided parcels of the Property and construct and sell the Property residential and commercial units for profit.

Joint Venture with Boynton Developments (Kelowna) Ltd. and Boynton (Kelowna) Limited Partnership

Boynton Developments (Kelowna) Ltd. ("**Boynton GP**") and Boynton (Kelowna) Limited Partnership ("**Boynton LP**") were formed in 2017 and raised property acquisition debt financing (see below) as well as \$1,618,749 in equity financing under an offering memorandum of Boynton LP dated October 14, 2017 to pay off some Property debts and were developing and proposing to sell the Property as sub-divided raw or serviced land. The General Partner approached Boynton GP early this year with the proposition that the Partnership would take over the Project and construct residential and commercial units and thereby add value to the Property. Boynton agreed and the parties entered into a Joint Property Development Agreement (the "**Joint Venture Agreement**") dated March 20, 2018. The Boynton LP Unit holders will maintain their ownership interests in respect to the Property, subject to funding expended by the Partnership to fulfill the business task of Boynton LP to sub-divide and service the lots in the Property. The Partnership's obligation then is to improve the Property with housing, market and sell the lots, pay the encumbrances from equity or lot sales and pay Boynton LP from those net sales proceeds \$6,349,500 for the purchase of the Property (subject to increase if such would be considered equitable in the event that land prices increase substantially other than by the joint venture activities in construction). The Partnership may also consider making an offer to Boynton LP unit holders to exchange their units for LP Units. In order to consolidate control and create efficiencies, the General Partner acquired 89% of Boynton GP under a Share Purchase Agreement dated March 16, 2018, with the remaining 11% owned by Robert Fraser, the controlling shareholder and director of the General Partner. As a result of the acquisition of Boynton GP, control of Property development has been centralized and Boynton GP is a controlled subsidiary of the General Partner (for the Partnership). See *"Item 4.3 – Joint Venture Agreement"* for the material terms of the Joint Venture Agreement.

Purchase of Property by Boynton and Property Encumbrances

By a contract of purchase and sale dated February 6, 2017 between Renaissance Enterprises (Lanterra) Corp. as vendor and 2020 Diversified Income Trust as purchaser (in trust for the Boynton LP), the purchaser purchased the Property for an aggregate price of \$4,447,869 with acquisition loans and a vendor take-back mortgage to close on that price effective June 1, 2017. The aggregate acquisition loans and present loans are as follows:

<p>The original Property purchase sources of debt financing by Boynton LP were as follows:</p> <ul style="list-style-type: none"> • Karim Nanji (the “Nanji Loan”) • Michael Drever (the “Drever GP Loan”) • Michael Drever (the “Drever LP Loan”) • DIT loan • Christine Shylo Graham and Hunter Churchill Graham • Vendor - Renaissance Enterprises (Lanterra Corporation) take-back mortgage <p>TOTAL:</p>	<p>\$150,000</p> <p>252,869</p> <p>260,000</p> <p>300,000</p> <p>300,000</p> <p><u>3,185,000</u></p> <p>\$4,447,869</p>
<p>Present encumbrances (“Present Loans”) on the Property* are as follows:</p> <ul style="list-style-type: none"> • Other Loan owing \$170,000 to 1019283 BC (David Kiess) (12% interest due May 1, 2019) • Second Mortgage owing \$300,000 to Christine Shylo Graham and Hunter Churchill Graham, \$50,000 to Peter Jensen and \$140,000 to 1019283 BC (David Kiess) (12% interest due August 15, 2018) • First Mortgage owing to Renaissance Enterprises (Lanterra) Corporation, as a vendor take-back mortgage (5.5% interest due Dec. 1, 2018)* <p>TOTAL:</p>	<p>\$170,000</p> <p>490,000</p> <p><u>2,800,000</u></p> <p><u>\$3,460,000</u></p>

*Owed by Boynton LP and registered on the Property.

The Property was transferred to Boynton GP on June 1, 2017 in trust for the Boynton LP at the contract purchase price of \$4,447,869. The Property now secures the Present Loans and is subject to the Joint Venture Agreement (see *Item 4.3 – Joint Venture Agreement*).

Property Description and Zoning

The Property is zoned RM4 and does not require re-zoning. The Property is comprised of 3.16 acres of land located at 665 Boynton Place in Kelowna, B.C.

Architectural Design

The Property will be master planned by a local Kelowna architect who will apply for subdivision into parcels and development permits for each parcel pursuant to the Specifications and any non-material changes to the Specifications shall be made by the General Partner as required. Initial subdivision application has been made and the architect is now working on the initial unit submission.

Current or Prospective Real Estate Property Competitors

There are currently several large development projects either under construction or recently sold in the Kelowna area. The Kelowna market has been very strong for more than a year. The Partnership is not aware of more than one other large project in the central part of Kelowna nearing development permits. Projects of note are:

- One Water Street: This project is comprised of two towers near the lake and the centre of Kelowna. The West tower is 24 stories totaling 360 units of 1, 2 and 3-bedroom units that sold out at more than \$700.00 per square foot. The East tower will be 36 stories and is expected to be completed in 2020.

- Ellis Parc Condominiums: The project is a 14 storey high-rise located in the centre of Kelowna. The project consisting of 1, 2 and 3-bedroom units was sold out during 2018 at more than \$700 per square foot.
- Urbana at Central Green: A 88 unit wood-frame project located in central Kelowna is nearing completion of construction. The project has sold out at more than \$500.00 per square foot.
- Green Square: A wood-frame 134 unit condominium and townhouse project complex located in the Lower Mission district of Kelowna, which is almost sold out. The prices for the units averaged more than \$500.00 per square foot.

Other larger projects in Kelowna that sold out during 2017 and 2018 include: The Stockwell Downtown, 1151 Sunset Drive, Granite at McKinley Beach, Sopa Square, and Siena at Sarsons.

See “*Item 10 – Risk Factors – Neither the General Partner nor the Partnership will take registered title to the Property*”.

3.3 Development of the Business

The Partnership has only recently commenced business with the establishment of the Partnership on February 1, 2018 and the acquisition of Boynton GP effective March 16, 2018. Under the Joint Venture Agreement, Boynton GP has turned over all development of the Property and the Project to the Partnership. With the funds raised by this Offering Memorandum and with loans, as or if available, the development plan of the business is projected as follows:

- (a) fulfil the Boynton LP project plan of Property sub-division and lot servicing which includes developing a project engineering plan and architectural plan, acquiring municipal authorization for the resultant subdivision and completing the Property servicing;
- (b) fulfil the construction plan, build the residential and commercial parcels and market and sell the parcels. It is anticipated that the Project could be built out in two phases as shown in the Schedule A Specifications.


The following are the major events that have occurred with respect to the business of the Issuers to the date of this Offering Memorandum:


- (c) the General Partner was established;
- (d) the Partnership was formed pursuant to the Partnership Agreement and Certificate of Limited Partnership;
- (e) the Partnership entered into the Joint Venture Agreement with Boynton GP in its capacity as general partner of Boynton LP;
- (f) the Trustee was established;
- (g) the Trust was established pursuant to the Declaration of Trust; and,
- (h) the Partnership entered into the Funding Agreement with the Trust.

There have been no unfavourable developments affecting the Issuers’ business since their inception.

3.4 Long Term Objectives

The Issuers’ purpose and business, and thus their long term objectives, is to generate returns for the Limited Partners, the Trust Unitholders, and the General Partner by raising additional gross proceeds of up to \$8,000,000 under the Offering and to develop the Property in collaboration with the Boynton LP. The Issuers will achieve these long-term objectives as set out below:

 TIMELINE	2018 - 2019											
	Development Timelines											
	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Purchase Land												
Design and Permits												
Pre-Sales Phase 1												
Pre-Sales Phase 2												
Phase 1 Construction												
Investment Financing (Equity)												
Construction Loan Draws												
Appraisals												

 TIMELINE	2019 - 2020											
	Development Timelines											
	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Pre-Sales Phase 2												
Phase 1 Construction												
Phase 1 Sales (Closing)												
Phase 2 Construction												
Phase 2 Sales (Closings)												
Construction Loan Draws												
Appraisals												
Retire Construction Loan												
Repay Investor Equity												
Payout Preferred Return and Profit to Investors												
Payout to General Partner												
Windup & VIP												

3.5 Short Term Objectives and How We Intend to Achieve Them

The Short-Term Objectives of the Partnership are the same as the Long-Term Objectives. In the next 12 months we anticipate the following objectives will be accomplished:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete (approximate amounts)
Final submission of Development Permit (Completed).	July, 2018	\$70,000
Taxes, Insurance, Municipal Fees, DCC's, Legal Accounting, Interest, Project Management	August, 2018	\$815,000
Application for building permits, site preparation, construction financing application, insurance, legal and other soft costs	August, 2018	\$1,613,982
Pay down Debt	May – September, 2018	\$3,460,000
Presell phase 1 of the project	May - Sept, 2018	\$110,000
Total (see “Item 1.2 – Use of Proceeds” for additional details)		\$6,068,982

3.6 Insufficient Funds

At the time of this Offering, the Partnership does not anticipate there will be insufficient funds to accomplish the Partnership's objectives. However, there remains the possibility that the funds available as a result of the Offering or by debt financing may not meet expectations and will not be sufficient to accomplish all of the Issuers' proposed objectives and there is no assurance that alternative financing will be available. In the event the Partnership is unable to raise sufficient funds to proceed with the Project or if the Project fails prior to completion and sale of the Project then the Partnership intends to sell the Project and with the proceeds pay creditors and distribute the remainder, if any, to the Partners in accordance with the Partnership Agreement and to the Trust Unitholders in accordance with the Declaration of Trust, as applicable.

The proceeds of the Offerings may not be sufficient to accomplish all of the Partnership's proposed objectives and there is no assurance that alternative financing to pay for such objectives will be available. In order to develop the Property, the Partnership, as applicable, will need to raise more funds and intends to do so through debt financing, including Financing as described below.

In addition to the funding raised under this Offerings, the Partnership will have the right to incur or assume, without further Limited Partner approval, indebtedness from any person for any purpose, including without limitation: (i) Financing related to the Project; (ii) for the purpose of accelerating distributions to Limited Partners (and, by extension, to Trust Unitholders), if determined reasonable and appropriate to do so by the General Partner; and (iii) allowing the Partnership to commence the Project prior to obtaining Financing. It is anticipated that such Financing will be secured by, among other things, a fixed and specific demand collateral land mortgage over the Property and a security interest in all present and after acquired personal property of the Partnership.

It is anticipated that Financing for the Project will be obtained by the Partnership from one or more parties to fund the costs of the Project. It is anticipated that any such Financing for the Project will consist of demand loans to pay for onsite and offsite construction costs, soft costs and certain other costs, and, potentially, demand letter of credit facilities for the purposes of issuing performance letters of credit. It is anticipated that any such Financing will be secured by, among other things, a fixed and specific demand collateral land mortgage over the Property or any one or more lots thereof and a security interest in all present and after acquired personal property of the Partnership.

It is anticipated that the amounts outstanding under any of the indebtedness referred to above will be paid down with the cash flow from the leasing or sale of the Project or any building, strata lot or air space parcel contained therein. It is expected that the lenders of any of the financing referred to above and any other credit facilities, loans or borrowings entered into by the Partnership will, unless such lenders determine otherwise in their sole discretion, place restrictions on the Partnership's ability to make distributions on the LP Units until such financing and/or such other credit facilities, loans and borrowing have been paid in full.

The lenders under any Financing referred to above may be parties that are non-arm's length to the Partnership, the General Partner, or other Limited Partners. Any such Financing provided by Affiliates of the General Partner or Limited Partners or Trust Unitholders will be on terms that are commercially reasonable and generally consistent with the terms of Financing from arm's length lenders for projects of this type. Such Financing will otherwise be on such terms and conditions as are agreed to with the other parties thereto and that the General Partner on behalf of the Partnership determined to be appropriate at that time.

Any borrowings by the Partnership may be evidenced by promissory notes or other evidences of indebtedness. Such borrowings may include securities offerings by the Partnership of indebtedness, such as notes or debentures, which may or may not be secured by the assets of the Partnership, including the Property. Any further borrowings by the Partnership will likely take priority over distributions on the LP Units.

There can be no guarantee that (i) any Financing will eventually be obtained from a lender or that a lender will not materially alter the terms of any Financing, (ii) any renewal of Financing, if required, will occur on similar terms thereof or at all, or (iii) the lender under any Financing will not demand repayment of the amounts owing thereunder at a time when the Partnership does not have the funds to repay this loan. This will require alternate Financing which may be considerably more expensive or may not be available at all.

There can be no assurances that the Partnership will be able to obtain Financing for its purposes when required or, if it can obtain such Financing, that such Financing will be on terms that are reasonable or acceptable to the General Partner. The failure or inability of the Partnership to obtain such Financing will have a material negative effect on the ability of the Partnership to complete the Project on a timely basis, or at all, which could have a material negative effect on the value of the LP Units (and consequently on the Trust Units) and any return thereon.

Charges, costs and fees associated with providing security and documenting the relationship of the Partnership with lenders under any Financing and any other credit facilities, loans or borrowings entered into by the Partnership which charges, costs and fees may be material and will have to be paid by the Partnership.

3.7 The Project

The Property is an approximately 3.16 acre real estate development lands situated at 665 Boynton Place, Kelowna, British Columbia. The Property is located adjacent to Knox Mountain Park on the southeast slope of Knox Mountain, approximately five minutes by car from the downtown core of Kelowna. It overlooks Kelowna Golf & Country Club, Dilworth Bluff and central Kelowna.





Managers of the Issuers reasonably anticipate that the Project will consist of construction and development of a total of 120 conventional and stacked townhomes located on the Property in Kelowna, British Columbia. Construction is anticipated to be completed in one or more phases depending on market conditions and pre-sales.



Based on market conditions, the Issuer intends to construct the Project in 1 or more phases/sites. Market conditions may vary the layout or timing thereof resulting in changes to this Section.

Phase 1

Phase 1 is anticipated to consist of construction and development of 59 conventional and stacked townhomes located on the Property at sites 1 and 2. Construction on phase 1 is anticipated to commence in October, 2018, simultaneously at sites 1 and 2, and be completed with townhome sales closing in September of 2019. Pre-sales for phase 1 are anticipated to begin in June, 2018 and to have completed by September, 2018.




Site 1 is anticipated to be comprised of 21 conventional townhomes, each of approximately 1,100 square feet. Each townhome will include 3 bedrooms and 2 bathrooms and is anticipated to be sold for approximately \$467,000, amounting to total sales of approximately \$9,817,500. The foregoing is summarized on the following diagram:

Sales Matrix				
  				
Site 1	21 Conventional Townhouses	Area (sf)	Type	Gross Selling Price
	101	1,100	3 BR / 2 bath	\$467,500
	102	1,100	3 BR / 2 bath	\$467,500
	103	1,100	3 BR / 2 bath	\$467,500
	104	1,100	3 BR / 2 bath	\$467,500
	105	1,100	3 BR / 2 bath	\$467,500
	106	1,100	3 BR / 2 bath	\$467,500
	107	1,100	3 BR / 2 bath	\$467,500
	108	1,100	3 BR / 2 bath	\$467,500
	109	1,100	3 BR / 2 bath	\$467,500
	110	1,100	3 BR / 2 bath	\$467,500
	111	1,100	3 BR / 2 bath	\$467,500
	112	1,100	3 BR / 2 bath	\$467,500
	113	1,100	3 BR / 2 bath	\$467,500
	114	1,100	3 BR / 2 bath	\$467,500
	115	1,100	3 BR / 2 bath	\$467,500
	116	1,100	3 BR / 2 bath	\$467,500
	117	1,100	3 BR / 2 bath	\$467,500
	118	1,100	3 BR / 2 bath	\$467,500
	119	1,100	3 BR / 2 bath	\$467,500
	120	1,100	3 BR / 2 bath	\$467,500
	121	1,100	3 BR / 2 bath	\$467,500
			0	
		23,100		\$9,817,500

Site 2 is anticipated to be comprised of 38 stacked townhomes, ranging from approximately 540 square feet to 1000 square feet. Configurations include suites featuring 1 bedroom and 1 bathroom, 1 bedroom and den with 1 and ½ bathrooms and those featuring 2 bedrooms and a den with 2 bathrooms. Prices for townhomes located on site 2 are anticipated to range from between approximately \$258,224 and \$478,192. Total sales for townhomes located at site 2 are anticipated to amount to approximately \$12,949,400.

Sales Matrix



Site 2	38 Stacked Townhouses	Area (sf)	Type	Gross Selling Price
	201	1,000	2 BR + Den / 2 Bath	\$478,192
	202	1,000	2 BR + Den / 2 Bath	\$478,192
	203	1,000	2 BR + Den / 2 Bath	\$478,192
	204	1,000	2 BR + Den / 2 Bath	\$478,192
	205	1,000	2 BR + Den / 2 Bath	\$478,192
	206	1,000	2 BR + Den / 2 Bath	\$478,192
	207	1,000	2 BR + Den / 2 Bath	\$478,192
	208	1,000	2 BR + Den / 2 Bath	\$478,192
	209	540	1 BR / 1 Bath	\$258,224
	210	540	1 BR / 1 Bath	\$258,224
	211	540	1 BR / 1 Bath	\$258,224
	212	540	1 BR / 1 Bath	\$258,224
	213	540	1 BR / 1 Bath	\$258,224
	214	540	1 BR / 1 Bath	\$258,224
	215	540	1 BR / 1 Bath	\$258,224
	216	540	1 BR / 1 Bath	\$258,224
	217	540	1 BR / 1 Bath	\$258,224
	218	540	1 BR / 1 Bath	\$258,224
	219	540	1 BR / 1 Bath	\$258,224
	220	540	1 BR / 1 Bath	\$258,224
 	221	700	1 BR + Den / 1 1/2 Bath	\$334,734
	222	700	1 BR + Den / 1 1/2 Bath	\$334,734
	223	700	1 BR + Den / 1 1/2 Bath	\$334,734
	224	700	1 BR + Den / 1 1/2 Bath	\$334,734
	225	700	1 BR + Den / 1 1/2 Bath	\$334,734
	226	700	1 BR + Den / 1 1/2 Bath	\$334,734
	227	700	1 BR + Den / 1 1/2 Bath	\$334,734
	228	700	1 BR + Den / 1 1/2 Bath	\$334,734
	229	700	1 BR + Den / 1 1/2 Bath	\$334,734
	230	700	1 BR + Den / 1 1/2 Bath	\$334,734
	231	700	1 BR + Den / 1 1/2 Bath	\$334,734
	232	700	1 BR + Den / 1 1/2 Bath	\$334,734
	233	700	1 BR + Den / 1 1/2 Bath	\$334,734
	234	700	1 BR + Den / 1 1/2 Bath	\$334,734
	235	700	1 BR + Den / 1 1/2 Bath	\$334,734
	236	700	1 BR + Den / 1 1/2 Bath	\$334,734
	237	700	1 BR + Den / 1 1/2 Bath	\$334,734
	238	700	1 BR + Den / 1 1/2 Bath	\$334,734
		27,080		\$12,949,440




Phase 2

Phase 2 is anticipated to consist of construction and development of 59 conventional and stacked townhomes located on the Property at sites 3 and 4. Construction on phase 2 is anticipated to commence on May 1, 2019, simultaneously at sites 3 and 4, and complete with sales of townhomes closing in December, 2019. Pre-sales and marketing of phase 2 is anticipated to commence in December, 2018 and complete in April, 2019.

Site 3 is anticipated to be comprised of 42 stacked townhomes, ranging from approximately 540 square feet to 1000 square feet. Configurations include suites featuring 1 bedroom and 1 bathroom, 1 bedroom and den with 1 and ½ bathrooms and those featuring 2 bedrooms and a den with 2 bathrooms. Prices for townhomes located on site 3 are anticipated to range from between approximately \$271,361 and \$502,520. Total sales for townhomes located at site 3 are anticipated to amount to approximately \$15,135,910.

Sales Matrix





Site 3	42 Stacked Townhouses	Area (sf)	Type	Gross Selling Price
  	301	1,000	2 BR + Den / 2 Bath	\$502,520
	302	1,000	2 BR + Den / 2 Bath	\$502,520
	303	1,000	2 BR + Den / 2 Bath	\$502,520
	304	1,000	2 BR + Den / 2 Bath	\$502,520
	305	1,000	2 BR + Den / 2 Bath	\$502,520
	306	1,000	2 BR + Den / 2 Bath	\$502,520
	307	1,000	2 BR + Den / 2 Bath	\$502,520
	308	1,000	2 BR + Den / 2 Bath	\$502,520
	309	1,000	2 BR + Den / 2 Bath	\$502,520
	310	1,000	2 BR + Den / 2 Bath	\$502,520
	311	1,000	2 BR + Den / 2 Bath	\$502,520
	312	1,000	2 BR + Den / 2 Bath	\$502,520
	313	540	1 BR / 1 Bath	\$271,361
	314	540	1 BR / 1 Bath	\$271,361
	315	540	1 BR / 1 Bath	\$271,361
	316	540	1 BR / 1 Bath	\$271,361
	317	540	1 BR / 1 Bath	\$271,361
	318	540	1 BR / 1 Bath	\$271,361
	319	540	1 BR / 1 Bath	\$271,361
	320	540	1 BR / 1 Bath	\$271,361
	321	540	1 BR / 1 Bath	\$271,361
	322	540	1 BR / 1 Bath	\$271,361
	323	540	1 BR / 1 Bath	\$271,361
	324	540	1 BR / 1 Bath	\$271,361
	325	540	1 BR / 1 Bath	\$271,361
	326	540	1 BR / 1 Bath	\$271,361
	327	540	1 BR / 1 Bath	\$271,361
	328	540	1 BR / 1 Bath	\$271,361
	329	540	1 BR / 1 Bath	\$271,361
	330	540	1 BR / 1 Bath	\$271,361
	331	700	1 BR + Den / 1 1/2 Bath	\$351,764
	332	700	1 BR + Den / 1 1/2 Bath	\$351,764
	333	700	1 BR + Den / 1 1/2 Bath	\$351,764
	334	700	1 BR + Den / 1 1/2 Bath	\$351,764
	335	700	1 BR + Den / 1 1/2 Bath	\$351,764
	336	700	1 BR + Den / 1 1/2 Bath	\$351,764
	337	700	1 BR + Den / 1 1/2 Bath	\$351,764
	338	700	1 BR + Den / 1 1/2 Bath	\$351,764
	339	700	1 BR + Den / 1 1/2 Bath	\$351,764
	340	700	1 BR + Den / 1 1/2 Bath	\$351,764
	341	700	1 BR + Den / 1 1/2 Bath	\$351,764
	342	700	1 BR + Den / 1 1/2 Bath	\$351,764
		30,120		\$15,135,910

Site 4 is anticipated to be comprised of 19 stacked townhomes, each of 540 square feet and featuring 1 bedroom and 1 bathroom. Townhomes located on site 4 are anticipated to be priced at approximately \$316,537. Total sales for townhomes located at site 4 are anticipated to amount to approximately \$6,014,207.

Sales Matrix



Site 4	19 Stacked Townhouses	Area (sf)	Type	Gross Selling Price
 	401	540	1 BR / 1 Bath	\$316,537
	402	540	1 BR / 1 Bath	\$316,537
	403	540	1 BR / 1 Bath	\$316,537
	404	540	1 BR / 1 Bath	\$316,537
	405	540	1 BR / 1 Bath	\$316,537
	406	540	1 BR / 1 Bath	\$316,537
	407	540	1 BR / 1 Bath	\$316,537
	408	540	1 BR / 1 Bath	\$316,537
	409	540	1 BR / 1 Bath	\$316,537
	410	540	1 BR / 1 Bath	\$316,537
	411	540	1 BR / 1 Bath	\$316,537
	412	540	1 BR / 1 Bath	\$316,537
	413	540	1 BR / 1 Bath	\$316,537
	414	540	1 BR / 1 Bath	\$316,537
	415	540	1 BR / 1 Bath	\$316,537
	416	540	1 BR / 1 Bath	\$316,537
	417	540	1 BR / 1 Bath	\$316,537
	418	540	1 BR / 1 Bath	\$316,537
	419	540	1 BR / 1 Bath	\$316,537
		10,260		\$6,014,207
Total / Average	120	90,560		\$43,917,056

Kelowna Housing Market

The following provides a summary of the Kelowna housing market from the CMHC housing market outlook released Fall 2017.

	2014	2015	2016	2017(F)		2018(F)		2019(F)	
				(L)	(H)	(L)	(H)	(L)	(H)
New Home Market									
Starts:									
Single-Detached	695	628	785	850	950	710	890	710	950
Multiples	616	652	1,411	2,000	2,400	1,720	2,080	1,430	1,870
Starts - Total	1,311	1,280	2,196	3,100	3,410	2,490	2,920	2,280	2,690
Rental Market									
October Vacancy Rate (%)	1.0	0.7	0.6	1.2		2.5		1.8	
Two-bedroom Average Rent (October)(\$)	980	1,002	1,066	1,120		1,160		1,190	
One-bedroom Average Rent (October)(\$)	788	799	864	910		950		975	
Economic Overview									
Population	191,311	195,202	198,304	201,515		204,868		208,238	
Annual Employment Level	90,300	92,000	90,900	99,500		101,000		102,000	

3.8 Anticipated Project Costs and Return on Investment

The figures in the following tables are, as of the date of this Offering Memorandum, considered a reasonably accurate accounting of present market costs and circumstances; but, the proposed layout, dimensions, areas, lot lines, configuration, location, costs and market price of the parcels and their components shown on any sales brochures, drawings, renderings, plans or other materials regarding the Project, are provided for information purposes only, are subject to revision by the General Partner in its sole discretion, and are not represented as being the actual final layout, areas, lot lines, dimensions, configuration or location of the Project and its components.

Development Categories	Phase 1	Phase 2	Total
Land	\$6,455,000	\$0	\$6,455,000
Total Construction Costs	8,072,800	9,158,320	17,231,120
Total Soft Costs	2,813,402	2,396,602	5,210,003
Total Finance Costs	1,461,053	1,963,613	3,424,665
Project Management	669,420	570,247	1,239,667
LP Expense	800,000	0	800,000
Contingency	<u>660,981</u>	563,058	<u>1,224,040</u>
Total	\$20,932,656	\$14,651,839	\$35,584,496

THE PROMPTORY			Year 1				Year 2				TOTAL
Project Profit			Jan - Feb - Mar	Apr - May - Jun	Jul - Aug - Sep	Oct - Nov - Dec	Jan - Feb - Mar	Apr - May - Jun	Jul - Aug - Sep	Oct - Nov - Dec	
			Months 1 - 3	Months 4 - 6	Months 7 - 9	Months 10 - 12	Months 13 - 15	Months 16 - 18	Months 19 - 21	Months 22 - 24	
PROJECT REVENUE											
	Site 1 - 21 Conventional Townhouses	\$0	\$0	\$0	\$0	\$9,817,500	\$0	\$0	\$0	\$9,817,500	
	Site 2 - 38 Stacked Townhouses	0	0	0	0	0	12,949,440	0	0	12,949,440	
	Site 3 - 42 Stacked Townhouses	0	0	0	0	0	0	15,135,910	0	15,135,910	
	Site 4 - 19 Stacked Townhouses	0	0	0	0	0	0	0	6,014,207	6,014,207	
		\$0	\$0	\$0	\$0	\$9,817,500	\$12,949,440	\$15,135,910	\$6,014,207	\$43,917,056	
PROJECT COSTS											
	LAND										
	Purchase Price	\$6,349,500								\$6,349,500	
	Property Purchase Tax	\$105,500								105,500	
HARD COSTS											
	Off-Site Services	60,000							0	60,000	
	Grading, Excavation & On-Site Services	120,000							0	120,000	
	Utility Hookup	2,400,000							0	2,400,000	
	Site 1 - 21 Conventional Townhouses		369,600	1,478,400	1,478,400	369,600			0	3,696,000	
	Site 2 - 38 Stacked Townhouses			433,280	1,733,120	1,733,120	433,280		0	4,332,800	
	Site 3 - 42 Stacked Townhouses						1,975,872	1,975,872	987,936	4,939,680	
	Site 4 - 19 Stacked Townhouses						673,056	673,056	336,528	1,682,640	
SOFT COSTS											
	Property Taxes	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	100,000	
	Insurance/HPO.Warranty @ \$1,250 per unit					37,500	37,500	37,500	37,500	150,000	
	Design, Consultants, Legal, Accounting @ 7.5% of Hard Cost	193,500	27,720	143,376	240,864	157,704	231,166	198,670	99,335	1,292,334	
	Municipal charges @ 1% of Cost + \$400 per unit	86,156	13,785	13,785	13,785	13,785	13,785	13,785	3,446.2	172,311	
	Development Cost Charges @ \$15,666 per unit	100,000	100,000	50,000	50,000	375,984	375,984	375,984	451,968	1,879,920	
	Sales & Marketing @ 3% of Gross Sales	1,317,512	0	0	0	0	0	0	0	1,317,512	
	Selling Commission @ 2.5% of Gross Sales	0	0	0	0	245,438	323,736	378,398	150,355	1,097,926	
	Overhead, Administration & Project Management @ 6% of Hard & Soft Costs	154,958	154,958	154,958	154,958	154,958	154,958	154,958	154,958	1,239,667	
	CONTINGENCY @ 5% of Hard and Soft Costs	222,231	33,928	114,315	184,181	155,029	211,592	191,036	111,726	1,224,040	
FINANCING COSTS											
	Construction Loan Placement Fee @ 2.5%	725,000								725,000	
	Placement Fee - Equity @ 10%	800,000								800,000	
	Interest Carry	75,511	88,316	128,762	193,706	249,757	326,022	396,511	441,080	1,899,665	
	TOTAL COST	\$6,267,368	\$800,808	\$2,529,376	\$4,061,515	\$3,505,376	\$4,769,450	\$4,408,269	\$2,787,333	\$35,584,496	
PROFIT										\$8,332,561	

	Year 1				Year 2			
	Jan - Feb - Mar Oct/2017 - Sep/2018	Apr - May - Jun Oct/2018 - Sep/2019	Jul - Aug - Sep Oct/2019 - Sep/2020	Oct - Nov - Dec Oct/2019 - Sep/2021	Jan - Feb - Mar Oct/2019 - Sep/2022	Apr - May - Jun Oct/2019 - Sep/2023	Jul - Aug - Sep Oct/2019 - Sep/2024	Oct - Nov - Dec Oct/2019 - Sep/2025
Cash Sources								
1 EQUITY 1	\$8,000,000							
1 EQUITY 2	\$0							
1 CONSTRUCTION LOAN	\$4,722,368	\$800,808	\$2,529,376	\$4,061,515	\$3,505,376	\$4,769,450	\$4,408,269	\$2,787,333
1 GROSS SALES REVENUE	\$0	\$0	\$0	\$0	\$9,817,500	\$12,949,440	\$15,135,910	\$6,014,207
Total	\$12,722,368	\$800,808	\$2,529,376	\$4,061,515	\$13,322,876	\$17,718,890	\$19,544,179	\$8,801,540
Cash Uses & Allocations								
1 LAND	\$6,455,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2 HARD COSTS	2,580,000	369,600	1,911,680	3,211,520	2,102,720	3,082,208	2,648,928	1,324,464
3 SOFT COSTS	1,864,626	308,963	374,619	472,107	997,869	1,149,629	1,171,795	910,063
4 CONTINGENCY @ 5% of Hard and Soft Costs	222,231	33,928	114,315	184,181	155,029	211,592	191,036	111,726
5 Placement Fee - Equity @ 10%	800,000							
6 Construction Loan Placement Fee @ 2.5%	725,000							
7 Construction Loan Interest Reserve	75,511	88,316	128,762	193,706	249,757	326,022	396,511	441,080
8 RETIRE CONSTRUCTION LOAN								27,584,496
9 RETURN OF LP 1 EQUITY								8,000,000
10 PREFERRED RETURN - Limited Partners								1,920,000
11 Distribution of Residual Profits - Limited Partners								3,206,280
12 GENERAL PARTNER - PROFIT DISTRIBUTION								3,206,280
13 EXCESS SALES PROCEEDS	0	0	0	0	9,817,500	22,766,940	37,902,850	0
Total	\$12,722,368	\$800,808	\$2,529,376	\$4,061,515	\$13,322,876	\$17,718,890	\$19,544,179	\$8,801,540

The project will be built in 2 phases. Phase 1 construction commences September 1, 2018. Construction of Phase 2 commences May 1, 2019. The project will be completed and the last unit sold on December 1, 2019.

Construction Budget - Hard & Soft Costs			
Description of Work	Budget	Per Unit	Per Sellable
LAND			
Purchase Price	\$6,349,500	\$52,913	\$70.11
Property Purchase Tax	105,500	\$879	\$1.16
HARD COSTS			
SITE IMPROVEMENTS			
Off-Site Services	60,000	\$500	\$0.66
Grading, Excavation & On-Site Services	120,000	\$1,000	\$1.33
Utility Hookup	2,400,000	\$20,000	\$26.50
Site 1 - 21 Conventional Townhouses	3,696,000	\$30,800	\$40.81
Site 2 - 38 Stacked Townhouses	4,332,800	\$36,107	\$47.84
Site 3 - 42 Stacked Townhouses	4,939,680	\$41,164	\$54.55
Site 4 - 19 Stacked Townhouses	1,682,640	\$14,022	\$18.58
SOFT COSTS			
Property Taxes	100,000	\$833	\$1.10
Insurance/HPO.Warranty @ \$1,250 per unit	150,000	\$1,250	\$1.66
Sales & Marketing @ 3% of Gross Sales	1,317,512	\$10,979	\$14.55
Selling Commission @ 2.5% of Gross Sales	1,097,926	\$9,149	\$12.12
Development Cost Charges @ \$15,666 per unit	1,879,920	\$15,666	\$20.76
Design, Consultants, Legal, Accounting @ 7.5% of Hard Cost	1,292,334	\$10,769	\$14.27
Municipal charges @ 1% of Cost + \$400 per unit	172,311	\$1,436	\$1.90
Overhead, Administration & Project Management @ 6% of Hard & Soft Costs	1,239,667	\$10,331	\$13.69
CONTINGENCY @ 5% of Hard and Soft Costs	1,224,040	\$10,200	\$13.52
FINANCING COSTS			
Placement Fee - Equity @ 10%	800,000	\$6,667	\$8.83
Construction Loan Placement Fee @ 2.5%	725,000	\$6,042	\$8.01
Construction Loan Interest Reserve	1,899,665	\$15,831	\$20.98
TOTAL:	\$35,584,496	\$296,537	\$392.94

	TOTAL COST
LAND	\$6,455,000
HARD COSTS	17,231,120
SOFT COSTS	7,249,671
CONTINGENCY @ 5% of Hard and Soft Costs	1,224,040
FINANCING COSTS	
Placement Fee - Equity @ 10%	800,000
Construction Loan Placement Fee @ 2.5%	725,000
Construction Loan Interest Reserve	1,899,665
TOTAL COST	\$35,584,496
SOURCE OF FUNDS	
Limited Partners - Equity Investment	\$8,000,000
CONSTRUCTION LOAN	27,584,496
TOTAL	\$35,584,496

The afore referenced costs and projected profits are forward-looking statements based upon the due diligence and experience of management of the Issuers and represent numbers which such management believes are reasonably supportable. However, the reader is cautioned that errors, reports and market factors are variable and sometimes extremely so. The reader must appreciate these are management's reasonable best estimates, are meant as illustrative of management's belief and that the projections may be substantially in error despite management's best efforts.

The cost figures set out above are subject to factors beyond the control of the Issuers. For instance:

- (a) Construction costs are heavily based on factors including the market demand for labour and materials, weather, strikes and lockouts, the proper functioning of machinery, and the approval and permitting of municipalities, engineers and architectural firms; and

- (b) Soft costs include costs related to property taxes, insurance, design, consultants, development costs, selling commissions and administration, all of which are subject to fluctuation without notice based on market conditions outside the control or predictive capability of the Issuers.

The occurrence of any of the forgoing could materially impact the cost estimations provided.

Estimated Time Lines	<i>12 months</i>	<i>12 months</i>	Total Time = 24 months
LP Pref Return	<u>0</u>	<u>0</u>	\$1,920,000
Return of LP Capital*	<u>0</u>	<u>0</u>	8,000,000
LP Profit	<u>0</u>	<u>0</u>	<u>3,206,280</u>
Total	<u>0</u>	<u>0</u>	\$13,126,280

Total Cash Equity*	\$8,000,000
Projected return on Equity	65%
Projected IRR	29%

Any material changes to the specifications of the Project shall be disclosed to the Subscribers in an amendment to the Offering Memorandum if the Offering is still in progress. The Specification budget has been calculated based on the Partnership and General Partner raising this Offering of \$8,000,000 and acquiring a construction loan or loans totaling approximately \$11,000,000.

ITEM 4: MATERIAL AGREEMENTS

The following is a list of agreements which are material to this Offering and to the Fund, all of which are in effect:

- (a) the **Declaration of Trust**, as described below and as described further in Item 5.1 “*Terms of Securities*”;
- (b) the **Partnership Agreement** as described below and as described further in Item 5.1 “*Terms of Securities*”;
- (c) the **Joint Venture Agreement**, as described below;
- (d) the **First and Second Mortgage Registered Security**, described below;
- (e) the **Funding Agreement**, described below; and,
- (f) the **Unregistered Loans**.

Copies of these agreements may be inspected during normal business hours at the registered office of the Issuers, Suite 700 – 595 Burrard Street, Vancouver, British Columbia.

4.1 Declaration of Trust

General

The Trust is an unincorporated open-ended, limited purpose, commercial trust governed by the laws of the Province of British Columbia and created by the Declaration of Trust. Following completion of the requirements under the Tax Act, it is intended that at all times the Trust qualify as a “mutual fund trust”. See *“Item 8.1 – Income Tax Consequences Relating to the Trust”*.

The Declaration of Trust, which is dated as of June 19, 2018, as may be amended, contains the terms and conditions governing the relationship between the Trustee, as trustee, and the Trust Unitholders, as beneficiaries of the Trust Property.

The following is a summary of certain provisions of the Declaration of Trust. The summary does not purport to be complete and is subject to the more detailed provisions of the Declaration of Trust. Prospective subscribers should review the complete text of the Declaration of Trust, a copy of which is available from the Issuers.

Purpose and Nature of the Trust

The Trust was created primarily for the purpose of investing its funds in LP Units and Permitted Investments, provided, however, that the Trust will not undertake any activity, or acquire or retain or hold any investment, that would result in the Trust not being considered a “mutual fund trust” for the purposes of the Tax Act or that would result in the Trust being a “SIFT trust” for the purposes of the Tax Act.

Trust Units

The beneficial interests of the Trust are divided into four classes of units, as Class “A”, Class “B”, Class “C”, and Class “D” units, which are issuable in series and entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust, including the right to vote and to participate pro rata in any distributions from the Trust. Each class of units has identical rights, restrictions and conditions. Each such unit of the Trust is without nominal or par value, entitles the holder thereof to one vote at all meetings of Trust Unitholders, entitles the holder thereof to the pro rata right to receive distribution and participate pro rata upon dissolution or liquidation, and entitles the holder to the right of redemption under the terms and conditions set forth in the Declaration of Trust.

The Trust is authorized to issue an unlimited number of any class of units. In order to establish the Trust, one Class “A” unit (the “**Initial Trust Unit**”) was issued for cash of \$1.00 on June 19, 2018. The Trust is now offering by way of a private placement Class “A” Series 1 units of the Trust (the “**Trust Units**”) pursuant to the Trust Offering. At any time following the issuance of one or more additional Trust Units, the Trust may redeem the Initial Trust Unit for a purchase price of \$1.00 and, upon the completion of such purchase and sale, the Initial Trust Unit shall be cancelled and shall no longer be outstanding. Each holder of a Trust Unit shall be entitled to the rights and be subject to the limitations, restrictions and conditions pertaining to the Trust Units as set out in the Declaration of Trust and the interest of each Unitholder shall be determined by the number of Trust Units registered in the name of such holder.

Each Trust Unit outstanding from time to time represents an equal undivided beneficial interest in the net asset of the Trust and each Unitholder shall be entitled to a pro rata share of (i) all distributions respecting the Trust Units, when and as declared, and (ii) the proceeds of liquidation of the Trust Property, after satisfaction of all liabilities of the Trust.

All Trust Units will rank among themselves equally and ratably without discrimination, preference or priority. Each Trust Unit entitles the holder to one vote at all meetings of Unitholders and for written resolutions of Unitholders if any. Except as set out in the Declaration of Trust, the Trust Units have no conversion, retraction or redemption or pre-emptive rights.

Trust Unit Distributions

The Trustee may, on or before each Distribution Record Date, declare payable to the holders of Trust Units on such Distribution Record Date all or any part of the Cash Flow of the Trust for the Distribution Period which includes such Distribution Record Date.

The Trustee intends to allocate, distribute and make payable to Trust Unitholders all of the Income of the Trust, Net Realized Capital Gains and any other applicable amounts so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year and such amounts will be due and payable to Unitholders of record immediately before the end of December 31 in each year, in accordance with the Declaration of Trust.

If the Trustee determines that the Trust does not have sufficient cash to make the full amount of the distribution which has been declared, the Trustee has the option to pay equivalent distributions in the form of the pro rata share issuance of additional Trust Units.

The Trustee may deduct or withhold from distributions payable to any Trust Unitholder all amounts required under the Tax Act or other applicable laws, which amounts shall be withheld from such distributions whether those distributions are in the form of cash, additional Trust Units, or otherwise.

Trust Unit Certificates

Unit Certificates will be issued to Trust Unitholders and a register of Trust Unitholders will be kept at the head office of the Trust or the Transfer Agent, setting out the particulars of the Unit Certificates. Only Trust Unitholders with recorded Unit Certificates on the register are entitled to receive distributions or exercise rights of a Trust Unitholder.

Redemptions of Trust Units

Trust Units are redeemable by the Trust Unitholder by delivering to the Trust, or its Transfer Agent, a duly completed and properly executed notice requiring the Trust to redeem Trust Units, in a form approved by the Trustee, together with written instructions as to the number of Trust Units to be redeemed and the Unit Certificate(s) representing the Trust Units to be redeemed. Trust Units are redeemable on the last Business Day of any calendar quarter end (the “**Redemption Date**”) and the Trust shall pay the Redemption Price within 60 days after the Redemption Date. The notice, Unit Certificate(s) and all other supporting documentation or evidence must be received by the Trust, or its Transfer Agent, to the satisfaction of the Trustee, not less than 30 days prior to the applicable Redemption Date. On receipt of a notice to redeem Trust Units, the Trust Unitholder will no longer have any rights with respect to the Trust Units other than to receive any distribution accrued prior to receipt of the notice and the redemption amount.

Within 60 days of the Redemption Date, the Trust Unitholder of the Trust Units tendered for redemption shall be entitled to receive a redemption price (the “**Redemption Price**”) equal to the lesser of:

- (a) 95% of the Net Capital Contribution of such Trust Units, until December 31 of the year in which the Final Closing takes place;
- (b) 97.5% of the Net Capital Contribution of such Trust Units, until December 31 in the year following the year in which the Final Closing takes place; and
- (c) 100% thereafter.

The Redemption Price may be paid by the Trust in cash or, at the election of the Trustee, by distributing or issuing any combination of cash and/or Redemption Notes having an aggregate fair market value equal to the aggregate Redemption Price, as applicable for the Trust Units tendered for redemption.

The Redemption Notes are subject to the following terms and conditions:

- (a) unsecured and bearing interest from and including the issue date of each such note at a market rate determined at the time of issuance by the Trustee or General partners, as the case may be, based on the advice of an independent financial advisor, and payable annually in arrears;
- (b) subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into by the Issuer pursuant to the note indenture with holders of senior indebtedness;
- (c) ranking pari passu with all unsecured indebtedness of the Issuer;
- (d) subject to earlier prepayment, being due and payable on or prior to four years after January 31, 2016; and
- (e) subject to such other standard terms and conditions as would be included in a note indenture for promissory notes of this kind, as may be approved by the Trustee or General Partner, as applicable.

Except as determined by the Trustee, the maximum aggregate number of Trust Units that may be redeemed by the Trust shall not exceed 10% of the total number of Trust Units issued and outstanding at the beginning of a fiscal quarter. The Trustee shall exercise such limitation and any cutbacks on a proportionate basis with respect to the aggregate number of Trust Units represented by redemption notices. The Trust may suspend the redemption of Trust Units or postpone the date of payment of Redeemed Trust Units in such circumstances as the Trustee may reasonably determine. Such circumstances may include: (i) the assets of the Trust are invested in such a manner so as to not reasonably permit immediate liquidation of such assets; or (ii) there exists a state of affairs that constitutes circumstances under which liquidation by the Trust of part or all its investments is not reasonable or practicable, or would be prejudicial to the Trust or the Trust Unitholders, generally; or (iii) not suspending redemptions would have an adverse effect on the continuing Trust Unitholders. The Trust may also suspend the redemption of Trust Units upon an announcement by the Trustee that the Trust will be terminated and dissolved.

At the Trustee's discretion, the Trust may, at any time, cause any Trust Unitholder to redeem all or part of its Trust Units at the applicable Redemption Price by providing notice to such Trust Unitholder, if such Trust Unitholder is a Non-Resident or that the continued undiminished membership of the Trust Unitholder in the Trust would (i) constitute or give rise to a violation of applicable law, or (ii) otherwise subject the Trust or the Trustee to material onerous legal, tax, or other regulatory requirements that cannot be reasonably avoided.

The Trust may, at any time, purchase for cancellation some or all of the Trust Units by private agreement or pursuant to tenders received by the Trust upon request for tenders addressed to all Trust Unitholders, provided that the Trustee determines such purchases are in the best interests of the trust. All Trust Units so purchased and redeemed shall no longer be outstanding.

Other than as provided above, there are no conversion, retraction, redemption or pre-emptive rights attaching to the Trust Units.

Transfer of Trust Units

Trust Units may only be transferred with the prior written consent of the Trustee, who shall have the sole discretion with respect to such transfer or in connection with bankruptcy, death or mental incompetence, and then only to legal representatives of the Trust Unitholder. Further, the transfer of Trust Units will not be permitted if, as a result of the transfer, the Trust would cease to qualify as a "mutual fund trust" or a "unit trust" as defined in the Tax Act. No transfer of Trust Units is effective against the Trustee or the trust until the transfer is recorded in the register of Trust Unitholders.

As the Trust is not currently a reporting issuer in any jurisdiction, nor does it intend to become one, the Trust Units are subject to resale restrictions pursuant to applicable securities laws. See ***"Item 12 – Resale Restrictions"***.

Restriction on Non-Resident Ownership

In order for the Trust to maintain its status as a "mutual fund trust" under the Tax Act, the Trust must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, at no time may Non-Residents

be the beneficial owners of more than 45% of all outstanding Trust Units on both a non-diluted basis and fully-diluted basis. The Declaration of Trust provides that the Trustee shall use commercially reasonable efforts to monitor the beneficial ownership of the Trust Units. The Trustee will require declarations in the Subscription Agreement as to the jurisdictions in which the beneficial owners of Trust Units are resident. If the Trustee becomes aware that the beneficial owners of 45% of the Trust Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, the Trustee may notify Trust Unitholders thereof and shall not accept a subscription for Trust Units from, or issue or register a transfer of Trust Units to, a Person unless the Person provides a declaration that the Person is not a Non-Resident and does not hold the Trust Units for the benefit of Non-Residents.

If, notwithstanding the foregoing, if the Trustee determines that 45% or more of all Trust Units (including any class of trust units) are held by Non-Residents, the Trustee may send a notice to such Non-Resident holders of Trust Units, chosen in inverse order to the order of acquisition or registration or in such manner as the trustee may consider equitable and practicable, requiring them to sell or tender their Trust Units (or a portion thereof) for redemption within a required period of not less than 30 days, and if the Trust Unitholders receiving such notice have not, within the required period, sold or tendered their Trust Units to the Trust, or otherwise provided satisfactory evidence that the beneficial owners of such Trust Units are not Non-Residents, the Trustee may, as agent and attorney acting on behalf of such Trust Unitholders and/or such beneficial owners, sell or redeem the Trust Units at the Redemption Price, as contemplated in the Declaration of Trust.

Until sale or redemption, the Trustee shall suspend the voting and distribution rights attached to or associated with such Trust Units held by Non-Residents, and upon the sale or redemption of such Trust Units, the affected Trust Unitholders shall cease to be holders of the Trust Units in question and their rights shall be limited to receiving the net proceeds of such sale or redemption upon surrender of the Unit Certificates representing such Trust Units.

Trustee

Subject to any restrictions set out in the Declaration of Trust, the Trustee has, without further or other action or consent, and free from any power or control on the part of the Trust Unitholders, full, absolute and exclusive power, control and authority over the Trust Property and over the affairs of the Trust to the same extent as if the Trustee was the sole and absolute beneficial owner of the Trust Property in its own right, to do all acts and things as in its sole discretion are necessary or incidental to, or desirable for, carrying out the purposes of the Trust created under the Declaration of Trust. Subject to limitations, the Trustee may delegate any of those duties of the Trustee granted or reserved to it under the Declaration of Trust that it deems appropriate.

The Trustee has and may from time to time exercise the power and authority to, among other things:

- (a) the Trustee may exercise from time to time in respect of the Trust Property and the investments and affairs of the Trust any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof;
- (b) the Trustee has, without further or other action or consent, and free from any power of control on the part of the Trust Unitholders, full, absolute and exclusive power, control and authority over the Trust Property and over, and management of, the affairs of the Trust to the same extent as if the Trustee were the sole and absolute beneficial owner of the Trust Property in its own right, to do all such acts and things as in its sole judgment and discretion are necessary or incidental to, or desirable for, carrying out the trust created under the Declaration of Trust. In construing the provisions of the Declaration of Trust, presumption shall be in favour of the granted powers and authority to the Trustee. The enumeration of any specific power or authority in the Declaration of Trust shall not be construed as limiting the general powers or authority or any other specified power or authority conferred herein on the Trustee. To the maximum extent permitted by law the Trustee shall, in carrying out investment activities, not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees;
- (c) to take any action it considers necessary to ensure that the Trust retains its status as a “mutual fund Trust” under the Tax Act and to not qualify as a “SIFT trust” as defined in the Tax Act;

- (d) except as expressly prohibited by law, the Trustee may grant or delegate to any person the authority and the powers of the Trustee under the Declaration of Trust as the Trustee may in its discretion deem appropriate, necessary or desirable to carry out and effect the actual management and administration of the duties of the Trustee under the Declaration of Trust, without regard to whether the authority is normally granted or delegated by trustees; and
- (e) the Trustee is authorized to delegate its authority and to appoint a delegate (the “**Delegate**”) to act for and on behalf of the Trust in accordance with those powers and authorities granted to the Delegate under the terms of such agreement, and the Trustee may delegate to such person all of those duties of the Trustee under the Declaration of Trust that the Trustee deem appropriate. The Trustee may grant broad discretion to the Delegate to administer and manage the day-to-day operations of the Trust, to act as agent for the Trust, to execute documents on behalf of the Trust, and to make decisions on behalf of the Trust. The Delegate may be given, without limitation, the power to further delegate management and administration of the Trust, as well as the power to retain and instruct such appropriate experts or advisors to perform those duties and obligations which it is not best suited to perform.

Notwithstanding the foregoing, the Trustee shall not have the power, under any circumstances whatsoever, to effect, authorize or vote securities held by the Trust to authorize:

- (a) any amalgamation, arrangement or other merger of any subsidiary of the Trust with any other Person, except with one or more direct or indirect wholly-owned subsidiaries or affiliates of the Trust or in conjunction with an internal reorganization with an affiliate or subsidiary of the Trust;
 - (b) the winding-up or dissolution of the Partnership prior to the end of the term of such entity, except in conjunction with an internal reorganization with an affiliate or subsidiary of the Trust or the Partnership;
 - (c) any sale, lease or exchange of all or substantially all of the Trust Property, other than pursuant to any security granted by the Trust or pursuant to any internal reorganization of the direct or indirect assets of the Trust as a result of which the Trust has the same interest, whether direct or indirect, in the assets as the interest, whether direct or indirect, that it had prior to the reorganization, and other than any such sale, lease or exchange effected between or among the Trust and any one or more of:
 - i. any corporation, partnership, firm or other form of legal entity or organization that is, directly or indirectly, wholly-owned by the Trust;
 - ii. any trust or trusts, the sole beneficiaries of which are the Trust and/or any of the Persons referred to above;
 - iii. any partnership, the only partners of which are Persons referred to in (i) and (ii) above; or
 - (d) any sale, lease or exchange of all or substantially all of the assets of a subsidiary of the Trust except pursuant to any security granted by the subsidiary of the Trust or pursuant to any internal reorganization with an affiliate or subsidiary of the Trust and other than any such sale, lease or exchange effected between or among any one or more of:
 - i. the Trust;
 - ii. any corporation, partnership, firm or other form of legal entity or organization that is, directly or indirectly, wholly-owned by the Trust;
 - iii. any trust or trusts, the sole beneficiaries of which are the Trust and/or any of the Persons referred to in (i) and (ii) above; and
 - iv. any partnership, the only partners of which are Persons referred to in (i), (ii) and (iii) above,
- in each case, without the approval of the Trust Unitholders by Special Resolution at a meeting of Trust Unitholders called for that purpose or adopted in writing.

Power of Attorney

The Declaration of Trust includes an irrevocable power of attorney authorizing the Trustee, on behalf of the Trust Unitholders, to execute, under seal or otherwise, swear to, acknowledge, deliver, make or file or record, as and

where required: (i) the Declaration of Trust, any amendment or supplement to the Declaration of Trust, and any other instrument required or desirable to qualify, continue and keep in good standing, the Trust as a “mutual fund trust”; (ii) any instrument, deed, agreement, or document in connection with carrying on the activities and affairs of the Trust as authorized in the Declaration of Trust, including all conveyances, transfers and other documents required to facilitate any authorized transfer, sale or disposition of Trust Units required therein; (iii) all conveyances and other documents required in connection with the dissolution or liquidation of the trust in accordance with the terms of the Declaration of Trust; (iv) 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 jurisdiction in respect of the affairs of the trust or of a Trust Unitholder’s interest in the Trust; (v) any instrument, certificate and other documents necessary or appropriate to reflect and give effect to any amendment to the Declaration of Trust, which is authorized from time to time as contemplated in the Declaration of Trust; and (vi) all transfers, conveyances and other documents required to facilitate the acquisition of Trust Units pursuant to the Declaration of Trust.

Trust Expenses and Trust Fees

The Trustee is entitled to reimbursement from the Trust of any of its expenses incurred in acting as Trustee. The Trustee on behalf of the Trust may pay or cause to be paid reasonable expenses incurred in connection with the administration and management of the Trust, including without limitation fees and expenses of auditors, lawyers, appraisers and other agents, consultants and professional advisers employed by or on behalf of the Trust and the cost of reporting or giving notices to Trust Unitholders. All costs, charges and expenses properly incurred by the Trustee on behalf of the Trust shall be payable out of the Trust Property. The Trustee on behalf of the Trust may pay or cause to be paid brokerage commissions at prevailing rates in receipt of the acquisition and disposition of any securities acquired or disposed of by the Trust to brokers.

Limitations on Liabilities of Trustee and Trust Officers

The Trustee and the officers of the Trust shall not be liable to any Trust Unitholder for any action taken or not taken in good faith in reliance on any documents that are, prima facie, properly executed; any depreciation of, or loss to, the Trust incurred by reason of the sale of any asset; the loss or disposition of monies or securities; or 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 any Person to perform the duties delegated to it under the Declaration of Trust, except for actions constituting gross negligence, fraud or wilful misconduct.

The Trustee, officers of the Trust and any agent thereof, shall not be liable whatsoever, in tort, contract or otherwise, in connection with the Trust Property or the affairs of the Trust, including in respect of any loss or diminution in value of any Trust Property, to the Trust or to the Trust Unitholders or to any other Person for anything done or permitted to be done by the Trustee. The Trustee shall not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Trust arising out of anything done or permitted or omitted to be done in respect of the execution of the duties of the office of Trustee for or in respect to the affairs of the Trust. No property or assets of the Trustee, owned in its own capacity or otherwise, will be subject to any levy, execution or other enforcement procedure with regard to any obligations under the Declaration of Trust or under any other related agreements. No recourse may be had or taken, directly or indirectly, against the Trustee in its own capacity or any successor of the Trustee. The Trust shall be solely liable therefor and resort shall be had solely to the Trust Property for payment or performance thereof.

Meetings of Trust Unitholders

The Trust shall not be required to hold regular annual meetings of the Trust Unitholders. Meetings of the Trust Unitholders may be called at any time by the Trustee and shall be called by the Trustee upon a written request of Trust Unitholders holding in the aggregate not less than fifty (50%) percent of all votes entitled to be voted at any meetings of the Trust Unitholders, such request to be sent to the Trustee at the head office of the Trust specifying in reasonable detail the purpose or purposes for which such meeting is to be called. The chairman of any meeting shall be the chairman of the Trustee or any other Person specified by the Trustee or, in the absence of any Trustee, any Person appointed as chairman of the meeting by a majority of the Trust Unitholders present at the meeting. Upon receiving the requisition described above, the Trustee will call a meeting of the Trust Unitholders to transact the business referred to in the requisition, in accordance with the Declaration of Trust.

At any meeting of Trust Unitholders, a quorum consists of two or more Persons present in person either holding personally or representing as proxies in aggregate not less than 10% of the outstanding Trust Units. Only Trust Unitholders of record shall be entitled to vote and each Trust Unit shall entitle the holder or holders of that Trust Unit on a poll vote at any meeting of Trust Unitholders to the voting rights set out in the Declaration of Trust.

The Declaration of Trust provides that Trust Unitholders shall be entitled to pass resolutions that will bind the trustee only with respect to the following matters:

- (a) the election or removal of a Trustee;
- (b) amendments of the Declaration of Trust;
- (c) termination of the trust;
- (d) authorizing: (A) any amalgamation, arrangement or other merger of any subsidiary of the Trust with any other Person, except with one or more direct or indirect wholly-owned subsidiaries or affiliates of the Trust or in conjunction with an internal reorganization with an affiliate or subsidiary of the Trust; (B) the winding-up or dissolution of the Partnership prior to the end of the term of the Partnership, except in conjunction with an internal reorganization with an affiliate or subsidiary of the Trust or the partnership;
(C) any sale, lease or exchange of all or substantially all of the Trust Property, other than pursuant to any security granted by the Trust or pursuant to an internal reorganization of the direct or indirect assets of the Trust, as a result of which the Trust has the same interest, whether direct or indirect, in the assets that it had prior to the reorganization; and (D) any sale, lease or exchange of all or substantially all of the assets of a subsidiary of the Trust, except pursuant to any security granted by the Trust or pursuant to an internal reorganization with an affiliate or subsidiary of the Trust;
- (e) the appointment or removal of the Auditors; and
- (f) other matters as may be required by applicable laws to be submitted to Trust Unitholders for approval.

Any action taken or resolution passed in respect of any matter at a meeting of Trust Unitholders shall be by Special Resolution, unless the contrary is otherwise expressly provided under any specific provision of the Declaration of Trust and except for the matters set out in subsections (e) and (f) above, which matters may be dealt with by a resolution passed by a majority of the votes cast by Trust Unitholders represented at the meeting.

Indemnification of Trustee and Trust Officers

The Trustee and the officers of the Trust shall be entitled to be and shall be indemnified and reimbursed out of the Trust Property in respect of any and all taxes (other than taxes on compensation), penalties or interest in respect of unpaid taxes or other governmental charges imposed upon the Trustee, former Trustee, officer or former officer in consequence of his or her performance of his or her duties.

Conflicts of Interest

Pursuant to the Declaration of Trust, the Trust Unitholders acknowledge that the Trustee, the Partnership, the General Partner, the initial unitholder of the Trust, their respective Affiliates and subcontractors, and any directors, officers, employees and shareholders of any of them (collectively, the “**Interested Parties**”) may be and are permitted to be engaged in and intend to continue to operate other businesses which the Trust or the Partnership will not have an interest and which may be competitive with the activities of the Trust or Partnership and, without limitation, the Interested Parties, may be and are permitted to act as a partner, shareholder, director, officer, employee, consultant, joint venture, advisor or in any other capacity or role whatsoever of, with, or to, other entities, which may be engaged in all or some of the aspects of the business of the Trust or the Partnership and may be in competition with the Trust or the Partnership. Any such Interested Parties may enter into material contracts and material transactions with the Trust and the Trust’s affiliates and associates, as well as any other Interested Parties. Similarly, the Trust may enter into material contracts and material transactions with an Interested Party. As a result of the foregoing, a possibility exists for the Interested Parties to be in a conflict of interest as it relates to the Trust.

Pursuant to the Declaration of Trust, the Trust Unitholders agree that the activities and facts as set forth in the previous paragraph shall not constitute a conflict of interest or a breach of fiduciary duty to the Trust or the Trust Unitholders, and, pursuant to the Declaration of Trust, the Trust Unitholders consent to such activities, and waive, relinquish and renounce any rights to participate in any claim whatsoever with respect to any such activities, and the Trust Unitholders agree that none of the Interested Parties will be required to account to the Trust or any Trust Unitholder for any benefit or profit derived from such activities or from any similar or competing activity or any transaction relating thereto by reason of any conflict of interest or any fiduciary relationship that may be created by virtue of a position of an Interested Party with respect to the Trust.

Amendments to the Declaration of Trust

The Declaration of Trust may be amended or altered from time to time by the Trustee. The Trustee may amend certain provisions of the Declaration of Trust at any time without the consent, approval or ratification of the Trust Unitholders or any other Person in certain circumstances. The amendments will only be made if it is determined by the Trustee, in its sole discretion and acting reasonably, that a particular amendment is required for the overall benefit of the Trust and not making the change would be a greater detriment to the Trust Unitholders than making the amendment. All other amendments may be made by Special Resolution. For instance, the Trustee may amend the Declaration of Trust if the amendments are necessary in order for the Trust to continue to qualify as a “mutual fund trust” under the Tax Act or to not qualify as a “SIFT trust” under the Tax Act. Reference should be made to the Declaration of Trust for specific authorizations or limitations that apply to such amendments to the Declaration of Trust.

Term of the Trust

Subject to the other provisions of the Declaration of Trust, the Trust shall continue for a term ending December 31, 2038 provided the Trustee may, in its sole discretion, extend the term of the Trust for two additional one year periods. For the purpose of terminating the Trust by such date, the Trustee shall commence winding- up the affairs of the Trust on such date as may be determined by the Trustee, being not more than two years prior to the end of the term of the Trust.

The Trustee, may at any time terminate and dissolve the Trust by delivering to each Trust Unitholder written notice of its intention to terminate at least ninety (90) days before the date on which the Trust is to be Terminated. Additionally, the Trust Unitholders may vote by Special Resolution to terminate the Trust at any meeting of Trust Unitholders duly called by the Trustee for the purpose of considering termination of the Trust.

Financial Year End

Following its first fiscal year, the Trust shall use the 31st day of December in each year as its fiscal year end and the first fiscal year of the Trust shall end on December 31, 2018.

Auditors of the Trust

The Auditors of the Trust shall be an independent firm of chartered professional accountants which has an office in Canada, and shall initially be **Dale Matheson Carr-Hilton Labonte LLP**. The Auditors will receive such remuneration as may be approved by the Trustee. The Auditor shall audit the accounts of the trust at least once each year and a report of the Auditor with respect to annual financial statements of the trust shall be provided to each Unitholder. The Auditors may, at any time, be removed by the Trustee with the approval of a majority of the votes cast by Trust Unitholders as a meeting of Trust Unitholders.

Financial Disclosure

The Trust will sent to Trust Unitholders within 120 days after the end of each fiscal year (or such shorter time as may be required by applicable securities law), the audited financial statements of the Trust for that fiscal year, together with the comparative audited financial statements for the preceding fiscal year, if any, and the report of the Auditor thereon, all prepared in accordance with International Financial Reporting Standards.

4.2 Partnership Agreement

Summary

The following is a brief description of the Partnership and its impact on LP Unit holders. The Partnership consists of the General Partner and one or more Limited Partners.

Except as otherwise set out in the Partnership Act, Limited Partners are not liable for the obligations of the Partnership except in respect of the Capital Contribution a Limited Partner contributes or agrees to contribute to the capital of the Partnership. Limited Partners are also not liable to creditors as the General Partner is unless such Limited Partner takes part in the management of the business of the Partnership.

Pursuant to the Partnership Act, the General Partner has all the rights and powers and is subject to all the restrictions and liabilities of a partner in a partnership without limited partners, except that without the written consent or ratification of all the Limited Partners the General Partner is prohibited from doing the following acts:

- (a) to do an act which makes it impossible to carry on the business of the Partnership;
- (b) to consent to a judgment against the Partnership; and
- (c) to possess Limited Partnership property, or to dispose of any rights in limited partnership property, for other than a Limited Partnership purpose.

The General Partner shall contribute work, effort and services to the Partnership and, in addition, has contributed \$100.00 in cash to the capital of the Partnership and the General Partner will make such further contributions to the Partnership as is required to discharge its obligations under the Partnership Agreement. The General Partner has:

- (a) unlimited liability for the debts, liabilities and obligations of the Partnership;
- (b) subject to the terms of the Partnership Agreement and to any applicable limitations set forth in the Partnership Act and applicable similar legislation, the full and exclusive right, power and authority to manage, control, administer and operate the Business and affairs and to make decisions regarding the undertaking and Business of the Partnership; and
- (c) the full and exclusive right, power and authority to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document necessary for or incidental to carrying out the Business of the Partnership.

The General Partner charges a Management Fee totalling 3.0% of the Project Costs, payable as follows:

- (a) a monthly payment of \$25,000.00 payable on the first day of each month commencing on the first full month after purchase of the land and continuing until the earlier of the payment in full of the Management Fee and the completion of the Project as evidenced by an occupancy permit for the Project whether interim, conditional or final; and
- (b) the remainder, if any, payable upon completion of the Project, which means the sale of the last of the Property.

An action taken by a General Partner on behalf of the Partnership is deemed to be the act of the Partnership and binds the Partnership. The General Partner shall exercise the powers and discharge its duties honestly, in good faith, and in the best interests of the Partnership, and shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the General Partner covenants that it shall maintain the confidentiality of financial and other information and data which it may obtain through or on behalf of the Partnership, the disclosure of which may adversely affect the interests of the Partnership or a Limited Partner, except to the extent that disclosure is permitted as provided herein, is required by law or is in the best interests of the Partnership.

The General Partner shall indemnify and hold harmless the Partnership and each Limited Partner from and against all costs, expenses, damages or liabilities suffered or incurred by the Partnership or such Limited Partners by reason of an act of wilful misconduct, gross negligence by the General Partner or any act or omission not believed by the Partner to be in good faith and to be within the scope of the authority conferred on the General Partner by the Partnership Agreement.

No Limited Partner will have any right to withdraw any amount or receive any distribution from the Partnership except as expressly provided in the Partnership Agreement and as permitted by law.

The General Partner may, without prior notice to or consent from any Limited Partner, amend any other provision of the Partnership Agreement from time to time:

- (a) for the purpose of adding to the Partnership 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 therein, which, in the opinion of the General Partner, acting reasonably, may be defective or inconsistent with any other provisions contained therein, and with respect to which, in the General Partner's reasonable opinion, the cure, correction or supplemental provision does not and will not adversely affect the interests of the Limited Partners; or
- (c) to make such other provisions in regard to matters or questions arising under the Partnership Agreement, which, in the opinion of the General Partner, acting reasonably, do not and will not substantially adversely affect the interests of the Limited Partners.

The General Partner is not personally liable for the return of any Capital Contribution made by a Limited Partner to the Partnership.

To the fullest extent permitted by law but subject to the limitations expressly provided in the Partnership Agreement, the Partnership will indemnify and hold harmless the General Partner, its directors, officers, employees and agents from and against any and all losses, costs, expenses, liabilities and damages (including reasonable legal fees) incurred by the General Partner, its directors, officers, employees or agents by reason of acts, omissions or alleged acts or omissions arising out of the activities of the General Partner on behalf of the Partnership or in furtherance of the interests of the Partnership, but only if the acts, omissions or the alleged acts or omissions in respect of which any actual or threatened action, proceeding or claim are based, were performed in good faith and were not

performed or omitted to be performed fraudulently or in bad faith or as a result of the negligence of the General Partner, its directors, officers, employees or agents. In no event, however, shall the foregoing expand upon a Limited Partner's liability beyond the amount of capital contributed or agreed to be contributed to the Partnership by a Limited Partner, as stated in the declaration or certificate filed pursuant to the Partnership Act relating to the Partnership, and such Limited Partner's share of the undistributed income of the Partnership.

The General Partner may employ or retain affiliates or associates of either the General Partner or the Limited Partners on behalf of the Partnership to provide goods or services to the Partnership provided that, if the Partnership is to reimburse the General Partner for the costs and expenses of such goods or services, the costs of such goods or services shall be reasonable and competitive with the costs of similar goods and services provided by independent third parties.

If the General Partner wishes to sell all or a portion of the Property to a Related Party (as defined in the Partnership Agreement), the General Partner must sell at fair market value as determined by a process set forth in the Partnership Agreement.

The General Partner may not be removed as the General Partner of the Partnership except by Special Resolution by the Limited Partners in circumstances where the General Partner has committed an act of gross negligence, wilful misconduct, bad faith or dishonesty or is in material default of its obligations under the Partnership Agreement and such default has not been remedied after reasonable notice from the Limited Partners.

The General Partner may not retire, resign or otherwise withdraw from the Partnership prior to the appointment of a successor General Partner who agrees to be bound by the provisions of the Partnership Agreement. The resignation or withdrawal of the General Partner is not effective until such time as a successor is appointed in accordance with the Partnership Agreement.

Unless otherwise waived by the General Partner, as a condition precedent to the resignation or removal of the General Partner, the Partnership shall pay all amounts payable by the Partnership to the General Partner pursuant to the Partnership Agreement accrued to the date of resignation or removal subject to any claims or liabilities of the General Partner to the Partnership.

On the resignation, removal or withdrawal of the General Partner, the Partnership shall release and hold harmless the General Partner resigning, being removed or withdrawing from any costs, expenses, damages or liabilities suffered or incurred by the General Partner as a result of or arising out of events which occur in relation to the Partnership after such resignation, removal or withdrawal.

Pursuant to the Partnership Agreement no Limited Partner shall, in its capacity as a Limited Partner:

- (a) take part in the administration, control, management or operation of the Business of the Partnership or exercise any power in connection therewith or transact business on behalf of the Partnership;
- (b) execute any document which binds or purports to bind any Partner or the Partnership;
- (c) hold himself, herself or itself out as having the power or authority to bind any other Partner or the Partnership;
- (d) have any authority or power to act for or undertake any obligation or responsibility on behalf of any other Partner or the Partnership;
- (e) bring any action for partition or sale or otherwise in connection with the Partnership or any interest in any property of the Partnership, whether real or personal, tangible or intangible, or file or register or permit to be filed, registered or remain undischarged any lien or charge in respect of any property of the Partnership; or

- (f) compel or seek a partition, judicial or otherwise, of any of the assets of the Partnership distributed or to be distributed to the Partners in kind in accordance with the Partnership Agreement;

provided that nothing herein shall restrict any Limited Partner from borrowing or entering into any credit facility arrangements for the benefit of the Partnership, and, in connection therewith, any Limited Partner may pledge and assign its interest, in whole or in part, in the Partnership.

Each Limited Partner shall, on the request of the General Partner from time to time, immediately execute any documents considered by the General Partner to be necessary to comply with any applicable law or regulation of any jurisdiction, for the continuation, operation or good standing of the Partnership.

Power of Attorney

Under the Partnership Agreement, each Limited Partner irrevocably nominates, constitutes and appoints the General Partner, with full power of substitution as his, her or its true and lawful attorney and agent, with full power and authority in his, her or its name, place and stead and for his, her or its use and benefit to do the following, namely:

- (a) execute, swear to, acknowledge, deliver and file as and where required any and all of the following:
 - i. the Partnership Agreement and all declarations and certificates of change required under the Partnership Act or any other applicable legislation and other instruments necessary to form, qualify or continue and keep in good standing the Partnership as a limited partnership under the Partnership Act;
 - ii. all instruments, declarations and certificates necessary to reflect any amendment to the Partnership Agreement;
 - iii. any filing or election made pursuant to any applicable tax legislation;
 - iv. any certificates of fictitious or trade names; and
 - v. all transfers, agreements and other instruments or documents deemed necessary or desirable by the General Partner to reflect the dissolution and termination of the Partnership including cancellation of any certificates or declarations and the execution of any elections or making of any filings under the Tax Act and any analogous legislation, as any of the same may be amended or re-enacted from time to time;
- (b) execute and file with any governmental body or instrumentality thereof of the Government of Canada or a province thereof any documents necessary to be filed in connection with the business, property, assets and undertaking of the Partnership;
- (c) execute and deliver any documents to the Partnership; or instruments on behalf of and in the name of the Partnership and for or on behalf of the Limited Partners as may be deemed necessary or desirable by the General Partner to carry out fully the provisions of the Partnership Agreement, in accordance with its respective terms; and
- (d) 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.

Each Limited Partner agrees to be bound by any representation and actions made or taken in good faith by the General Partner pursuant to such power of attorney in accordance with the terms of the Partnership Agreement and thereunder waives any and all defenses which may be available to contest, negate or disaffirm action of the General Partner were the original attorney taken in good faith under such power of attorney.

Voting and Meetings of the Partners

The General Partner may call a meeting of Partners at such time and place as it deems appropriate within the terms of the Partnership Agreement in its absolute discretion for the purpose of considering any matter set forth in the

notice of meeting. Every meeting of Partners may be held at such place and at such time and with such notice as the General Partner may determine within the terms of the Partnership Agreement. Any Partner entitled to vote at a meeting may vote by proxy if a proxy has been received by the General Partner or the chairman of the meeting for verification prior to the meeting.

A Partner which is a corporation may appoint under seal or otherwise an officer, director or other authorized person as its representative to attend, vote and act on its behalf at a meeting of Partners. Partners or an authorized officer or director of a Partner, any officer or director of a General Partner, counsel to the General Partner or the Partnership and representatives of the accountants of the Partnership shall be entitled to attend and receive notice of any meeting of Partners.

The General Partner may nominate a person, including, without limitation, an officer or director of the General Partner, to be chairman of a meeting of Partners and the person nominated by the General Partner shall be chairman of such meeting unless the Limited Partners elect another person as chairman by Ordinary Resolution (as defined in the Partnership Agreement). A quorum at any meeting of Partners shall consist of two or more persons present in person who collectively hold or represent by proxy not less than 20% of the outstanding LP Units in the Partnership.

Every question submitted to a meeting of Partners which requires a Special Resolution under the Partnership Agreement shall be decided by a poll and every question submitted to a meeting of Partners which does not require a Special Resolution will, except as otherwise provided in the Partnership Agreement, be decided by an Ordinary Resolution on a show of hands unless a poll is demanded by a Partner, in which case a poll will be taken and, in the case of an equality of votes, the chairman will not have a casting vote and the resolution will be deemed to be defeated. The chairman will be entitled to vote in respect of any LP Units held by the chairman or for which the chairman may be proxyholder.

On any vote at a meeting of Partners, a declaration of the chairman concerning the result of the vote shall be conclusive. Each LP Unit holder present at the meeting will have one vote for each LP Unit of which such person is registered as the Partnership Unit holder and one vote for each LP Unit in respect of which such person is the proxyholder. The General Partner will be entitled to 50% of the votes of each class of Limited Partner LP Units as if it were the owner of 50% of the Partnership Units. That is to say that if 100 units are issued then the General Partner shall have 100 votes and the total votes in the Partnership shall be 200 votes.

Any Limited Partner who is a party to a contract or proposed contract or who has a material interest in a contract, proposed contract or transaction (either directly or indirectly, including through an Affiliate or associate), which is the subject matter of a resolution, shall not be entitled to any vote on such resolution; provided however, that a Limited Partner shall be deemed not to have a material interest in a contract, proposed contract or transaction if the interest arises merely from the ownership of LP Units where the Limited Partner will have or receive no extra or special benefit or advantage not shared on an equal basis by all other Limited Partners.

Unless otherwise provided in the Partnership Agreement, the following powers shall only be exercisable by Special Resolution passed by the Limited Partners:

- (a) consenting to the amendment of this Partnership Agreement (subject to the approval of the General Partner) except as provided 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 Partnership with any creditor, or class or classes of creditors;
- (d) changing the Fiscal Year (as defined in the Partnership Agreement);
- (e) amending, modifying, altering or repealing any Special Resolution previously passed by the Limited Partners;

- (f) dissolving or terminating the Partnership;
- (g) approving a settlement of an action against the General Partner as a result of a breach of its duties;
- (h) election of a new General Partner following or as of a General Partner's resignation or removal for cause pursuant to the provisions of this Partnership Agreement; and
- (i) creating or issuing additional interests in the Partnership of a different class than the Partnership Units where such additional interests would have a preference or priority over the existing LP Units in respect of distributions of Distributable Cash, income or loss or return of contributed capital.

Where the General Partner, the Initial Limited Partner, or any director or officer thereof is the owner of a LP Unit, they shall be required to abstain from voting in respect of the above and in addition, shall be required to abstain in any other circumstance in which there is a conflict of interest.

Distribution of Profits and Losses

Any amount that is, pursuant to any provision of the Partnership Agreement, to be allocated to or distributed among Limited Partners will be apportioned among them in the ratio which the number of LP Units held by each Limited Partner bears to the total number of LP Units held by all Limited Partners at the time as of which the allocation is made or the entitlement to the distribution is determined, without regard to the number of days during which any Limited Partner has been a Limited Partner.

The Net Income or Net Loss of the Partnership for any fiscal year shall be allocated between the General Partner and the Limited Partners, by the General Partner in a manner consistent with the distribution provisions set out for the allocation of Distributable Cash set out herein and the Partnership Agreement. In so allocating the Net Income and Net Loss, the General Partner shall act reasonably and fairly, taking into account the amount and timing of actual and anticipated distributions to each of the Partners (including the General Partner), with a view to ensuring that, over the term of the Partnership, each Partner is allocated a portion of the Partnership's net income that substantially corresponds to the income that is distributed to that Partner.

The General Partner shall, in its discretion, be entitled to retain such reserves as it considers prudent for the Partnership's business from any Distributable Cash. Thereafter, after the payment of all current obligations of the Partnership, including without limiting the generality of the foregoing, all Management Fees owing to the General Partner, any and all Operating Expenses and Project Costs (each as defined in the Partnership Agreement), and monies owing to third party lenders of the Partnership, including any and all Guarantee Fees due and owing, Distributable Cash will be distributed at such time as the General Partner shall determine, as follows:

- (a) first, to Limited Partners until they have received distributions equal to 100% of their capital contributions;
- (b) second, to the Limited Partners 12% per annum preferred return paid from the date of receipt of funds;
- (c) third, to the Limited Partners pro rata in accordance with their respective Proportionate Interests, an amount calculated by multiplying an amount representing fifty (50%) percent of the balance available for distribution by a fraction of which the numerator is the total number of LP Units issued by the Partnership and the denominator is the Aggregate Contributed Capital; and
- (d) the remainder to the General Partner.

Tax Income or Tax Loss in respect of a Fiscal Year will be allocated as at the end of the period among those Partners who were members of the Partnership at the end of the period as follows:

- (a) Tax Income or Tax Loss will, to the extent permitted under the Tax Act having regard to allocations made in respect of previous Fiscal Years, be allocated among the Partners in the proportions that like amounts of Net Income or Net Loss would have been allocated; and

- (b) Tax Income or Tax Loss not allocable pursuant to the Partnership Agreement will be allocated in such manner as the General Partner determines to be fair and equitable and consistent with the intent reflected in Partnership Agreement.

If applicable, investment tax credits and other allocations that may be made for tax purposes other than by way of a distribution or appropriation of assets of the Partnership will be allocated as at the end of the relevant Fiscal Year in the same manner as Tax Income and Tax Loss.

Transfer of LP Units

Subject to the provisions of the Partnership Agreement and compliance with applicable securities and other laws, LP Units may be transferred subject to first right of refusal in favour of the General Partner.

The General Partner has the right to deny the transfer of LP Units in respect of which there has been default in payment of the subscription price until all amounts required to be paid on account of the subscription price, including any interest thereon, have been paid in full. The General Partner shall deny the transfer of the Partnership Units to a person who does not satisfy the requirements of the Partnership Agreement. No transferee shall become a Limited Partner until all filings and recordings required by the Partnership Act and the Partnership Agreement have been duly made. Where the transferee complies with the provisions aforesaid and is entitled to become a Limited Partner pursuant to the provisions hereof the General Partner shall be authorized to admit the transferee to the Partnership as a Limited Partner and the Limited Partners hereby consent to the admission of, and shall admit, the transferee to the Partnership as a Limited Partner, without further act of the Limited Partners (other than as may be required by law).

Right of First Refusal

There shall be a right of first refusal arrangement in the Partnership Agreement on the following terms and conditions:

- (a) Each Limited Partner as grantor ("**Grantor**"), grants to the General Partner as grantee ("**Grantee**"), a right of first refusal to acquire the Grantor's Limited Partnership interest (the "**Interest**"), or any portion thereof on the terms set out in this paragraph. The Grantor shall specifically include the Grantor and the Grantor's heirs, assigns, executors, creditors or any other parties that may be entitled at any time to dispose of the Grantor's Partnership interest.
- (b) "First Refusal Offer" means any offer or agreement to sell, transfer, assign, or in any other way to convey or dispose (such action being a "**Disposition**") either directly or indirectly, all or any portion of the Grantor's Partnership interest (the "**Partnership Interest**"). For the purposes of this paragraph a Disposition shall include the sale of the shares of a corporate Limited Partner such that Control of a corporate Limited Partner changes.
- (c) The Grantor shall not permit a Disposition of the Grantor's Interest until the Grantor has first offered to the Grantee the right to acquire all or part of the Grantor's Partnership interest on the identical terms and conditions (the "**First Refusal Offer**") that a Grantor wishes to sell the Grantor's Interest. Upon receipt of any First Refusal Offer, the Grantor shall immediately deliver to the Grantee a complete and true originally executed copy thereof.
- (d) Upon delivery by the Grantor to the Grantee of the First Refusal Offer, the Grantee shall have five (5) days to advise the Grantor whether the Grantee elects to acquire the Partnership Interest contained in the First Refusal Offer on the same terms and conditions set out therein. If the Grantee does not advise the Grantor in writing, within the required time, the Grantee shall be deemed to have rejected such First Refusal Offer.
- (e) If the Grantee does not elect to acquire the Interest offered, the Grantor may then proceed with the Disposition of the Grantor's Interest, but only on the terms and conditions as contained in the First Refusal Offer. If the terms and conditions of the First Refusal Offer are at any time changed in any way following

the Grantee's rejection or deemed rejection of the First Refusal Offer, the Grantor shall not complete such Disposition unless and until the Grantor has again first complied with all such requirements of this paragraph.

- (f) If the Grantee does not elect to acquire the Grantor's Interest, and the transaction contemplated by the First Refusal Offer does not close, the Grantee's right of first refusal as set forth herein shall survive. If the First Refusal Offer is only with respect to a portion of the Grantor's Interest, the right of first refusal shall continue to apply to the remainder of the Grantor's Interest.
- (g) The Grantor agrees to require as a condition of any First Refusal Offer that the purchaser of any LP Interest shall agree in writing directly with the Grantee to be bound by the Partnership Agreement. All Parties hereby agree that the said purchaser shall not receive good title until he or she has first executed the Partnership Agreement and any other documents as may be reasonably required by the General Partner.
- (h) If the Grantee advises the Grantor that the Grantee elects to acquire the Partnership Interest offered, then the transaction shall close in accordance with the terms of the First Refusal Offer.
- (i) If the First Refusal Offer contains any conditions which are required to be waived or met by the intended purchaser, the Grantor shall also provide to the Grantee, promptly upon the waiving or meeting of such conditions, evidence ("**Evidence**") that the purchaser's conditions have been waived or met. The Five day period commences when the First Refusal Offer and the Evidence have both been delivered to the Grantee.

Entitlement on Liquidation, Dissolution or Winding Up

The Partnership shall follow the procedure for dissolution otherwise set out under the Partnership Agreement and the Partnership Act upon the occurrence of any of the following events or dates:

- (a) the expiration of the Partnership's term;
- (b) the election of the General Partner to dissolve the Partnership, if approved by Special Resolution;
- (c) upon the sale or distribution of all of the Interests held by the Partnership, unless the business of the Partnership is continued by the specific consent of the General Partner and an Ordinary Resolution of the remaining Limited Partners given within 90 days after such event;
- (d) 90 days following the effective date of the resignation or dissolution of the General Partner; provided, that the Partnership shall not be dissolved if the Limited Partners shall elect a new General Partner by Special Resolution prior to expiration of such 90- day period; or,
- (e) at any time after December 31, 2030 on a date which is ninety (90) days after the Limited Partners have passed a Special Resolution approving the dissolution of the Partnership,

and, in any case, after the completion of the liquidation of the Partnership and distribution to the Limited Partners of all funds remaining after payment of all debts, liabilities and obligations of the Partnership to its creditors. Notwithstanding any rule of law or equity to the contrary, the Partnership shall not be terminated except in the manner provided for in the Partnership Agreement.

The proceeds from the liquidation of the Partnership assets shall be applied and distributed by the end of the Fiscal Year in which liquidation occurs (or, if later, within 90 days after the date of such liquidation) according to the following order:

- (a) first, to creditors of the Partnership, including any payment(s) owing on account of Guarantee Fees, payment of Management Fees owed to the General Partner and repayment of any indebtedness owing to the General Partner or Limited Partners, in the order of priority as provided by law;

- (b) second, the General Partner shall set up any reserves which the General Partner reasonably deems necessary for any contingent or unforeseen liabilities or obligations of the Partnership (which reserves when they become unnecessary shall be distributed in the remaining priorities set forth herein);

The General Partner shall, in its discretion, be entitled to retain such reserves as it considers prudent for the Partnership's business from any Distributable Cash. Thereafter, after the payment of all current obligations of the Partnership, including without limiting the generality of the foregoing, all Management Fees owing to the General Partner, any and all Operating Expenses and Project Costs, and monies owing to third party lenders of the Partnership, including any and all Guarantee Fees due and owing, Distributable Cash will be distributed at such time as the General Partner shall determine, as follows:

- (a) first, to Limited Partners until they have received distributions equal to 100% of their capital contributions;
- (b) second, to the Limited Partners 12% per annum preferred return paid from the date of receipt of funds;
- (c) third, to the Limited Partners pro rata in accordance with their respective Proportionate Interests, an amount calculated by multiplying an amount representing fifty (50%) percent of the balance available for distribution by a fraction of which the numerator is the total number of LP Units issued by the Partnership and the denominator is the Aggregate Contributed Capital; and
- (d) the remainder to the General Partner.

Alternatively, the General Partner may approve distributions of all assets of the Partnership in kind or in specie in which event each Limited Partner shall, subject to the provisions contained herein, be entitled to receive an undivided interest in each and every asset of the Partnership in accordance with such Limited Partner's Proportionate Interest as of the date of dissolution or sale.

Subject to the Partnership Act, and except as otherwise provided in the Partnership Agreement, no Limited Partner shall have the right to ask for the dissolution of the Partnership, the winding-up of its affairs or the distribution of its assets. A full copy of the Partnership Agreement is available on request.

4.3 Joint Venture Agreement

By agreement of March 20, 2018, the General Partner and Boynton GP entered in a Joint Venture Agreement for the development of the Property. The material terms of the Joint Venture Agreement are as follows:

- (a) The Property is held in trust for the joint venture by Boynton GP, which is controlled by the General Partner (on behalf of the Partnership) owning 89% of the issued shares and beneficiary of the Boynton GP fees and profit flow;
- (b) The Partnership has full rights to egress and access to the property and to conduct all development activities it considers appropriate to sub-divide, service lots and construct and market residential and commercial units;
- (c) The Partnership will fulfil the Boynton sub-division plan and Property servicing at its cost, to be paid back from Property proceeds or funded through debt or sales
- (d) Net revenue from the Property will be applied as follows:
 - i. First to pay encumbrances and other debts and costs of the Project;
 - ii. Then to refund the Partnership its costs of performing the Boynton Project plan
 - iii. Then to Boynton at the agreed appraised value of \$54 per buildable square foot of the Property, which the Parties acknowledge is appreciated by The Partnership's build-out of the Project but which value may be altered by the Manager if appraised value of raw serviced land has materially

changed (and equity would so dictate) and any such decision shall be definitive and may not be challenged; and

- iv. Then the remainder to the Partnership.

4.4 First and Second Registered Security

To complete the purchase of the Property, Boynton GP borrowed \$3,185,000 secured on the Property from Renaissance Enterprises (Lanterra) Corporation at 5.5% interest only monthly installment payments secured by first mortgage for a term ending December 2, 2018. To acquire Boynton GP, the Partnership registered a second mortgage of \$490,000 to a group of investors (see “*Item 3.2 – Business of the Partnership*”) with 12 % interest only due and payable July 31, 2018.

4.5 Funding Agreement

Effective June 19, 2018, the Trust and the Partnership entered into the Funding Agreement, which provides that the Partnership will pay all costs, fees, Selling Commissions and expenses incurred by the Trust in connection with the Trust Offering in consideration for the Trust using all of its Gross Proceeds from the Trust Offering to acquire LP Units under the Partnership Offering.

4.6 Unregistered Loans

At the date of this offering memorandum Boynton owes under the Other Loan, \$170,000 to 1019283 BC Ltd, controlled by a related party, Mr. Kiess.

ITEM 5 - INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

5.1 Compensation and Securities Held

The following table sets out information about each director and officer of the Trustee, the General Partner, each promoter of the Trust and the Partnership and each person who directly or indirectly beneficially owns or controls 10% or more of the Units of the Trust and the Partnership.

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number and percentage of Units held after completion of min. Offerings	Number and percentage of Units held after completion of max. Offerings
FOR THE PARTNERSHIP:				
Bob Fraser, ⁽⁴⁾ Anmore, British Columbia	President & Director of the General Partner	\$90,000 (\$7,500 per month)	Nil	Nil
David Kiess, ⁽⁵⁾ North Vancouver, British Columbia	Director of the General Partner	\$42,000 (\$3,500 per month)	Nil	Nil

Name and municipality of principal residence	Positions held and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number and percentage of Units held after completion of min. Offerings	Number and percentage of Units held after completion of max. Offerings
PROMINTORY DEVELOPMENTS INC. ⁽⁶⁾ VANCOUVER, BC	General Partner of the Partnership	Nil to date; \$300,000 estimated in 2018 as General Partner	100 LP Units	100 LP Units
FOR THE TRUST:				
EVEST REAL ESTATE ASSET MANAGEMENT CORP. ⁽¹⁾ SURREY, BC	Trustee of the Trust	Nil	Nil	Nil
LAUREN LABAS ⁽²⁾ SURREY, BC	President, Secretary and Director of the Trustee	Nil to date; \$12,000 estimated in current year	Nil	Nil
PROMINTORY DEVELOPMENTS INC. ⁽³⁾⁽⁶⁾ VANCOUVER, BC	Promoter of the Trust and General Partner of the Partnership	Nil to date; \$300,000 estimated in 2018 as General Partner	1 Trust Unit	Nil

Notes:

- (1) Evest Real Estate Asset Management Corp. is the trustee of the Trust is not expected to receive any compensation during 2018, but the Partnership will pay for the expenses of the trustee on behalf of the Trust pursuant to the Funding Agreement.
- (2) Lauren Labas is the sole director and officer of Evest Real Estate Asset Management Corp. and is expected to receive compensation of \$1,000 per month during 2018. Although she does not receive compensation from the Trust or Partnership, the General Partner pays the compensation from its Management Fees for its services.
- (3) Promintory Developments Inc. is the initial Trust Unit holder of the Trust acquiring one Trust Unit for \$1.00, and is therefore a promoter of the Trust. Upon the initial closing of the Trust Offering, the Trust repurchased the initial Trust Unit issued to Promintory Developments Inc. for \$1.00 and that Trust Unit was cancelled.
- (4) Bob Fraser is President and Director of the General Partner and is an 89% owner of the General Partner, and is expected to receive compensation of \$7,500 per month during 2018. Although he does not receive compensation from the Trust or Partnership, the General Partner pays the compensation from its Management Fees for its services.
- (5) David Kiess was the Initial Limited Partner and is a director of the General Partner of the Partnership and is accordingly a promoter of the Partnership and is expected to receive compensation of \$3,500 per month during 2018. Although he does not receive compensation from the Trust or Partnership, the General Partner pays the compensation from its Management Fees for its services. See ***“Item 4.2 Material Agreements – Partnership Agreement”***.
- (6) The General Partner is entitled to Management Fees (as described in this Offering Memorandum and the Partnership Agreement) as well as a portion of the Distributable Cash (as described in this Offering Memorandum and the Partnership Agreement). The Management Fee is a fee equal to 3% of the Project Costs which shall be paid at \$25,000 per month otherwise calculated and divided by the estimated number of months of the duration of the Project. See ***“Item 4.2 Material Agreements – Partnership Agreement”***.

5.2 Management Experience

The senior management of the Trustee and the General Partner have a broad background of real estate investment, finance and development experience which will be brought to bear on the activities undertaken by the Trustee on behalf of the Trust as well as the General Partner on behalf of the Partnership. The following table discloses the principal occupations of the directors and senior officers of the Trustee and the General Partner over the past five years.

Name	Principal occupations and related experience
ROBERT FRASER President & Director of the General Partner and Boynton GP	For the past 25 years Mr. Fraser has been a director of Companies controlled by him with a principal focus on real estate development in British Columbia. Mr. Fraser has over 25 years' experience in condominium conversions, house building, lot development and acquisition and finance. During the course of his development career he has built and syndicated more than 1,000 condominium and townhouse units.
DAVID KIESS, Director of the General Partner	David has been involved in project development and construction for many years. In addition, he has a content delivery and marketing background which will be used to market and sell the project working with some of the major real estate project marketers.
BILL GROSSHOLZ, CPA, CA Controller	Bill is a Chartered Professional Accountant and has held financial roles with many companies including a role as the Chief Financial Officer of a large development and construction company. He was also an auditor for Revenue Canada and has had senior roles in several public companies as the financial reporting officer.
LAUREN LABAS President, Secretary and Director of the Trustee	Lauren Labas has over 20 years' experience in the real estate construction industry commencing with her father being in the custom assembly house manufacturing business in Prince George, and her brother, a Professional Building Sciences Engineer. She worked in the family business for some years and obtained an understanding of system house building and construction. Thereafter she obtained an Associate Degree in Computer Sciences from Everett Community College, and advanced programming courses at the University of Washington in digital sciences, while operating a printing brokerage business for customers, and later as a IT Manager in the printing industry. In 2008, she founded her business as a web designer and handles media and marketing for various businesses in both Washington State and Canada. Ms. Labas's experience allows her to lead teams and operate with experience in team environments, both in boardroom settings and organizing start up businesses.

5.3 Penalties, Sanctions and Bankruptcy

There are no penalties, sanctions, declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation or proceedings, arrangements or compromises with creditors, appointments of a receiver, receiver manager or trustee to hold assets, that have been in effect during the last ten years against or in connection with any of the directors, senior officers or control persons of the Trust, the Trustee, the Partnership or the General Partner or any issuer of which any director, senior officer or control person of the Trust, the Trustee, the Partnership or the General Partner was a director, senior officer or control person.

5.4 Loans

1019283 BC Ltd, controlled by Mr. Kiess, is owed \$140,000 by the Partnership to buy Boynton GP which loan is registered on the Property in a joint Second Mortgage of \$490,000 (see chart at "**Item 3.2 – Business of the Partnership**") due August 15, 2018. In addition, 1019283 BC Ltd, controlled by Mr. Kiess, is owed \$170,000 under the Other Loan, which funds were used to pay part of an instalment payment for the First Mortgage.

ITEM 6 - CAPITAL STRUCTURE

6.1 Capital of the Issuers

The share and LP Unit capital of the Partnership and General Partner at the date of this Offering Memorandum are as follows:

Description of security	Number authorized to be issued	Price per security	Number outstanding as at a date not more than 30 days prior to the date of this Offering Memorandum date	Number outstanding after min. offering	Number outstanding after max. offering assuming only LP Units sold
Partnership - LP Units	Unlimited	\$1.00	100 each to the initial limited partner and General Partner	200	5,000,200
GP shares	Unlimited	nominal	5,000,100 Class A Class B - nil	5,000,100 Class A Class B - nil	5,000,100 Class A Class B - nil

The share and LP Unit capital of the Boynton GP and LP at the date of this Offering Memorandum are as follows:

Description of security	Number authorized to be issued	Price per security	Number outstanding as at a date not more than 30 days prior to the date of this Offering Memorandum date	Number outstanding after min. offering	Number outstanding after max. offering
Boynton LP - LP Units	Unlimited	\$1.00	1,618,749	1,618,749	1,618,749
Boynton GP shares (Controlled by General Partner)	Unlimited	nominal	5,000,100 Class A Class B - nil	5,000,100 Class A Class B - nil	5,000,100 Class A Class B - nil

The share capital of the General Partner at the date of this Offering Memorandum is as follows:

Description of security	Number authorized to be issued	Price per security	Number outstanding as at a date not more than 30 days prior to the date of this offering memorandum date	Number outstanding after min. offering	Number outstanding after max. offering assuming only Shares sold
Class "A" voting common shares	Unlimited	\$0.00001	5,000,100	5,000,100	5,000,100
Class "B" non-voting common shares	Unlimited	\$1.00	Nil	Nil	5,000,000
Class "C" non-voting common shares	Unlimited	N/A	Nil	Nil	Nil

Class “D” non-voting common shares	Unlimited	N/A	Nil	Nil	Nil
Class “E ” non-voting common shares	Unlimited	N/A	Nil	Nil	Nil
Class “F” voting common shares	Unlimited	N/A	Nil	Nil	Nil

6.2 Long Term Debt Securities*

Description of long term debt (including whether secured)	Interest rate	Repayment terms	Amount outstanding at June 29, 2018
First Mortgage owing to Renasence Enterprises (Lanterra) Corporation as First Mortgage Lender registered on title of the Property.	5.5% interest only installment payments	At the end of Term – December 2, 2018	\$2,800,000
Second Mortgage totaling \$490,000 comprised of \$280,000 owing to Christine Shylo Graham and Hunter Churchill Graham, \$50,000 to Peter Jensen and \$140,000 to 1019283 BC (David Kiess)	12% per annum only accruing monthly	At the end of Term – August 15, 2018	\$490,000
Other Loan owing to 1019283 BC Ltd. (David Kiess)	12% per annum only accruing monthly	Due May 1, 2019	\$170,000

*These are due within 12 months, but the Issuers expect to extend or refinance beyond the period.

6.3 Prior Sales

In connection with the establishment of the Trust, Promintory Developments Inc. contributed \$1.00 in return for 1 Trust Unit and the initial unitholder of the Trust pursuant to the Declaration of Trust. Upon the initial closing of the Trust Offering, the Trust will repurchase the initial Trust Unit from Promintory Developments Inc. and Promintory Developments Inc. will cease to be a Trust Unitholder. See ***“Item 4.1 – Declaration of Trust”***.

In connection with the formation of the Partnership (i) the Initial Limited Partner contributed \$100.00 to the Partnership as the initial capital contribution in return for 100 LP Units, and (ii) the General Partner contributed \$100.00 to the Partnership as the initial capital contribution in return for 100 LP Units. See ***“Item 4.2 – Partnership Agreement”***.

ITEM 7 - SECURITIES OFFERED

We are offering for sale a maximum of 8,000,000 Units (the Units are comprised of Trust Units and LP Units). The holder of any Trust Unit will be Trust Unitholder in accordance with the Declaration of Trust and the holder of any LP Unit will be a Limited Partner in accordance with the Partnership Agreement. By subscribing for Units, you are agreeing to be bound by the Declaration of Trust (with respect to Trust Units) or the Partnership Agreement (with respect to LP Units).

You are advised to obtain independent legal advice regarding the terms and conditions of the Partnership Agreement prior to subscribing for any Units.

7.1 Terms of Trust Units

The information in this Item 7.1 reflects the terms of the Declaration of Trust. Reference should be made to the entirety of the Declaration of Trust, a copy of which is available upon request from the Issuers.

General

The securities being offered pursuant to the Trust Offering are Trust Units. The beneficial interests of the Trust are divided into four classes of units, as Class “A”, Class “B”, Class “C”, and Class “D” units, which are issuable in series and entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust, including the right to vote and to participate pro rata in any distributions from the Trust. Each class of units has identical rights, restrictions and conditions. Each such unit of the Trust is without nominal or par value, entitles the holder thereof to one vote at all meetings of Trust Unitholders, entitles the holder thereof to the pro rata right to receive distribution and participate pro rata upon dissolution or liquidation, and entitles the holder to the right of redemption under the terms and conditions set forth in the Declaration of Trust.

The Trust is authorized to issue an unlimited number of any class of units. In order to establish the Trust, one Class “A” unit (the “**Initial Trust Unit**”) was issued for cash of \$1.00 on June 19, 2018. The Trust is now offering by way of a private placement Class “A” Series 1 units of the Trust (the “**Trust Units**”) pursuant to the Trust Offering. At any time following the issuance of one or more additional Trust Units, the Trust may redeem the Initial Trust Unit for a purchase price of \$1.00 and, upon the completion of such purchase and sale, the Initial Trust Unit shall be cancelled and shall no longer be outstanding. Each holder of a Trust Unit shall be entitled to the rights and be subject to the limitations, restrictions and conditions pertaining to the Trust Units as set out in the Declaration of Trust and the interest of each Unitholder shall be determined by the number of Trust Units registered in the name of such holder.

Each Trust Unit outstanding from time to time represents an equal undivided beneficial interest in the net asset of the Trust and each Unitholder shall be entitled to a pro rata share of (i) all distributions respecting the Trust Units, when and as declared, and (ii) the proceeds of liquidation of the Trust Property, after satisfaction of all liabilities of the Trust.

All Trust Units will rank among themselves equally and ratably without discrimination, preference or priority. Each Trust Unit entitles the holder to one vote at all meetings of Unitholders and for written resolutions of Unitholders if any. Except as set out in the Declaration of Trust, the Trust Units have no conversion, retraction or redemption or pre-emptive rights.

Certificates

Unit Certificates will be issued to Trust Unitholders and a register of Trust Unitholders will be kept at the head office of the Trust or the Transfer Agent, setting out the particulars of the Unit Certificates. Only Trust Unitholders with recorded Unit Certificates on the register are entitled to receive distributions or exercise rights of a Trust Unitholder.

Capital Contribution

In connection with the subscription for Trust Units under the Trust Offering, each subscriber will contribute to the capital of the Trust at the purchase price of \$1.00 per Trust Unit for each Trust Unit subscribed for. No Trust Unitholder will be required to make any contribution to the capital of the Trust in excess of that amount. On the date of formation of the Trust, Promintory Developments Inc. contributed, as the initial Trust Unitholder, \$1.00 to the capital of the Trust in return for acquiring 1 Trust Unit.

Distributions

The Trustee, may on or before each Distribution Record Date, declare payable to the holders of Trust Units on such Distribution Record Date all or any part of the Cash Flow of the Trust for the Distribution Period which includes such Distribution Record Date.

The Trustee intends to allocate, distribute and make payable to Trust Unitholders all of the Income of the Trust, Net Realized Capital Gains and any other applicable amounts so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year and such amounts will be due and payable to Unitholders of record immediately before the end of December 31 in each year, in accordance with the Declaration of Trust.

If the Trustee determines that the Trust does not have sufficient cash to make the full amount of the distribution which has been declared, the Trustee has the option to pay equivalent distributions in the form of the pro rata share issuance of additional Trust Units.

The Trustee may deduct or withhold from distributions payable to any Trust Unitholder all amounts required under the Tax Act or other applicable laws, which amounts shall be withheld from such distributions whether those distributions are in the form of cash, additional Trust Units, or otherwise.

Transfer of Trust Units

Trust Units may only be transferred with the prior written consent of the Trustee, who shall have the sole discretion with respect to such transfer, or in connection with bankruptcy, death or mental incompetence, and then only to legal representatives of the Trust Unitholder. Further, the transfer of Trust Units will not be permitted if, as a result of the transfer, the Trust would cease to qualify as a “mutual fund trust” or a “unit trust” as defined in the Tax Act. No transfer of Trust Units is effective against the Trustee or the trust until the transfer is recorded in the register of Trust Unitholders.

As the Trust is not currently a reporting issuer in any jurisdiction, nor does it intend to become one, the Trust Units are subject to resale restrictions pursuant to applicable securities laws. See ***“Item 12 – Resale Restrictions”***.

Restriction on Non-Resident Ownership

In order for the Trust to maintain its status as a “mutual fund trust” under the Tax Act, the Trust must not be established or maintained primarily for the benefit of Non-Residents. Accordingly, at no time may Non-Residents be the beneficial owners of more than 45% of all outstanding Trust Units on both a non-diluted basis and fully- diluted basis. The Declaration of Trust provides that the Trustee shall use commercially reasonable efforts to monitor the beneficial ownership of the Trust Units. The Trustee will require declarations in the Subscription Agreement as to the jurisdictions in which the beneficial owners of Trust Units are resident. If the Trustee becomes aware that the beneficial owners of 45% of the Trust Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, the Trustee may notify Trust Unitholders thereof and shall not accept a subscription for Trust Units from, or issue or register a transfer of Trust Units to, a Person unless the Person provides a declaration that the Person is not a Non-Resident and does not hold the Trust Units for the benefit of Non-Residents.

If, notwithstanding the foregoing, if the Trustee determines that 45% or more of all Trust Units (including any class of trust units) are held by Non-Residents, the Trustee may send a notice to such Non-Resident holders of Trust Units, chosen in inverse order to the order of acquisition or registration or in such manner as the trustee may

consider equitable and practicable, requiring them to sell or tender their Trust Units (or a portion thereof) for redemption within a required period of not less than 30 days, and if the Trust Unitholders receiving such notice have not, within the required period, sold or tendered their Trust Units to the Trust, or otherwise provided satisfactory evidence that the beneficial owners of such Trust Units are not Non-Residents, the Trustee may, as agent and attorney acting on behalf of such Trust Unitholders and/or such beneficial owners, sell or redeem the Trust Units at the Redemption Price, as contemplated in the Declaration of Trust.

Until sale or redemption, the Trustee shall suspend the voting and distribution rights attached to or associated with such Trust Units held by Non-Residents, and upon the sale or redemption of such Trust Units, the affected Trust Unitholders shall cease to be holders of the Trust Units in question and their rights shall be limited to receiving the net proceeds of such sale or redemption upon surrender of the Unit Certificates representing such Trust Units.

Redemption of Trust Units

The Declaration of Trust contemplates a redemption of Trust Units in the following manner. The Redemption Price for Trust Units shall be paid no later than thirty (30) days following the last day of the calendar month in which the Trust Units were surrendered for redemption. Notwithstanding the foregoing, the Trust may suspend the redemption of Trust Units or postpone the date of redeemed Trust Units in such circumstances as the Trustee may reasonably determine.

The Redemption Price may be paid by the Trust in cash or, at the election of the Trustee, by distributing or issuing any combination of cash and/or Redemption Notes payable by the Trust, having an aggregate fair market value equal to the Redemption Price.

Terms of the Redemption Notes shall be determined in accordance with the Declaration of trust. **There is no guarantee of repayment of Redemption Notes. See "Item 10 - Risk Factors". Redemption Notes will not qualify as a "qualified investment" for Deferred Plans. See "Item 8 - Income Tax Consequences" and "Item 10 - Risk Factors".**

The redemption price per Trust Unit ("**Redemption Price**") shall be equal to:

- (a) if the Redemption Date is prior to January 1, 2018, ninety-five (95%) percent of the subscription price less commissions paid in respect of the Unit redeemed;
- (b) if the Redemption Date is on or after January 1, 2018 but prior to January 1, 2019, ninety-seven and one-half (97.5%) percent of the subscription price less commissions paid in respect of the Unit redeemed; and
- (c) if the Redemption Date is on or after January 1, 2019, one hundred (100%) percent of the subscription price less commissions paid in respect of the Unit redeemed.

See "**Item 4.1 – Declaration of Trust**" and "**Item 8 - Risk Factors**".

Voting at Meetings of Trust Unitholders

No annual meetings of the Trust Unitholders are proposed to be held. However, the Declaration of Trust provides for the ability to convene meetings of Trust Unitholders by the Trustee at any time and upon the written request of one or more Trust Unitholders holding not less than 50% of the number of all issued and outstanding Trust Units. Certain actions of the Trustee and/or the Trust require the approval of the Trust Unitholders which may be obtained at a meeting of the Trust Unitholders or by way of a resolution in writing of the Trust Unitholders. Except as otherwise specified in the Declaration of Trust, on any question submitted at a meeting of Trust Unitholders or by way of a resolution in writing, each Trust Unitholders shall be entitled to one vote per Trust Unit held. Any resolution of Trust Unitholders passed in accordance with the Declaration of Trust will be binding on all Trust Unitholders whether or not such Trust Unitholders was present or represented by proxy at the meeting at which such

resolution was passed and whether or not such Trust Unitholders voted against such resolutions. See “**Item 4.1 – Declaration of Trust**”.

Other

For further information on terms contained in the Declaration of Trust which affect the rights of Trust Unitholders see “**Item 4.1 Declaration of Trust**” or refer directly to the Declaration of Trust, a copy of which may be obtained from the Issuers.

7.2 Terms of LP Units

The information in this Item 7.2 reflects the terms of the Partnership Agreement. Reference should be made to the entirety of the Partnership Agreement, a copy of which is available upon request from the Issuers.

General

Upon acceptance of a subscription, such subscriber shall become a party to the Partnership Agreement as a Limited Partner and the General Partner shall issue to each Limited Partner a LP Unit Certificate indicating that the holder thereof is the owner of the number of LP Units set out therein. The material terms of the Partnership Units being offered are:

- (a) Each LP Unit has one vote at all meetings of the Partnership;
- (b) No LP Unit holder may take part in the administration or business of the Partnership, failing which the holder will become liable for Partnership liabilities;
- (c) The Partnership Unit holders grant to the General Partner their power of attorney to make normal course changes to the agreement of limited partnership and to file on their behalf;
- (d) Profits of the Partnership will be distributed in accordance with the following:
 - i. first, to Limited Partners until they have received distributions equal to 100% of their capital contributions;
 - ii. second, to the Limited Partners an amount of 12% per annum;
 - iii. third, to the Limited Partners pro rata in accordance with their respective Proportionate Interests of the \$8,000,000 of LP Units, 50% of the profits of the partnership;
 - iv. the remainder to the General Partner;
- (e) Tax Income or Tax Loss in respect of a Fiscal Year will be allocated as at the end of the period among those Partners who were members of the Partnership at the end of the period.
- (f) Subject to the right of first refusal provisions of the Partnership Agreement and compliance with applicable securities and other laws, LP Units may be transferred if permitted by law. The General Partner shall deny the transfer of the Partnership Units to a person who does not satisfy the requirements of the Partnership Agreement and the law.
- (g) In the event of an intent to sell, each Limited Partner as grantor (“**Grantor**”), grants to the General Partner as grantee (“**Grantee**”), a right of first refusal to acquire the Grantor's Limited Partnership interest (the “**Interest**”), or any portion thereof. The Grantor shall specifically include the Grantor and the Grantor's heirs, assigns, executors, creditors or any other parties that may be entitled at any time to dispose of the Grantor's Interest.

Certificates

The Partnership may, but is not required to, issue a certificate representing LP Units with respect to any LP Unit that has been issued. A LP Unit certificate shall be in such form as is from time to time approved by the General Partner and shall not be valid unless signed by the General Partner.

Capital Contribution

In connection with the subscription for LP Units under the Partnership Offering, each Limited Partner will contribute to the capital of the Partnership at the \$1.00 purchase price per LP Unit for each LP Unit subscribed for. No Limited Partner will be required to make any contribution to the capital of the Partnership in excess of that amount. On the date of formation of the Partnership, the General Partner contributed \$100 to the capital of the Partnership and the Initial Limited Partner also contributed \$100 to the capital of the Partnership.

Distributions

Distributions from the Partnership may be made at any time as determined by the General Partner. Net income for each fiscal year of the Partnership will be distributed in accordance with the following order of priority and, in all cases, without duplication:

- (a) first, to Limited Partners until they have received distributions equal to 100% of their capital contributions;
- (b) second, to the Limited Partners an amount of 12% per annum;
- (c) thereafter, fifty percent (50%) to the General partner and fifty percent (50%) to the Limited Partners.

For certainty, where Limited Partners' Capital Contributions are fully returned, the *pro rata* distribution of Net Income amongst Limited Partners shall be made based on the number of LP Units held instead of Capital Contributions.

The Partnership may set off any of its obligations to make distributions to any of the Limited Partners against any liabilities or obligations of such Limited Partner to the Partnership.

Non-Transferability and Right of First Refusal

Subject to the provisions of the Partnership Agreement and compliance with applicable securities and other laws, LP Units may be transferred subject to first right of refusal in favour of the General Partner.

Redemption of Units

No Limited Partner may withdraw as a Limited Partner or withdraw any part of its investment in the Partnership without the prior written consent of the General Partner, which consent may be granted or denied in the sole and absolute discretion of the General Partner. It is the Issuer's intention that LP Units shall be redeemed in accordance with the redemption provisions for the Trust Units.

See "*Item 8 - Risk Factors*".

Voting at Meetings of Limited Partners

No annual meetings of the Limited Partners are proposed to be held. However, The General Partner may call a meeting of Partners at such time and place as it deems appropriate within the terms of the Partnership Agreement in its absolute discretion for the purpose of considering any matter set forth in the notice of meeting. Every meeting of Partners may be held at such place and at such time and with such notice as the General Partner may determine within the terms of the Partnership Agreement. Any Partner entitled to vote at a meeting may vote by proxy if a proxy has been received by the General Partner or the chairman of the meeting for verification prior to the meeting.

On any vote at a meeting of Partners, a declaration of the chairman concerning the result of the vote shall be conclusive. Each LP Unit holder present at the meeting will have one vote for each LP Unit of which such person is registered as the Partnership Unit holder and one vote for each LP Unit in respect of which such person is the proxyholder. The General Partner will be entitled to 50% of the votes of each class of Limited Partner LP Units as if it were the owner of 50% of the Partnership Units. That is to say that if 100 units are issued then the General Partner shall have 100 votes and the total votes in the Partnership shall be 200 votes.

Certain actions of the General Partner and/or the Partnership require the approval of the Limited Partners which may be obtained at a meeting of the Limited Partners or by way of a resolution in writing of the Limited Partners. Unless otherwise provided in the Partnership Agreement, certain powers shall only be exercisable by Special Resolution passed by the Limited Partners. See *“Item 4.2 – Partnership Agreement”*.

Liability and Limitation on Authority of Limited Partners

Under the terms of the Partnership Agreement, the Limited Partners agree that they will comply with the provisions of all applicable legislation, including the Partnership Act, in force or in effect from time to time and will not take any action which will jeopardize or eliminate the status of the Partnership as a limited partnership. Upon dissolution of the Partnership, the Limited Partners may receive undivided interests in the Partnership assets and will thereafter no longer have limited liability with respect to the ownership of such assets. See *“Item 4.2 – Partnership Agreement”*.

Other

For further information on terms contained in the Partnership Agreement which affect the rights of Limited Partners see *“Item 4.2 – Partnership Agreement”* or refer directly to the Partnership Agreement, a copy of which may be obtained upon request from the Issuers.

7.3 Subscription Procedure

Subscriptions for Trust Units or LP Units may be placed by investors through registered dealers in the Offering jurisdictions, as may be required or permitted by applicable securities laws. Prospective investors who wish to subscribe for Trust Units or LP Units must complete, execute and deliver the Subscription Agreement which accompanies this Offering Memorandum, including all applicable exhibits and/or schedules thereto to the Issuers or an agent and tender the purchase price in a manner acceptable to the Issuers.

Subscriptions are expected to be processed on the first business day of each month and on such other days as the Issuers may permit (each, a **“Subscription Date”**). A fully completed Subscription Agreement and subscription proceeds must be received by the Issuers no later than 4:00 p.m. (Vancouver time) at least two business days prior to the relevant Subscription Date in order for the subscription to be accepted as at that date; otherwise, the subscription will be processed at the next Subscription Date.

The Unit price for the Offerings is \$1.00 per Trust Unit and \$1.00 per LP Unit.

If the investor delivers all or part of the aggregate subscription price to the Issuers, or to the Issuers’ legal counsel, Boughton Law Corporation, before Closing, such monies will be for all purposes a loan to the Issuers by the investor, which loan will not bear interest and may be released by Boughton Law Corporation immediately to the Issuers prior to Closing, and at the Closing, upon delivery of the Unit Certificate(s) evidencing the investor’s Units, the loan will be repaid in full.

All subscriptions for Trust Units or LP Units are subject to acceptance or rejection by the Issuers and the right is reserved to reject any subscription. All subscriptions for Trust Units or LP Units are to be forwarded by dealers, without charge, the same day that they are received, to the Issuers. The decision to accept or reject a subscription for Trust Units or LP Units will be made promptly. In the event that a subscription for Trust Units or LP Units is rejected, all money received with the subscription will be returned immediately to the subscriber without interest or deduction.

An investor will become a Trust Unitholder or a Limited partner (as applicable) following the acceptance of a Subscription Agreement by the Issuers and the issuance of Trust Units or LP Units (as applicable) to such investor. If a subscription is withdrawn or is not accepted by the Issuers, all documents will be returned to the investor within 30 days following such withdrawal or rejection without interest of deduction.

Neither the Issuers, the Trustee, the General partner nor any Acting Party or affiliate or associate of the foregoing is responsible for, and undertakes no obligation to, determine the general investment needs and objectives of a potential investor and the suitability of the Trust Units or LP Units having regard to any such investment needs and the objectives of the potential investor. In addition, Boughton Law Corporation is legal counsel only for the Issuers, the Trustee and the General Partner, and is not legal counsel for a prospective investor in respect of the Offerings.

ITEM 8 – INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

8.1 Income Tax Consequences Relating to the Trust

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you. All Investors will be responsible for the preparation and filing of their own tax returns in respect of this investment.

In the opinion of the Trustee upon consultation from legal counsel, the following summary, as of the date of this Offering Memorandum, describes the principal Canadian federal income tax considerations generally applicable under the Tax Act to a person who acquires Trust Units pursuant to this Offering Memorandum and who, for purposes of the Tax Act, is resident in Canada (or if the person is a partnership, is a “Canadian partnership” for purposes of the Tax Act), deals at arm’s length and is not affiliated with the Trust or the Trustee and holds the Trust Units as capital property (all for purposes of the Tax Act). Generally, Trust Units will be considered to be capital property to a Trust Unitholder provided that the Trust Unitholder does not hold the Trust Units 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 Trust Unitholders who might not otherwise be considered to hold their Trust Units 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 Trust Unitholder (i) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules), (ii) that is a “specified financial institution” (as defined in the Tax Act), (iii) an interest in which is a “tax shelter investment” (as defined in the Tax Act) or (iv) to whom the functional currency reporting rules in section 261 of the Tax Act apply. In addition, this summary does not address the deductibility of interest by a Trust Unitholder who has borrowed money to acquire Trust Units.

This summary is based upon the facts set out in this Offering Memorandum, the provisions of the Tax Act in force as of the date of 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 the Trust’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”) publicly available prior to the date of this Offering Memorandum. 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 purchaser of Trust Units. Consequently, prospective purchasers should seek independent professional advice regarding the tax consequences of investing in the Trust Units, based upon their own particular circumstances.

As noted, this summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors regarding the tax consequences of acquiring and holding Trust Units. All payments to non-residents of Canada of distributions on the Trust Units will be net of any applicable withholding taxes.

Status of the Trust – Mutual Fund Trust

This summary is based on the assumption that the Trust will qualify 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 Trust as a mutual fund trust from the beginning of its first taxation year requires that the Trust 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 Trust has advised that it intends to make such an election and that the ongoing requirements will be satisfied so that the Trust will so qualify. If the Trust were not to qualify as a mutual fund trust, the income tax considerations described herein would, in some respects, be materially different.

In order for the Trust to qualify as a mutual fund trust, it must satisfy various requirements, including a requirement that the Trust must not have been established or maintained primarily for the benefit of non-residents of Canada. If at any time this requirement is not satisfied, the Tax Act does not currently provide any means of rectifying a loss of mutual fund trust status. As such if, at any time, the Trust loses its mutual fund trust status as a result of the application of this provision in the Tax Act, the Trust would permanently cease to be a mutual fund trust.

One of the requirements for the Trust to qualify as a mutual fund trust is that it will have at least 150 separate holders of Trust Units, each holding no less than one block of units (meaning 100 Trust Units if the Fair Market Value of one Trust Unit is less than \$25), with an aggregate value of at least \$500 worth of Trust Units. The Trust may hold Closings of the Trust Offering prior to this requirement being met and there is no guarantee that this requirement will be met. See “***Item 10 - Risk Factors***”.

This summary also assumes that the Trust will at no time be a “SIFT trust” as defined in the Tax Act. If the Trust is a SIFT trust, then there may be adverse tax consequences. One of the conditions for a trust to be a SIFT trust is that investments in the trust must be listed or traded on a stock exchange or other public market, which includes a trading system or other organized facility on which securities that are qualified for public distribution are listed or traded, but does not include a facility that is operated solely to carry out the issuance of a security or its redemption, acquisition or cancellation by the issuer. The Trust intends that the Trust Units will not be listed or traded on a stock exchange or other public market. Based on this and assuming the Trust Units will not otherwise be listed or traded on such a system or facility, the Trust should not be a SIFT trust.

Taxation of the Trust

The Tax Act requires that the Trust compute its income or loss for a taxation year as though it were an individual resident in Canada. The taxation year of the Trust is the calendar year. In each taxation year, the Trust will be subject to tax under Part I of the Tax Act on its taxable income for the year, including income allocated to it by the Partnership and net realized taxable capital gains less the portion thereof that it deducts in respect of the amounts paid or payable in the year to Trust Unitholders and is otherwise deductible under the Tax Act. An amount will not be considered to be payable to a Trust Unitholder in a taxation year unless the Trust Unitholder is entitled in that year to enforce payment of the amount.

In computing its income for purposes of the Tax Act, the Trust may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income.

Each year, the Trust intends to make sufficient distributions of its net income for tax purposes and net realized taxable capital gains so that the Trust will generally not be liable in that year for income tax under Part I of the Tax Act other than such tax on net realized capital gains that will be recoverable by the Trust in respect of such year by reason of the capital gains refund mechanism. Losses incurred by the Trust cannot be allocated to Trust Unitholders but may be deducted by the Trust subject to and in accordance with the Tax Act.

In general, if, at any time, the Trust does not qualify as a mutual fund trust and one or more Trust Unitholders are not resident in Canada, the Trust may be required to pay a tax under Part XII.2 of the Tax Act if it allocates certain types of income (including income from real or immovable properties in Canada, other than Canadian resource properties) to a Trust Unitholder.

Taxation of the Partnership

The Partnership is not itself liable for income tax; however, it is required to compute its income or loss for each of its fiscal periods as if it were a separate person resident in Canada. The fiscal period of the Partnership ends on December 31 of each year.

In computing its income or loss the Partnership will be entitled to deduct expenses incurred by it in the fiscal period in which they are incurred to the extent such expenses are reasonable in amount and their deduction is permitted by the Tax Act. In some cases, outlays and expenses may have to be capitalized and added to the cost amount of its property.

Taxation of Trust Unitholders

Distributions

A Trust Unitholder will generally be required to include in income for a particular taxation year the portion of the net income of the Trust for a taxation year, including the taxable portion of net realized capital gains, that is paid or payable to the Trust Unitholder in the particular taxation year, whether that amount is received in cash, additional Trust Units, promissory notes, *in specie* distributions or otherwise. Income of a Trust Unitholder from the Trust Units will generally be considered to be income from property. Any loss of the Trust for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Trust Unitholder. Provided that appropriate designations are made by the Trust, such portion of (i) the net realized taxable capital gains of the Trust, and (ii) taxable dividends received or deemed to be received by the Trust on shares of taxable Canadian corporations, as is paid or becomes payable to a Trust Unitholder will effectively retain their character and will be treated as such in the hands of the Trust Unitholder for purposes of the Tax Act. Such dividends will be subject, *inter alia*, to the gross-up and dividend tax credit provisions in respect of individuals, the refundable tax under Part IV of the Tax Act applicable to “private corporations” and “subject corporations” (as defined under the Tax Act), and the deduction in computing taxable in respect of dividends received by taxable Canadian corporations. An additional 10½% tax will be payable by a Trust Unitholder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) in certain circumstances.

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

Trust Units issued to a Trust Unitholder as a non-cash distribution of income will have a cost amount equal to the amount of such income and will be averaged with the adjusted cost base of all other Trust Units held by the Trust Unitholder at that time as capital property in order to determine the adjusted cost base of each Trust Unit.

Disposition of Trust Units

On the disposition or deemed disposition of a Trust Unit, whether on a redemption or otherwise, the Trust Unitholder who holds the Trust Units as capital property will realize a capital gain (or a capital loss) equal to the amount by which the Trust Unitholder’s proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Trust Unit and any reasonable costs of disposition. Proceeds of disposition generally do not include an amount payable by the Trust that is otherwise required to be included in the Trust Unitholder’s income, including any capital gain realized by the Trust in connection with a redemption which has been designated by the Trust as having been paid to the redeeming Trust Unitholder.

The adjusted cost base of a Trust Unit to a Trust Unitholder will include all amounts paid or payable by the Trust Unitholder for the Trust Unit, with certain adjustments. The cost to a Trust Unitholder of additional Trust Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Trust Units. For the purpose of determining the adjusted cost base to a Trust Unitholder of Trust Units, when a Trust Unit is acquired, the cost of the newly-acquired Trust Unit will be averaged with the adjusted cost base of all of the Trust Units owned by Trust Unitholder as capital property immediately before that acquisition. A consolidation of Trust Units following a distribution paid in the form of additional Trust Units will not be regarded as a disposition of Trust Units.

The redemption of Trust Units in consideration for cash or promissory notes, whether issued by the Trust, or the Partnership, as the case may be, will be a disposition of such Trust Units for proceeds of disposition equal to the amount of such cash or the Fair Market Value of such notes. In addition to such proceeds of disposition, a Trust Unitholder may also receive a distribution out of the income of the Trust. Where Trust Units are redeemed and the redemption price is paid by the delivery of Trust Property to the redeeming Trust Unitholder, the proceeds of disposition to the Trust Unitholder of the Trust Units will be equal to the Fair Market Value of the Trust Property so distributed. Where any income or capital gain realized by the Trust in connection with the distribution of Trust Property on the redemption of Trust Units has been designated by the Trust to a redeeming Trust Unitholder, the Trust Unitholder will be required to include in income the income or taxable portion of the capital gain so designated.

The receipt of Trust Property in substitution for Trust Units may result in a change in the income tax characterization of distributions. Holders of promissory notes received on redemption of Trust Units generally will be required to include in income interest that is received or receivable on such promissory notes. The cost to a Trust Unitholder of any Trust Property distributed to a Trust Unitholder by the Trust will be deemed to be equal to the Fair Market Value of such property at the time of distribution less, in certain circumstances, any interest which has accrued on notes distributed by the Trust. Trust Unitholders should consult with their own tax advisors as to the consequences of receiving Trust Property on redemption.

Trust Unitholders are advised to consult their own tax advisors prior to exercising their redemption rights.

Capital Gains and Capital Losses

One-half of any capital gain (a “**taxable capital gain**”) realized by a Trust Unitholder on a disposition or deemed disposition of Trust Units and the amount of any net taxable capital gains designated by the Trust in respect of a Trust Unitholder will be included in the Trust Unitholder’s income as a taxable capital gain. One-half of any capital loss realized by a Trust Unitholder on a disposition or deemed disposition of Trust Units may generally be deducted only from taxable capital gains of the Trust Unitholder in accordance with the provisions of the Tax Act. A Trust Unitholder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax of 10½% on certain investment income, including taxable capital gains.

Alternative Minimum Tax

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

8.2 Eligibility for Investment in Trust Units by Deferred Plans

Provided the Trust qualifies as a mutual fund trust within the meaning of the Tax Act, the Trust Units, when issued, will each be a qualified investment under the Tax Act for Deferred Plans. If that is the case, Deferred Plans will generally be exempt from tax in respect of any distributions paid or payable on Trust Units or gains realized upon a disposition or deemed disposition of Trust Units.

Generally, if the Trust does not qualify or ceases to qualify as a mutual fund trust at any time, the Trust Units will not be, or will cease to be, qualified investments for Deferred Plans at that time. One of the requirements for the

Trust to qualify as a mutual fund trust is that it will have at least 150 separate holders of Trust Units, each holding no less than one block of Trust Units as defined in the Tax Act. The Trust may hold Closings of the Trust Offering prior to this requirement being met and there is no guarantee that this requirement will be met. Promissory notes and Trust Property received as a result of redemptions of Trust Units may not be qualified investments for Deferred Plans. Where a Deferred Plan acquires a promissory note or a Trust Property that is not a qualified investment, or acquires or holds a Trust Unit that is not, or that ceases to be, a qualified investment, adverse tax consequences may arise to the Deferred Plan and the annuitant under the Deferred Plan. Accordingly, Deferred Plans that propose to invest in Trust Units should consult their own tax advisors before deciding to purchase Trust Units and again before deciding to exercise their redemption rights attached to such Trust Units.

If at any time the Trust Units are a prohibited investment for a Deferred Plan, the annuitant may be subject to adverse tax consequences. Generally, Trust Units should not be a prohibited investment under the Tax Act for an Deferred Plan provided that the annuitant deals (i) at “arm’s length” with the Trust, and (ii) does not have a “significant interest” in the Trust. Generally, an annuitant will not have a significant interest in the Trust or any corporation, partnership or trust that does not deal at arm’s length with the Trust, provided the annuitant, or the annuitant together with persons and partnerships with whom the annuitant does not deal at arm’s length, does not own (nor is deemed to own pursuant to the Tax Act), directly or indirectly, 10% or more of the issued Trust Units or of the shares of or interests in any corporation, partnership or trust that does not deal at arm’s length with the Trust (all for purposes of the Tax Act).

8.3 Income Tax Consequences Relating to the Partnership

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you. All Investors will be responsible for the preparation and filing of their own tax returns in respect of this investment.

In the opinion of the General Partner upon consultation from legal counsel, the following summary, as of the date of this Offering Memorandum, describes the principal Canadian federal income tax considerations of acquiring, holding and disposing of LP Units generally applicable to an investor (who acquires LP Units under this Offering Memorandum) who is an individual, other than a trust, and who, for the purposes of the Tax Act is, or is deemed to be, a resident of Canada, deals at arm’s length with the Partnership and is not affiliated with the Partnership, holds the LP Units as capital property and has not made a foreign currency reporting election under the Tax Act. Generally, LP Units will be considered to be capital property to an investor provided the investor does not hold the LP Units in the course of carrying on a business and has not acquired the LP Units in one or more transactions considered to be an adventure in the nature of trade.

This summary assumes that at all material times no interest in any investor will be a “tax shelter investment” as defined in the Tax Act, that LP Units will not be acquired with financing for which recourse is, or is deemed to be, limited for purposes of the Tax Act and that no more than 50% of the LP Units will be held by “financial institutions” as defined in the Tax Act. Financing is deemed to be limited recourse for purposes of the Tax Act unless: (i) *bona fide* arrangements were made in writing at the time the financing was obtained providing for repayment within a reasonable period, not exceeding 10 years; (ii) interest is payable at least annually at a rate that is not less than the rate prescribed under the Tax Act; and (iii) interest is paid no later than 60 days after the end of each taxation year. If an interest in an investor becomes a tax shelter investment, an investor finances an acquisition of LP Units with limited recourse financing or if more than 50% of the LP Units are held by “financial institutions” there may be adverse tax consequences to the Partnership and its members.

This summary assumes that at all material times the Partnership will not be a “SIFT partnership” as defined in the Tax Act. If investments in the Partnership are listed or traded on a stock exchange or other public market then the Partnership, if it holds one or more non-portfolio properties, which generally does not include real property situated outside of Canada, may be a SIFT partnership and the Canadian federal income tax considerations described below will be materially different. This summary also assumes that the LP Units will not be listed or traded on a stock exchange or other public market for the purposes of the Tax Act.

This summary is based upon the facts set out in this Offering Memorandum, 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) (the “**Tax Proposals**”) and the Partnership’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency publicly available prior to the date hereof. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in the law, 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 purchaser of LP Units. Consequently, prospective purchasers should seek independent professional advice regarding the income tax consequences of investing in the LP Units, having regard to their own particular circumstances.

References to “income” or “loss” in this summary mean income or loss as determined for purposes of the Tax Act.

Computation of Income

The Partnership is not itself generally liable for income tax. However, the Partnership must compute its income or loss for each fiscal period as though it was a separate person resident in Canada and file an annual information return. The fiscal period of the Partnership ends on December 31 each year. Subject to the comments below, each Limited Partner will be required to include (or be entitled to deduct) in computing his income (or loss), his share of the income (or loss) of the Partnership allocated to him pursuant to the Partnership Agreement for the fiscal period of the Partnership ending in the Limited Partner’s taxation year, regardless of whether any cash or other assets have been distributed to him.

The income of the Partnership as determined for purposes of the Tax Act may differ from its income as determined for accounting purposes and may not be matched by cash distributions. In computing the income or loss of the Partnership for purposes of the Tax Act, deductions may be claimed in respect of reasonable administrative costs, interest and other expenses incurred by the Partnership for the purposes of earning income, subject to the relevant provisions of the Tax Act.

Losses allocated by the Partnership to a Limited Partner are deductible only to the extent the Limited Partner has an “at-risk amount” (within the meaning of the Tax Act) in respect of the Limited Partner’s interest in the Partnership. Losses from the Partnership that are not deductible by a Limited Partner because they exceed the Limited Partner’s at-risk amount at the particular time generally may be carried forward indefinitely and may be deducted against income only to the extent the Limited Partner has an at risk amount in a subsequent year. In general, a Limited Partner’s at-risk amount will be the adjusted cost base of his LP Units at the relevant time (plus, where that time is the end of the Partnership’s fiscal period, income allocated to the Limited Partner for that fiscal period), less any amounts owing by the Limited Partner (or by a person or partnership that does not deal at arm’s length with the Limited Partner) to the Partnership (or to a person or partnership that does not deal at arm’s length with the Partnership) and less any amount or benefit provided to the Limited Partner (or to a person or partnership that does not deal at arm’s length with the Limited Partner) for the purpose of protecting the Limited Partner against any loss the Limited Partner may sustain as a consequence of being a member of the Partnership or holding or disposing of an LP Unit.

Subject to the comments above, a Limited Partner may apply his share of non-capital losses allocated to him by the Partnership to reduce net income for the relevant taxation year and, to the extent such non-capital losses exceed net income for the year, they may generally be applied in the three previous taxation years or the 20 subsequent taxation years.

Disposition of LP Units

A disposition or deemed disposition by an investor of his LP Units should generally result in a capital gain (or capital loss) to the investor to the extent the proceeds of disposition of such LP Units, net of reasonable disposition costs, exceed (or are exceeded by) the adjusted cost base of the LP Units. In general, the adjusted cost base of a

Limited Partner's LP Units at a particular time will be equal to the subscription price of the LP Units, plus income of the Partnership that has been allocated to the Limited Partner for completed fiscal periods, minus losses of the Partnership allocated to the Limited Partner for completed fiscal periods and minus distributions received by the Limited Partner from the Partnership. Where a Limited Partner disposes of all of its LP Units in a fiscal period of the Partnership, any income or loss allocated to the Limited Partner for such fiscal period will be taken into account in determining the adjusted cost base of the Limited Partner's LP Units. Losses which are not deductible because a Limited Partner does not have a sufficient at-risk amount will not reduce the adjusted cost base of LP Units.

If a Limited Partner disposes of LP Units and a person who is exempt from tax under the Tax Act, or who is a nonresident of Canada for purposes of the Tax Act, directly or indirectly through a partnership or a trust of which a tax exempt person or non-resident is a member or a beneficiary, as the case may be, acquires the LP Units as part of a transaction or event, or series of transactions or events, then the gain may be taxed as ordinary income of the Limited Partner.

If, at the end of any fiscal period of the Partnership, the deductions in computing the adjusted cost base of a Limited Partner's LP Units exceed the subscription price and additions in computing such adjusted cost base, such negative amount will be deemed to be a capital gain of the Limited Partner from a disposition of the LP Units and the adjusted cost base of the Limited Partner's LP Units will be nil at the beginning of the next fiscal period of the Partnership.

Capital Gains and Losses

One-half of the capital gain realized by a holder from a disposition or deemed disposition of LP Units must be included in computing the holder's income as a taxable capital gain. One-half of a capital loss realized in a taxation year from a disposition or deemed disposition of LP Units will be deductible as an allowable capital loss against taxable capital gains realized in that year, and to the extent such allowable capital losses exceed taxable capital gains in the year, may be applied in the three previous taxation years or any subsequent taxation year, subject to certain restrictions contained in the Tax Act.

A holder may be liable to pay alternative minimum tax as a result of realizing a capital gain.

8.4 LP Units are Not Eligible for Deferred Plans

The LP Units will not constitute a qualified investment for the purposes of the Tax Act for Deferred Plans such as a trust governed by a registered retirement savings plan (including a locked-in retirement account or a locked-in retirement savings plan), a registered retirement income fund (including a life income fund or a locked-in retirement income fund), a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan and a tax-free savings account and, in order to avoid adverse tax consequences, should not be acquired by such plans.

ITEM 9 - COMPENSATION PAID TO SELLERS AND FINDERS

The Units will be offered for sale by Capital Street as exclusive lead Selling Agent, together with its designated registered dealers, as the case may be, to sell Units in compliance with all applicable securities laws, as agents for the Issuers (see "***Item 1 - Use of Available Funds***"). Any referral sources used by the agents in connection with the sale of Units to Subscribers, if any (which referral sources may include, but are not limited to, firms and representatives of such firms who are registered in certain of the Canadian provinces or territories as insurance brokers, real estate brokers and or mortgage brokers), will be compensated by the payment of referral fees in an amount to be determined between the applicable agents and the referral sources, which amounts will be paid out of the commissions payable to the agents under the Offerings but such commissions shall not exceed ten (10%) percent of any subscription. Any commissions will be paid by the Partnership. The Partnership may also pay finder's fees up to a maximum of ten (10%) percent of any subscription in compliance with the Securities Act to parties who locate potential investors in the Partnership.

Capital Street is registered as an EMD in certain jurisdictions of Canada. The dealing representatives of Capital Street are (subject to obtaining any necessary relief and compliance with certain provincial securities laws) permitted to sell Units in accordance with the terms of their respective registrations and pursuant to available exemptions from the registration requirements of applicable securities laws in jurisdictions where it can lawfully operate.

ITEM 10 - RISK FACTORS

An investment in the Trust is speculative and contains certain risks. Prospective investors should carefully consider, among other factors, the matters described below, each of which could have an adverse effect on the value of the Trust Units. As a result of these factors, as well as other risks inherent in any investment, there can be no assurance that the Issuers will meet their business objectives. The Issuers' returns may be unpredictable and, accordingly, the Trust Units and LP Units are not suitable as the sole investment vehicle for an investor or for an investor that is looking for a predictable source of cash flow. An investor should only invest in the Issuers as part of an overall investment strategy. Based on, among others, the factors described below, the possibility of partial or total loss of capital will exist and investors should not subscribe unless they can readily bear the consequences of such loss.

Investment Risks

No Assurance of Investment Returns

An investment in the Trust and Partnership requires a long-term commitment, with no certainty of return. Investments made by the Trust and the Partnership, may not generate current income. The success of the Trust, accordingly, a return on investment for a purchaser of Trust Units or LP Units, is entirely dependent upon the success of the Partnership's real estate investment strategy. There is no assurance or guarantee that the Trust and, correspondingly, the Trust Unitholders and Limited Partners will earn a return on their investment. Trust Unitholders and Limited Partners could lose the entire amount of their investment.

Single type of asset

The Issuers were formed solely for the purposes of the acquisition of an interest in the Property and the subsequent Project. The Property and the Project will represent the only significant assets of the Issuers and therefore the Issuers' financial performance will be directly tied to the performance of the Property and the Project.

Highly speculative

The purchase of Units is highly speculative. A potential investor should purchase Units only if it is able to bear the risk of the entire loss of its investment. An investment in the Units should not constitute a significant portion of an investor's portfolio.

Restrictions on Redemption and Transfer; Illiquidity of Trust Units

It is intended that the Trust will continue for an indefinite term. As a result, a Trust Unitholder will have limited sources of liquidity for its Trust Units. Trust Unitholders should be aware that redemption rights in their favour are subject to significant limitations and restrictions. There will be no public market for the Trust Units and an application for listing of the Trust Units on a stock exchange will not be made. Trust Units are highly illiquid investments and should only be acquired by investors able to bear the economic risk of an investment in the Trust Units for an indefinite period of time. The Trust Units are being sold on a "private placement" basis in reliance upon exemptions from prospectus requirements of applicable securities laws and therefore are subject to significant statutory restrictions on transfer or sale. The Trust Units will be subject to "hold periods" under applicable securities legislation and, as the Trust is currently not a "reporting issuer" in any province or territory in Canada, the "hold periods" may never expire. Additionally, Trust Unitholders will not be permitted to transfer or sell their Trust Units without the consent of the Trustee, which may be withheld in the Trustee's sole discretion, and may be subject to the satisfaction of certain other conditions, including the provision of an

opinion of counsel that such a transfer would not subject the Trust or the Trust Unitholders to any regulatory or tax burdens or result in violation of any applicable law or governmental regulation. Investments in the Trust should be considered long-term in nature.

Restrictions on redemption and transfer; Illiquidity of LP Units

It is intended that the Partnership will continue until December 31, 2038. As a result, a Limited Partners will have limited sources of liquidity for its LP Units. Limited Partners should be aware that redemption rights in their favour are subject to significant limitations and restrictions. There will be no public market for the LP Units and an application for listing of the LP Units on a stock exchange will not be made. LP Units in the Partnership are highly illiquid investments and should only be acquired by investors able to bear the economic risk of an investment in the LP Units for an indefinite period of time. The LP Units are being sold on a “private placement” basis in reliance upon exemptions from prospectus requirements of applicable securities laws and therefore are subject to significant statutory restrictions on transfer or sale. The LP Units will be subject to “hold periods” under applicable securities legislation and, as the Partnership is currently not a “reporting issuer” in any province or territory in Canada, the “hold periods” may never expire. Additionally, Limited Partners will not be permitted to transfer their LP Units without first offering to sell the subject LP Units to the General Partner in accordance with the Partnership Agreement, subject to certain exceptions, including the provision of an opinion of counsel that such a transfer would not subject the Partnership or the Limited Partners to any regulatory or tax burdens or result in violation of any applicable law or governmental regulation. Investments in the Partnership should be considered long-term in nature.

Distribution of Income

The Trust will distribute Trust income and Trust capital gains for each taxation year, so that Trust income and Trust capital gains may be taxable to Trust Unitholders and the Trust will not have any obligation to pay tax under the Tax Act. Payment of distributions is intended to be made in cash, but the Trust may, in certain circumstances, make distributions by distributing additional Trust Units. See “***Item 4.1 - Declaration of Trust***”. In addition, The General Partner will make distributions to the Limited Partners. In the event that the Issuers do not make cash distributions, then investors will have to rely solely on the redemption of their Trust Units or LP Units to obtain a cash return on their investment.

The return on an investment in the Trust Units and LP Units is not comparable to the return on an investment in fixed-income securities. Cash distributions are not guaranteed and are not fixed obligations of the Issuers.

Nature of Trust Units

Each Trust Unit represents an equal undivided beneficial interest in the Trust. The Trust Units do not represent debt instruments and there is no principal amount owing to Trust Unitholders under the Trust Units, and the Trust Units are not insured against loss through the Canadian Deposit Insurance Corporation.

Nature of LP Units

Each LP Unit represents an equal undivided beneficial interest in the Partnership. The LP Units do not represent debt instruments and there is no principal amount owing to Limited Partners under the LP Units, and the LP Units are not insured against loss through the Canadian Deposit Insurance Corporation.

There are no restrictions on the number of Units that can be acquired

The Issuers do not place restrictions on the number of Units that any one Subscriber can acquire under the Offerings. As a result, any one Subscriber could end up controlling a large number of Units of the Issuers which may impact the voting on important matters that affect the Issuers, the Property and the Project.

Limited voting rights for Limited Partners and Trust Unitholders

The Partnership Agreement and the Declaration of Trust provides that there is no requirement on the part of the General Partner and the Trustee, respectively, to hold annual general meetings of the Limited Partners and the Trust Unitholders, and the General Partner and Trustee has no present intention to convene any such meetings. Subject to the limited voting rights provided to the Limited Partners in the Partnership Agreement and to the Trust Unitholders in the Declaration of Trust, Limited Partners must rely on the General Partner and Trust Unitholders must rely on the Trustee to manage and control the affairs of the Partnership and the Trust, respectively. In order for Limited Partners to request a meeting of the Limited Partners, Limited Partners holding not less than 50% of the number of all issued and outstanding LP Units must make a written request in respect of same to the General Partner. In order for Trust Unitholders to request a meeting of the Trust Unitholders, Trust Unitholders holding not less than 50% of the number of all issued and outstanding Trust Units must make a written request in respect of same to the Trustee. See ***“Item 4 Material Agreements”***.

Possible loss of limited liability and liability for return of capital

Maintenance of limited liability of a Limited Partner requires compliance with certain legal requirements in jurisdictions in which the Partnership will operate. There is a risk that Limited Partners could lose their limited liability in certain circumstances and be liable beyond their contribution and share of undistributed net income of the Partnership.

Where a Limited Partner has received a distribution from the Partnership, such Limited Partner may be liable to return to the Partnership or, if the Partnership is dissolved, to its creditors, any amount, not in excess of the amount distributed to such Limited Partner with interest, as may be necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before such distribution.

Statutory rights related to Units

The Units do not represent a traditional investment and should not be viewed by investors as “shares” of the Issuers. Corporate law does not govern the Partnership or the Trust, the rights of Limited Partners as limited partners of the Partnership, or the rights of the Trust Unitholders of the Trust. The Limited Partners, as limited partners of the Partnership, and the Trust Unitholders of the trust will not have the statutory rights normally associated with ownership of shares of a corporation, including, for example, the right to bring “oppression” or “derivative” actions. The rights of Limited Partners, as limited partners of the Partnership, are specifically set forth in the Partnership Agreement. The rights of the Trust Unitholders are specifically set out in the Declaration of Trust. In addition, partnerships and trusts are not defined as recognized entities within the definitions of legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies’ Creditors Arrangement Act* (Canada). As a result, in the event of an insolvency or restructuring, the Limited Partners’ position as limited partners of the Partnership and the Trust Unitholders’ position as Trust beneficiaries may be quite different than that of a shareholder of a corporation.

Representations – Qualified Person

Each Limited Partner will represent that such Limited Partner is a Qualified Person. There is no assurance now or in the future a Limited Partner will not be found to be an Unqualified Limited Partner. In the event that the General Partner determines that a Limited Partner has become an Unqualified Limited Partner, then such Unqualified Limited Partner shall be deemed to have ceased to be a Limited Partner effective immediately prior to the date of contravention and will not be entitled to any voting rights after such date or distributions of the Partnership which accrue after that date and the LP Units of that Unqualified Limited Partner will be deemed not to be outstanding until acquired by a Qualified Person and, in certain circumstances, the General Partner will be entitled to sell those LP Units on behalf of such Unqualified Limited Partners on such terms and conditions as the General Partner deems reasonable and may acquire those LP Units.

Trust Units are intended to be held by Taxable and Tax Exempt Investors

The Trust Units are intended to be held by taxable and tax exempt investors. Taxable investors may be subject to tax as a result of holding Trust Units. The Trust intends to make all taxable income of the Trust payable to Trust Unitholders each year and to distribute such income by distributing cash or Trust Units. In addition, income allocated by the Trust to Trust Unitholders may exceed the amount payable to them on redemption of their Trust Units. Investors should consult their own tax advisors respecting the tax consequences of owning the Trust Units.

Mutual Fund Trust Status

To qualify as a mutual fund trust, the sole undertaking of the Trust must be the investing of its funds in property (other than certain real property or interests in real property), the Trust must comply on a continuous basis with certain requirements relating to maintaining a diversity of investments, the qualification of the Trust Units for distribution to the public, the number of Trust Unitholders and the dispersal of ownership of Trust Units and the Trust must not be reasonably considered to have been established or maintained primarily for the benefit of non-residents of Canada. If the Trust fails or ceases to qualify as a “mutual fund trust”, there may be adverse tax consequences to the Trust and Trust Unitholders.

Eligibility of Trust Units for Investment by Deferred Plans

If the Trust fails or ceases to qualify as a “mutual fund trust” the Trust Units may not be or may cease to be qualified investments for Deferred Plans which will have adverse tax consequences to Deferred Plans and their annuitants, holders or beneficiaries. If the Trust Units are or become a prohibited investment for trusts governed by the Deferred Plans, adverse tax consequences may result to the holder of the Deferred Plans.

One of the requirements for the Trust to qualify as a mutual fund trust is that it will have at least 150 separate holders of Trust Units, each holding no less than one block of units (meaning 10 Trust Units if the Fair Market Value is at least \$100 per Trust Unit), with an aggregate value of at least \$500 worth of Trust Units. The Trust may hold Closings of the Trust Offering prior to this requirement being met and there is no guarantee that this requirement will be met.

Trust Property or Redemption Notes received as a result of a distribution or redemption of Trust Units may not be a qualified investment for Deferred Plans, which may give rise to adverse consequences to a Deferred Plan or the annuitant, holder or beneficiary thereunder.

Tax Treatment of Trust Units and Trust Unitholders

Canadian federal or provincial income tax legislation may be amended, or their interpretation changed, so as to alter fundamentally the tax consequences of holding or disposing of Trust Units or the investments held by the Trust. The alternative minimum tax could limit tax benefits available to Trust Unitholders. There is no assurance that income tax laws or administrative practices of tax officials in the various jurisdictions of Canada will not be changed in a manner which will adversely alter the tax treatment of Trust Unitholders.

Tax Characterization of Trust Income and Trust Capital Gains

The designation of income or gains realized by the Trust to Trust Unitholders, including the designation of gains realized on the disposition of investments as capital gains will depend largely on factual considerations. The Trust will endeavor to make appropriate characterizations of income or gains realized by the Trust for purposes of designating such income or gains to Trust Unitholders based on information reasonably available to it. However, there is no certainty that the manner in which the Trust characterizes such income or gains will be accepted by the CRA. If it is subsequently determined that the Trust’s characterization of a particular amount was incorrect, Trust Unitholders might suffer material adverse tax consequences as a result.

SIFT Status

If investments in the Trust are listed or traded on a stock exchange or other public market, the Trust may be taxable as a “SIFT trust” under the Tax Act, which will have adverse tax consequences to the Trust Unitholders and the Trust and the Canadian federal income tax considerations of investing in the Trust will be materially different from those described herein.

Tax Aspects relating to LP Units

Canadian federal and provincial tax aspects should be considered prior to investing in the LP Units (see ***“Item 8 - Canadian Federal Income Tax Consequences and RRSP Eligibility”***). The return on a Limited Partner’s investment in LP Units may be affected by changes in Canadian tax laws. The discussion of income tax considerations in this Offering Memorandum is based upon current income tax laws and regulations. There can be no assurance that (a) 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 Partnership or than as set out in this Offering Memorandum, (c) applicable tax authorities will not challenge allocations by the Partnership of income, losses, gains or deductions or disallow certain deductions against income, or (d) the facts upon which the tax discussions set out in this Offering Memorandum are materially correct. Any of the preceding may fundamentally alter, in a negative way, the tax consequences to investors of holding or disposing of LP Units.

If an interest in a Limited Partner is or becomes a “tax shelter investment”, if a Limited Partner finances the acquisition of its LP Units with limited recourse financing, or if more than 50% of the LP Units are held by “financial institutions” for the purposes of the Tax Act, there may be adverse tax consequences to all Limited Partners and the Partnership. If investments in the Partnership are listed or traded on a stock exchange or other public market and the Partnership holds one or more “non-portfolio properties”, as defined in the Tax Act, then the Partnership may be a SIFT Partnership and the Canadian federal income tax considerations will be materially different than those described herein.

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 LP Units. Prospective investors are urged to consult their own tax advisors, prior to investing in the Partnership, with respect to the specific tax consequences to them from the acquisition of LP Units.

Risks Relating to Redemption

If holders of a substantial number of Trust Units exercise their redemption rights, the number of Trust Units outstanding could be significantly reduced. In any such circumstance, the Trustee may at any time terminate the Trust without the approval of the Trust Unitholders if, in the opinion of the Trustee, it is no longer economically feasible to continue the Trust or the Trustee determines that it would be in the best interests of Trust Unitholders to terminate the Trust.

Liability for Return of Distributions

Generally, the Trust Unitholders do not have personal liability for the obligations of the Trust. However, under applicable law, Trust Unitholders could be required to return distributions previously made by the Trust if it is determined that such distributions were wrongfully made or in certain other circumstances under the terms of the Declaration of Trust. Where a Trust Unitholder has received the return of all or part of the amount contributed to the Trust, the Trust Unitholder is nevertheless liable to the Trust or, where the Trust is terminated, to its creditors for any amount, not in excess of the amount returned with interest, necessary to discharge the liabilities of the Trust to all creditors who extended credit or whose claims otherwise arose before the return of the contribution. Additionally, Trust Unitholders may have to return all or a portion of distributions made to them to the extent the Trust has an obligation to withhold any amounts from such distribution for tax purposes.

Dilution/Concentration

The Trust and Partnership are each authorized to issue an unlimited number of Trust Units and LP Units (as applicable). Any issuance of additional Trust Units or LP Units may have a dilutive or concentrative effect on the value of Trust Units or LP Units. Investors who invest after a particular Property is acquired will be entitled to receive the same distributions as an investor who invested before such Property was acquired and will therefore be entitled to the equivalent benefits or disadvantages as each other Trust Unitholder or Limited Partner (as applicable).

Additional Limited Partners

The Trust is not the only Limited Partner in the Partnership. The Partnership is seeking additional investments by Persons other than the Trust directly into the Partnership. The direct investment by Persons other than the Trust may dilute the Trust's interest in the Partnership.

Recourse to the Trust's Assets

The Trust's assets, including any investments made by the Trust and any capital held by the Trust, are available to satisfy all liabilities and other obligations of the Trust. If the Trust itself becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Trust's assets generally and not be limited to any particular asset, such as the investment giving rise to the liability.

Indemnification

The Trustee, each former Trustee and each officer of the Trust and each former officer of the Trust is entitled to indemnification and reimbursement out of the Trust Property, except under certain circumstances, from the Trust. Such indemnification obligations could decrease the returns which would otherwise be available to the Trust Unitholders.

Effect of Expenses on Returns

The Trustee, each former Trustee and each director and officer of the Trust and each former director and officer of the Trust is entitled to indemnification and reimbursement out of the Trust Property, except under certain circumstances, from the Trust. Such indemnification obligations could decrease the returns which would otherwise be available to the Trust Unitholders.

Risks Relating to Redemption of LP Units

If holders of a substantial number of LP Units exercise their redemption rights, the number of LP Units outstanding could be significantly reduced and the Partnership may not be able to meet its investment objectives.

The Risk of Uninsured Losses will be Borne by the Partnership

The Partnership expects to maintain insurance coverage against liability to third parties and property damage as is customary for similar businesses, insofar as the General Partner deems the same necessary or appropriate, in its sole discretion. There can be no assurance that insurance will be available or sufficient to cover all such risks. Insurance against certain risks may be unavailable or commercially infeasible. Uninsured losses will be borne by the Partnership.

Securities Regulatory Risks

In the ordinary course of business, the Issuers may be subject to ongoing reviews by the securities regulators, who have broad powers to pass, interpret, amend and change the interpretation of securities laws from time to time and broad powers to protect the public interest and to impose terms, conditions, restrictions or requirements regarding registration under securities laws. Further, the securities regulators have the authority to retroactively

deny the benefit of an exemption from prospectus or registration requirements otherwise provided for in the securities laws where the regulator considers it necessary to do so to protect investors or the public interest. It is possible that securities matters may be reviewed and challenged by the securities authorities. If such challenge were to succeed, it could have a material adverse effect on the Issuers. There is no assurance that applicable securities laws or the securities regulators interpretation thereof or the practices of the securities regulators will not be changed or re-interpreted in a manner that adversely affects the Issuers.

Disclosure of Personal Information

Investors are advised that their names and other specified information, including the number and aggregate value of the Trust Units and LP Units owned: (i) will be disclosed to the relevant securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the investor consents to the disclosure of such information; (ii) is being collected indirectly by the applicable securities regulatory authority under the authority granted to it in securities legislation; and (iii) is being collected for the purposes of the administration and enforcement of the applicable securities legislation.

Issuers Risks

Required loans may not be provided, may terminate or may not be sufficient

Additional financing for the Project may be required. Also, the Partnership may wish to borrow funds for other reasons. There can be no guarantee that any such financing or any other loans can or will be obtained on reasonable or acceptable terms, or at all.

There can be no guarantee that (i) any financing will eventually be obtained from a lender or that a lender will not materially alter the terms of any financing, (ii) any required renewal of any financing, if required, will occur on similar terms thereof or at all, or (iii) the lender under any financing will not demand repayment of the amounts owing thereunder at a time when the Partnership does not have the funds to repay this loan. This will require alternate financing which may be considerably more expensive or may not be available.

The Partnership has the authority to negotiate and obtain other loans or loan facilities for the purposes of carrying out its operations and to grant security against its assets, including the Property and the Project, without obtaining approval of the Limited Partners. The Partnership may exercise this power in a number of circumstances. Any such borrowing and the granting of security, which may be from arm's length third parties and/or, subject to compliance with all applicable laws and receipt of all required regulatory approvals (if any), from affiliates of the Partnership or from Limited Partners, will be on such terms as the General Partner deems to be appropriate. Any such borrowings may be evidenced by promissory notes or other evidence of indebtedness. Such borrowings may include securities offerings by the Partnership of indebtedness, such as notes or debentures, which may or may not be secured by the Partnership's assets, including the Property and the Project.

There can be no assurances that the Partnership will be able to obtain financing for its purposes when required or, if it can obtain such financing, that such financing will be on terms that are reasonable or acceptable to the Partnership. The failure or inability of the Partnership to obtain such financing will have a material negative effect on the ability of the Partnership to develop the Property, in whole or in part, on a timely basis, or at all, which may have a material negative effect on the value of the Units and any return thereon. Charges, costs and fees will be associated with providing security and documenting the relationship of the Partnership with the lenders under any financing and any other credit facilities, loans or borrowings entered into by the Partnership, which charges, costs and fees may be material and will have to be paid by the Partnership.

Lack of Operating History

The Trust and the Partnership have no operating history and no history of earnings. The past performance of any of the Acting Parties in the real estate investment business in British Columbia should not be construed as a guarantee or expectation of future results of any investment in the Issuers. Accordingly, there is no operating history upon

which to base an evaluation of the Issuers or their business or prospects. The Issuers are in the early stages of their business and therefore are subject to the risks associated with early stage entities, including start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of their business and the ability to identify, attract and retain qualified personnel. There can be no assurance that the Issuers will be successful in doing what they are required to do to overcome these risks. No assurance can be given that the Issuers' business activities will be successful. Total loss of an investment in Trust Units or LP Units is possible.

The Partnership has no operating history and its operating policies and strategies are untried. The Partnership will be dependent upon the experience and expertise of the General Partner in administering its day-to-day operations. The General Partner and its affiliates have experience investing in and managing real estate-related assets; however, there can be no assurance that the General Partner will be able to implement successfully the strategies that the Partnership intends to pursue.

Past Performance not a Predictor of Future Results

Historical successes of past projects experienced by management of the Trust, the Partnership, the General Partner, the Trustee, Boynton GP and Boynton LP may have been based on different investment models and relate to properties located in different locations than the Property. These historical successes cannot, and should not, be viewed as indicative of future performance of the Issuers and the Units offered under this Offering Memorandum and must not be relied upon as a forecast or projection of the anticipated returns, if any, on an investment in the Units.

Neither the General Partner nor the Partnership will take registered title to the Property

Legal title to the Property is registered in the name of Boynton Developments (Kelowna) Ltd. The Partnership will not hold legal title to the Property and will only hold an interest to develop the Property under the Joint Venture Agreement. As a result, the Partnership will not have available to it the protections that would arise from holding legal title to the Property or from registering a caveat against such legal title. The Partnership must rely on Boynton Developments (Kelowna) Ltd., as the holder of the legal title, to protect its interest in that regard, in accordance with the terms of the Joint Venture Agreement.

No guarantee that an investment in the Units will be successful

There can be no guarantee that investors will not realize losses from an investment in Units and there can be no assurance that the Issuer's strategy in relation to the Project will be successful or that the objective of earning a profit will be achieved. Real estate investment involves a high degree of risk that even the combination of experience and knowledge may not be able to avoid. Success in these objectives will depend to a certain extent on the experience and knowledge of the General Partner and on a number of other external factors, such as, among other things, the development of the residential and commercial real estate market in the vicinity of the Property and the general political and economic conditions that may prevail from time to time, which factors are beyond the control of the General Partner.

The likelihood of success of the Issuers must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any real estate investment. If the General Partner fails to address any of these risks or difficulties adequately, the Partnership's performance likely will suffer. Future profits, if any, will depend upon various factors, including the growth of the City of Kelowna, and in particular the areas surrounding the Property, the success, if any, of the development and marketability of the Project, the receipt of applicable government approvals, the application of government regulations and enforcement of such regulations and general political and economic conditions. There is no assurance that the Issuers can operate profitably or that the Issuers will successfully implement its plans.

Potential regulation of the Issuers

As a result of recent highly publicized financial scandals and ongoing financial turmoil, investors, regulators and the general public have expressed concerns over the integrity of both the financial markets and the regulatory oversight of these markets and their participants. As a result, the regulatory environment in which the Issuers will operate is subject to heightened regulation. With respect to alternative asset management funds, in recent years there has been debate in both the Canadian and non-Canadian governments about new rules or regulations to be applicable to hedge funds, private equity funds or other alternative investment products and the advisers thereto. It is impossible to determine the scope and extent of the impact of any new laws, regulations or initiatives that may be proposed, whether any of the proposals will become law or whether if enacted, any such laws, regulations or initiatives would apply to the Issuers. Compliance with any new laws or regulations could make compliance more difficult and expensive and affect the manner in which the Issuers operate. Moreover, as calls for additional regulation have increased, there may be a related increase in regulatory investigations of the investment activities of alternative asset management funds, including the Issuers. Such investigations may impose additional expenses on the Issuers and may require the attention of senior management and may result in fines if either of the Issuers are deemed to have violated any regulations.

If the Partnership is unable to complete the Project, it will dissolve, however amounts returned to Limited Partner may be less than the amounts they invested

If one or more closings of this Offerings have occurred but the Partnership is not able to complete the Project for any reason, the General Partner will wind-up and dissolve the Partnership and distribute its assets in accordance with the Partnership Agreement. In those circumstances, the Issuers will have expenses related to, among other things, the formation of the Partnership and the Trust, the Offerings and its operations to the date of wind-up and dissolution and, accordingly, the amounts returned to the Limited Partners and Trust Unitholders will be less than the purchase price paid for the Units under this Offering.

The Partnership may have substantial amounts of debt

The Partnership may have substantial debt. This debt could result in an increased risk of potential insolvency of the Partnership, which will have a significant material impact on the Partnership and its ability to continue its operations. It is expected that the lenders of any debt financing entered into by the Partnership will, unless such lenders determine otherwise in their sole discretion, place restrictions on the Partnership's ability to make distributions on the Units until such financing has been paid in full. In addition, lenders providing Financing with respect to the Project may require that the Partnership provide to such lenders security in the Property and the Project and other assets of the Partnership to secure the indebtedness of the Partnership under any such lender's financing. This may further delay the Issuers' ability to make distributions on the Units.

Default on indebtedness

If the Partnership defaults in the repayment of any indebtedness, or becomes insolvent, the creditors holding such indebtedness will be entitled to exercise available legal remedies against the Partnership, including among other things, preventing any distributions on the Units, declaring the full amounts of such loans immediately repayable and exercising their rights against the assets of the Partnership, including the Property and the Project. There is no assurance that there will be assets available to recover any portion of a Limited Partner's investment.

Accounting Estimates

International Financial Reporting Standards used in connection with the accounting and auditing of the Trust, the Partnership and the General Partner requires that management apply certain accounting policies and make certain estimates and assumptions that affected reported amounts in their respective financial statements. Those assumptions may affect the reported amounts in the financial statements. The accounting policies may result in non-cash charges to net income and adjustments to net assets in the financial statements. Such non-cash charges and adjustments may be viewed unfavourably by the market and may result in a decline in the value of the Units. The carrying value of the Property is one of the items which are subject to valuation and potential non-cash adjustments.

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 negligence, a breach of its standard of care, wilful misconduct or a fraudulent act by the General Partner, or as a result of an act or omission by the General Partner not believed to be in good faith or 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 not include, under any circumstance, the assets of an affiliate of the General Partner.

Business Risk

While the General Partner and Trustee believe that the Partnership will be successful over the long term in completing the Project, there can be no guarantee against losses resulting from an investment in the Units and there can be no assurance that the Issuers' investment approaches will be successful or that its investment objectives will be attained. No assurance can be given that the Project will generate any income or will appreciate in value. The Issuers could realize substantial losses, rather than gains, from its investments.

No Assurance of Return

Although the General Partner will use its best efforts to achieve superior rates of return for the Partnership, no assurance can be given in this regard. An investment in Units should be considered as speculative and investors must be able to bear the risk of a complete loss of their investment.

Limited Resources of General Partner

The General Partner has no obligation to fund any operating deficits resulting from the business of the Partnership or to advance funds to continue the business operations of the Partnership. Even if the General Partner should elect to do so voluntarily or be held individually accountable by Partnership creditors, there is no assurance that the available assets will be adequate to satisfy the capital needs of continuing business operations. If Partnership revenues are insufficient to pay Partnership expenses after expending the funds obtained from the Offerings and if the General Partner does not advance such additional funds as may be needed by the Partnership, the Partnership may not be able to continue its business operations in the absence of an alternative source of financing, and there can be no assurance that such financing will be available to the Partnership.

Dependence on Key Personnel

The success of the Issuers will be entirely dependent upon the efforts of the General Partner and, in particular, the efforts, knowledge and expertise of the General Partners management team, who have substantial discretionary authority for the Partnership and the Project. The Trust and other Limited Partners have no right or power to take part in the management of the Partnership. Accordingly, no one should invest in Units unless they are willing to entrust all aspects of the management and all decisions of the Partnership to the General Partner and its management team.

Termination of the Trust

Although the Trust is expected to continue until 2041, Trust Unitholders may, by Extraordinary Resolution, vote to terminate the Trust at any meeting of Trust Unitholders duly called by the Trustee or the Trust Unitholders for the purpose of considering termination of the Trust, following which the Trustee will commence winding-up of the Trust. Such Extraordinary Resolution may contain directions to the Trustee as the Trust Unitholders determine, including a direction to distribute the securities held by the Trust, *in specie*. If the termination occurs earlier than the term of the Trust, the Trust may not have been in existence for the period of time necessary to achieve the business objectives of the Trust.

Possible Conflicts of Interest

The Issuers may be subject to various conflicts of interest.

Although the General Partner will have various obligations to the Partnership, situations may arise where the interests of the directors, officers, employees and shareholders of the General Partner (being the promoter of the Partnership) could conflict with the interests of the Partnership.

The General Partner and its respective officers, directors, employees, and shareholders are not limited or affected in their ability to carry on other business ventures for their own account, or for the account of others, and may be engaged in the development of, investment in, or management of businesses that may compete with the business of the Partnership.

The Partnership will not have an independent review committee or any other form of management oversight and will rely exclusively upon the General Partner to manage the business of the Partnership and to provide managerial skill. The directors, officers, employees and shareholders of the General Partner may have a conflict of interest in allocating their time between the business of the General Partner and the Partnership, and other businesses or projects in which they may become involved. The directors and officers of the General Partner have, however, agreed to devote as much time to the Partnership as is required for the effective management of the Partnership.

The Partnership pays the General Partner the Management Fee (ultimately borne by the holders of the Units as discussed elsewhere in this Offering Memorandum).

There may be occasions when the Acting Parties encounter conflicts of interest in connection with the Issuers' activities. There may be conflicts in allocating business opportunities among the Partnership and other Acting Parties. In a bankruptcy proceeding, it is possible that the Trust's interests may be subordinated or otherwise adversely affected by virtue of the involvement or actions of such other participants.

Broad Authority of the General Partner

The Partnership Agreement gives the General Partner broad discretion over the conduct of the Partnership's business including the Partnership's participation in the development of the Project.

Competition for Services

The Partnership will not have independent management and will rely upon the General Partner to manage the business of the Partnership and to provide investment managerial skill. The directors and officers of the General Partner may have a conflict of interest in allocating their time among the business of the General Partner and the Partnership, and other businesses or projects in which they may become involved. The directors and officers of the General Partner have, however, agreed to devote as much time to the Partnership as is required for the effective management of the Partnership.

No Obligation to Devote Full Time Efforts

The General Partner will devote such time as it believes, in its discretion, is necessary to carry out the operations of the Partnership. Moreover, officers and employees of the General Partner and its affiliates are not obligated to devote full time efforts to the Partnership's efforts, and they may have conflicts in their allocation of time between the Partnership and other unrelated activities.

The Partnership's Success is Dependent on Key Personnel

The Partnership believes that its success will depend to a significant extent upon the experience of key management personnel of the General Partner. The continued service of some of these key management personnel cannot be guaranteed. However, while the General Partner believes that it could replace these key personnel, the loss of any such persons or the loss of all of such persons at a single point in time could have a material adverse

effect on the operations of the Partnership through a diminished ability to obtain investment opportunities and to structure and execute the Partnership's potential investments and business plan. In addition, the Partnership may not successfully recruit additional personnel and any additional personnel that are recruited may not have the requisite skills; knowledge or experience necessary or desirable to enhance the incumbent management.

Joint Ventures

The Partnership may enter into one or more joint ventures with strategic partners, including with affiliates of the General Partner. Investments with joint venture partners may involve carried interests and/or fees payable to such joint venture partners, as the General Partner may deem appropriate, in its sole discretion. Any joint venture contemplated by the Partnership will be reviewed and shall only proceed if approved by the board of directors of the General Partner, which shall require the approval of both independent members of the board of directors of the General Partner.

Lack of independent counsel representing Trust Unitholders and Limited Partners

The Trust and Partnership has consulted with and retained for its benefit legal counsel to advise them in connection with the formation and terms of the Trust and the offering of Trust Units. Trust Unitholders and Limited Partners (other than the Trust) have not, however, as a group been represented by independent legal counsel. Therefore, to the extent that such Trust Unitholders and Limited Partners could benefit by an independent review, such benefit will not be available unless such Trust Unitholders and Limited Partners retain their own legal counsel.

Real Estate Industry Risks

Risks of real property ownership and development

Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. Such risks include the highly competitive nature of the real estate industry, changes in general economic conditions (such as the availability and costs of mortgage funds), local conditions (such as the supply of office and retail space or the demand for residential real estate in the area), government regulations and changes therein (such as zoning, taxation of property and environmental legislation), changes in governments and the attractiveness of property to potential purchasers, developers and renters. In addition, each segment in the real estate development industry is capital intensive and is typically sensitive to interest rates and economic conditions. The income generated by the Project, if any, is dependent upon general economic conditions and, accordingly, the return to Limited Partners may be affected by changes in those conditions. There is also no assurance that the Project can be expected to be leased or sold profitably. Economic conditions may also affect the municipalities and their ability and willingness to fund infrastructure projects and support development. The market for real property can be affected adversely by economic factors, which may be regional, national or international in scope.

The Partnership will be required to make certain expenditures in respect of its activities, including, but not limited to, the payment of property taxes, maintenance costs, insurance costs and related charges regardless of whether or not the Project is 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.

Various factors affect the timing and profitability real estate development and construction. The Partnership will be subject to risks inherent in the development of real estate including: (i) construction and other unforeseen delays; (ii) cost overruns; (iii) the inability to secure the appropriate development and other necessary approvals in a timely and cost effective manner; and (iv) fluctuations in demand and supply for developed properties.

Risk of Investment in Real Properties

The success of the Issuers is to a substantial extent dependent upon the General Partner's abilities to attract tenants to generate net income from the Project.

Construction Costs

The real estate industry is significantly impacted by fluctuations in the costs of construction and servicing of land. Any material increase in construction and/or servicing costs may have a materially adverse effect on the Issuers and on the timing and costs of completion of the Project.

Regulatory Approvals

From time to time the development of the Property will or may require re-zoning, environmental and other approvals from Provincial and local government agencies. The process of obtaining such approvals may take many months and there can be no assurance that the necessary approvals for the Project will be obtained. Holding costs accrue while regulatory approvals are being sought and delays can render real estate investments uneconomic at any given period.

Environmental Matters

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 rededication of hazardous or toxic substances on, under or in such property. Such laws could impose liability whether or not the Partnership knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of hazardous or toxic substances, or the failure to remove or rededicate such substances, if any, could adversely affect the Partnership's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims against the Partnership.

General Real Estate Risks

Various factors can affect the timing and profitability of real estate investment. While the General Partner has made certain plans for applying an effective strategy to the acquisition and development of the Property, there is no assurance that such plans will be met on a timely basis or at all. There is also no assurance that the Project can be leased profitably. The Issuers will be subject to risks inherent in the ownership of real estate intended for generating sustainable net rental income, and for future resale.

Builder contract risk

The success of any development project is to a certain extent dependent upon the ability of BKR to attract builders/contractors with successful track records in construction. In the event that any of the builders/contractors that are contracted with in connection with the Project should not comply with their obligations to the Issuers under the applicable agreements, the financial performance of the Issuers will in part depend upon the Partnership's ability to find replacement builders/contractors. There can be no guarantee that the Partnership will find suitable builders/contractors on a timely basis or on terms that are advantageous to the Partnership.

The development industry is highly competitive

The real estate development industry is highly competitive. The Partnership will compete against land development companies, land speculators, numerous local, regional and national builders and others in the real estate business. Leasing of the Project will also compete with the existing rental market. The Partnership may compete for financing, raw materials and skilled labour with entities that possess greater financial, marketing and other resources.

Competition

The Partnership competes with other investors, developers and owners of properties for the rental of commercial, retail and residential real estate. Some of the commercial, retail and residential properties of the competitors of the Partnership are better located and better capitalized than the Property. Certain of these competitors have greater financial and other resources and greater operating flexibility and efficiencies than the Partnership. The existence of

competing developers and owners could have a material adverse effect on the ability of the Partnership to market the Project, and could adversely affect the profitability for the Issuers.

The future political and economic climate in British Columbia cannot be predicted

British Columbia and the City of Kelowna present social, economic and political conditions that are reasonably stable. However, these levels of government and the federal government could implement policies that could have a material adverse effect on the value of the Property and the Project.

Examples of such policies include tax reform, land use restrictions, land ownership restrictions, transportation policies, development moratoriums, annexation proceedings or other adverse economic or monetary policies.

In addition, the success of the Partnership will be highly dependent on the economy of the Province of British Columbia and the City of Kelowna. The British Columbia economy may not sustain recent levels of growth and projections regarding its future growth may not be accurate. If the economy of British Columbia or the City of Kelowna declines, this could have a material adverse impact on the value of the Partnership and the ability of the Partnership to carry out its proposed activities with respect to the Property and Project and return to investors their investment in the Partnership.

Changes in legislation and policies

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 which places new restrictions on the ability to develop the Property or which generally has the effect of significantly reducing the value, or the potential value, of the Property and the Project.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Issuers. Prospective investors should read this entire Offering Memorandum and consult their own counsel and financial advisors before deciding to invest in the Trust.

Neither the Issuers, the Trustee, the General Partner, Administrator nor any other Acting Party or any affiliate or associate of the foregoing is responsible for, and undertakes no obligation to, determine the general or specific investment needs and objectives of a potential investor and the suitability of the Trust Units or LP Units having regard to any such investment needs and objectives of the potential investor.

ITEM 11 - REPORTING OBLIGATIONS

The Trust will send to Trust Unitholders within six months of the Fiscal Period end and, in any event, on or before any earlier date prescribed by Applicable Laws, annual financial statements of the Trust for the Fiscal Period ended immediately prior to such period, which information shall consist of a balance sheet, income statement and statement of cash flows, which are audited and prepared in accordance with International Financial Reporting Standards (IFRS).

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

The Partnership will send to Limited Partners within 90 days of the Fiscal Period end or, in any event, on or before any earlier date prescribed by Applicable Laws, annual financial statements of the Partnership for the Fiscal Period ended immediately prior to such period, which information shall consist of a balance sheet, income statement and statement of cash flows, which are audited and prepared in accordance with International Financial Reporting Standards (IFRS).

The General Partner will, within the time frame required under the Tax Act, forward to each Limited Partner who received distributions from the Partnership in the prior calendar year, such information and forms as may be needed by the Limited Partner in order to complete its income tax return in respect of the prior calendar year under the Tax Act and equivalent provincial legislation in Canada.

The Issuers will make reasonably available to Trust Unitholders and Limited Partners such other information as required by applicable securities laws for a non-reporting issuer that distributes securities using the “offering memorandum” exemption (including audited annual financial statements, annual notices of use of proceeds and notices of certain key events, if and when applicable). Generally, disclosure documents will be considered to have been “made reasonably available” if the documents are mailed to Trust Unitholders and Limited Partners, or if they receive notice that the disclosure documents can be viewed on a public website of the Issuers or a website accessible by all Trust Unitholders and Limited Partners (such as a password-protected website).

None of the Issuers is a “reporting issuer” or equivalent under the securities legislation of any jurisdiction. Accordingly, the Issuers are not subject to the “continuous disclosure” requirements of a reporting issuer under securities legislation. **Other than the documents described above, we are not required to send you any documents on an annual or ongoing basis.**

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

ITEM 12 - RESALE RESTRICTIONS

12.1 General

The Trust Units and LP Units will be subject to a number of resale restrictions, including restrictions on trading. Until the restriction on trading expires, you will not be able to trade the Trust Units or LP Units unless you comply with an exemption from the prospectus requirements under securities legislation. Additionally, investors will not be permitted to transfer their Trust Units or LP Units without the consent of the Trustee or General Partner (as applicable).

12.2 Restricted Period

Unless permitted under securities legislation, a holder cannot trade the Trust Units or LP Units before the date that is four months and a day after the date the Trust or Partnership (as applicable) becomes a reporting issuer in any province or territory in Canada. Since the Issuers are not reporting issuers in any province or territory, the applicable hold period may never expire, and if no further exemption may be relied upon and if no discretionary order is obtained, this could result in an investor having to hold the Trust Units or LP Units acquired under the Offerings for an indefinite period of time.

12.3 Manitoba Resale Restrictions

In addition to the above, for subscribers resident in Manitoba, unless permitted under securities legislation, a holder must not trade the Trust Units or LP Units without the prior written consent of the regulator in Manitoba, unless:

- (a) the Trust or Partnership (as applicable) has filed a prospectus with the regulator in Manitoba with respect to the Trust Units or LP Units (as applicable) and the regulator in Manitoba has issued a receipt for that prospectus, or

- (b) the holder has held the Trust Units or LP Units 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 Administrator must approve of any proposed disposition of Trust Units and the General Partner must approve any proposed disposition of LP Units. It is the responsibility of each individual holder to ensure that all forms required by the applicable securities legislation are filed as required upon disposition of the Trust Units or LP Units.

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

ITEM 13 - PURCHASERS' RIGHTS

If you purchase Trust Units or LP Units you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

13.1 Two Day Cancellation Right

You can cancel your agreement to purchase these Trust Units or LP Units. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy the Trust Units or LP Units (as applicable).

13.2 Statutory 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. Purchasers of Trust Units or LP Units resident in provinces of Canada that do not provide for such statutory rights will be granted a contractual right similar to the statutory right of action and rescission described below for purchasers resident in Ontario and such right will form part of the subscription agreement to be entered into between each such purchaser and the Issuers in connection with these Offerings.

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

13.3 Rights of Purchasers in Alberta

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

- (a) the Issuers to cancel your agreement to buy these securities, or

- (b) for damages against the Issuers, every person who was a director or acting in a similar capacity of the Issuers at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

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

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

13.4 Rights of Purchasers in British Columbia

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

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

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

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

13.5 Rights of Purchasers in Saskatchewan

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

- (a) the Issuers to cancel your agreement to buy these securities, or
- (b) for damages against the Issuers, every promoter of the Issuers, every person who was a director or acting in a similar capacity of the Issuers at the date of this Offering Memorandum, every person whose consent has been filed respecting the offering but only with respect to reports, opinions and statements made by that person, 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 defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Issuers, you will have no right of action against the persons described in (b) above.

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

13.6 Rights of Purchasers in Manitoba

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

- (a) the Issuers to rescind your agreement to buy these securities, or
- (b) for damages against the Issuers, every person who was a director or acting in a similar capacity of the Issuers 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 defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Issuers, you will have no right of action against the persons described in (b) above.

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

13.7 Rights of Purchasers in Ontario

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

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

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

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

13.8 Rights of Purchasers in Quebec

In addition to any other right or remedy available to you at law, if this Offering Memorandum is delivered to an investor resident in Québec and contains a misrepresentation, the investor will have: (1) statutory rights under

Québec legislation; or (2) contractual rights in circumstances where the Québec legislation does not provide such rights, as follows:

- (a) a right of action for damages against the Issuers, every person acting in a capacity with respect to the Issuers which is similar to that of a director or officer of a company, any expert whose opinion, containing a misrepresentation, appeared, with his consent, in this Offering Memorandum, the dealer (if any) under contract to the Issuers and any person who is required to sign the certificate of attestation in this Offering Memorandum; or
- (b) a right of action against the Issuers for rescission of the purchase contract or revision of the price at which Trust Units or LP Units (as applicable) were sold to the investor.

However, there are various defenses available to the persons or companies that you have a right to sue. Among other defenses, no person or company will be liable if it proves that:

- (a) the investor purchased the Trust Units with knowledge of the misrepresentation; or
- (b) in an action for damages, that they acted prudently and diligently (except in an action brought against the Issuers).

No action may be commenced to enforce such a right of action:

- (a) for rescission or revision of price more than three years after the date of the purchase; or
- (b) for damages later than the earlier of:
 - (i) three years after the purchaser first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the purchaser; or
 - (ii) five years from the filing of this Offering Memorandum with the Autorité des marchés financiers de Québec.

13.9 Rights of Purchasers in Nova Scotia

If you are a resident of Nova Scotia, and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

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

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

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

13.10 Rights of Purchasers in New Brunswick

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

- (a) the Issuers to cancel your agreement to buy these securities, or
- (b) for damages against the Issuers or the seller.

The Issuers will not be held liable under this paragraph if the subscriber purchased the securities with the knowledge of the misrepresentation. In an action for damages, the Issuers will not be liable for all or any portion of such damages that they prove do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the securities were sold to the subscriber. Additionally, if you elect to exercise a right of rescission against the Issuers, you will have no right of action against the persons described in (b) above.

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

13.11 Rights of Purchasers in Newfoundland and Labrador, Nunavut or Prince Edward Island

If you are a resident of Newfoundland and Labrador, Nunavut or Prince Edward Island, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Issuers to rescind your agreement to buy these securities, or
- (b) for damages against the Issuers, every person who was a director or acting in a similar capacity of the Issuers at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

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

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

ITEM 14 – FINANCIAL STATEMENTS

The following financial statements are provided as part of this Offering Memorandum:

- (a) in respect of the General Partner, audited financial statements prepared in accordance with International Financial Reporting Standards for the period from inception on December 5, 2017 to March 31, 2018;
- (b) in respect of the Partnership, audited financial statements prepared in accordance with International Financial Reporting Standards for the period from inception on February 13, 2018 to March 31, 2018; and
- (c) in respect of the Trust, audited financial statements prepared in accordance with International Financial Reporting Standards for the period from inception on June 19, 2018 to June 22, 2018.

AUDITED FINANCIAL STATEMENTS

OF

Promintory Developments Inc.

THE PERIOD FROM INCEPTION ON DECEMBER 5, 2017 TO MARCH 31, 2018

PROMINTORY DEVELOPMENTS INC.

Consolidated Financial Statements

March 31, 2018

Presented in Canadian dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Directors' of Promintory Developments Inc.:

We have audited the accompanying consolidated financial statements of Promintory Developments Inc., which comprise the consolidated statement of financial position as at March 31, 2018 and December 31, 2017, and the consolidated statements of comprehensive loss, changes in shareholders' equity and cash flows for the periods from January 1, 2018 to March 31, 2018 and from inception on December 5, 2017 to December 31, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Promintory Developments Inc. as at March 31, 2018 and December 31, 2017 and its financial performance and its cash flows for the periods from January 1, 2018 to March 31, 2018 and from inception on December 5, 2017 to December 31, 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Promintory Developments Inc.'s ability to continue as a going concern.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
June 29, 2018

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS

PROMINTORY DEVELOPMENTS INC.

Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

	Note	March 31, 2018	December 31, 2017
Assets			
Current assets			
Cash		\$ 21,382	\$ -
GST receivable		5,225	-
Total current assets		26,607	-
Valuation adjustment	2	699,772	
Total assets		\$ 726,379	\$ -
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable		\$ 26,918	\$ -
Debts of limited partnerships	3	105,131	-
Notes payable	4	150,848	-
Due to Boynton (Kelowna) Limited Partnership	7	316,984	-
Due to related parties	7	162,288	85
Total liabilities		762,169	85
Shareholders' equity			
Share capital	5	500	500
Deficit		(36,290)	(585)
Total shareholders' equity		(35,790)	(85)
Total liabilities and shareholders' equity		\$ 726,379	\$ -

Nature and continuance of operations (Note 1)

Approved by the directors:

"David Kiess"

David Kiess, Director

"Robert Fraser"

Robert Fraser, Director

The accompanying notes are an integral part of these consolidated financial statements

PROMINTORY DEVELOPMENTS INC.
Consolidated Statement of Comprehensive Loss
(Expressed in Canadian dollars)

	Note	Three months ended March 31, 2018	Period from Inception (December 5, 2017) to December 31, 2017
<hr/>			
General and administrative expenses			
Loss of Limited Partnership	3	\$ 16,218	\$ -
General and administration fees		6,622	585
Professional fees		3,000	-
Management fees		2,500	-
Interest on debt	4	7,365	-
		<hr/> 35,705	<hr/> 585
Net and comprehensive loss		\$ (35,705)	\$ (585)
<hr/>			

The accompanying notes are an integral part of these consolidated financial statements

PROMINTORY DEVELOPMENTS INC.

Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Note	Share capital		Retained earnings	Total shareholders' equity
		Number	Amount		
Balance at inception, December 5, 2017 (shares issued for cash)	5	5,000,100	\$ 500	\$ -	\$ 500
Net and comprehensive loss		-	-	(585)	(585)
Balance, December 31, 2017		5,000,100	500	(585)	(85)
Net and comprehensive loss		-	-	(35,705)	(35,705)
Balance, March 31, 2018		5,000,100	\$ 500	\$ (36,290)	\$ (35,790)

The accompanying notes are an integral part of these consolidated financial statements

PROMINTORY DEVELOPMENTS INC.

Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

	Three months ended March 31, 2018	Period from Inception (December 5, 2017) to December 31, 2017
Cash provided by (used in):		
Operating activities		
Net loss	\$ (35,705)	\$ (585)
Items not affecting cash:		
Loss of Limited Partnership	16,218	-
Valuation adjustment – purchase premium portion	(204,672)	-
Changes in non-cash working capital item:		
Due to related parties	112,203	85
Due to the Limited Partnership	316,984	-
GST receivable	(5,225)	-
Accounts payable	26,918	-
Debts of limited partnerships	88,913	-
Notes payable	150,848	-
Cash used in operating activities	466,482	(500)
Investing activity		
Cash paid to purchase Boynton Ltd.	(445,000)	-
Investment in the Limited Partnership	(100)	-
Cash used in investing activities	(445,100)	-
Financing activity		
Proceeds from issuance of common shares	-	500
Cash provided by financing activities	-	500
Change in cash	21,382	-
Cash, beginning	-	-
Cash, ending	\$ 21,382	\$ -

PROMINTORY DEVELOPMENTS INC.

Notes to the Consolidated Financial Statements

For the period ended December 31, 2017

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Promintory Developments Inc. (the "Company" or "General Partner") was incorporated in British Columbia under the Business Corporations Act on December 5, 2017 and its head office is located at 638 Millbank Street, Vancouver, British Columbia, V5Z 4B5. The company was formed for the primary purpose of entering into a Partnership with a Limited Partner and managing certain affairs of the Limited Partner's operations. This Partnership was established in order to raise funds to purchase and develop a property for resale in British Columbia through the Limited Partnership. The Company entered into a Partnership Agreement, functioning as the General Partner, and registered the Partnership on February 13, 2018 under the Partnership Act (British Columbia) under the name Promintory Developments Limited Partnership (together the "Partnership"). Promintory Developments Limited Partnership ("Limited Partnership") is a separate legal entity and the beneficial owner of certain assets and liabilities that the Company is the legal title owner or borrower of acting as trustee.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The proposed business of the Company involves certain risks and there is no assurance that the Company will be successful in its business. Additional funds will be required to enable the Company to execute its business plans and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, including collection of funds owing from the Limited Partnership, necessary financings, and to generate profitable operations in the future.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements of the Company have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements have been prepared on a historical cost basis, modified where applicable. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

The consolidated financial statements were approved by the directors of the Company on June 29, 2018.

PROMINTORY DEVELOPMENTS INC.

Notes to the Consolidated Financial Statements

For the period ended December 31, 2017

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) *Basis of Consolidation*

The consolidated financial statements of the Company consolidate the accounts of the Company's wholly-owned subsidiary. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are those entities that the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company.

The wholly-owned subsidiary of the Company which is included in these consolidated financial statements as at March 31, 2018 is Boynton Developments (Kelowna) Ltd. ("Boynton Ltd.") which the Company acquired on March 14, 2018. The Company recognized a valuation adjustment of \$699,772 on acquisition related to the fair value of the purchase price exceeding the net assets of Boynton Ltd. at acquisition. The valuation adjustment was tested for impairment as at March 31, 2018 and determined to not be impaired.

(c) *Use of estimates and judgments*

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of judgment in applying the Company's accounting policies include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

(d) *Income taxes*

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

PROMINTORY DEVELOPMENTS INC.

Notes to the Consolidated Financial Statements

For the period ended December 31, 2017

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) *Financial instruments*

(i) Financial assets

The Company initially recognizes loans and receivables and deposits on the date that they have originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights 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 risk 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.

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 either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company's financial assets consist of cash which is classified as loans and deposits.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

Financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

PROMINTORY DEVELOPMENTS INC.

Notes to the Consolidated Financial Statements

For the period ended December 31, 2017

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) *Financial instruments (Continued)*

(ii) Non-derivative financial liabilities

The Company's financial liabilities consist of accounts payable, debts of limited partnerships, notes payable, due to Boynton (Kelowna) Limited Partnership and due to related parties and are non-derivative financial liability. The Company initially recognizes non-derivative financial liabilities at fair value, net of any directly attributable transaction costs, on the date at which the Company becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition non-derivative financial liabilities are measured at amortized cost using the effective interest method. 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 either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(f) *Equity accounted investment*

Under the equity method, the investment is carried in the statements of financial position at cost and is adjusted for the Company's share of the investee's profit or loss subsequent to the investment. Losses are recorded until the carrying amount is reduced to \$nil; losses beyond this point are not recognized until the Company makes additional investment in the investee or positive earnings are achieved by the investee and the Company's share of profits equals its share of losses not previously recognized. Additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred obligations to provide funding to the investee.

(g) *Share Capital*

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(h) *Earnings per share*

Management has determined that earnings per share is not considered to be meaningful and has not been presented.

(i) *Legal and Professional fees*

Legal and professional expenses are costs incurred on a regular basis for fees paid to regulatory bodies and fees paid to agents for carrying out the duties on behalf of the organization for regulatory and compliance purposes. These costs are recognized in profit or loss as an expense.

PROMINTORY DEVELOPMENTS INC.

Notes to the Consolidated Financial Statements

For the period ended December 31, 2017

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) *Accounting standards issued but not yet effective*

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after March 31, 2018 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements, is not expected to have a material effect on the Company's future results and financial position:

- (i) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9); and
- (ii) IFRS 15 Revenue from Contracts with Customers.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. INVESTMENT IN LIMITED PARTNERSHIPS

As at March 31, 2018, the Company held 100 units with a cost of \$1.00 per unit in the Limited Partnership. The Company accounts for this investment using the equity method. During the period ended March 31, 2018, investment losses were recognized which fully reduced the investment carrying value to \$nil.

	March 31, 2018	December 31, 2017
Original investment	\$ 100	\$ -
Loss on Limited Partnership investment for the period	(16,218)	-
Debts of Limited Partnership	\$ (16,118)	\$ -

The Company's wholly-owned subsidiary Boynton Ltd. is the general partner of a separate limited partnership. Boynton Ltd. is responsible for debts of \$89,013 of this separate limited partnership as at March 31, 2018 which is included in these consolidated financial statements.

4. NOTES PAYABLE

	March 31, 2018	December 31, 2017
Advanced Feb 10, 2017	\$ 25,000	\$ -
Advanced June 7, 2017	13,173	-
Advanced June 29, 2017	25,000	-
Advanced in portions over various dates	70,490	-
Accrued interest	17,185	-
	\$ 150,848	\$ -

The loans bear interest at 18%, are secured by promissory notes and are due on demand. Total interest of \$28,624 was charged during the period ended December 31, 2017 and \$6,044 was charged during the period ended March 31, 2018 of which \$17,185 was unpaid at March 31, 2018. A portion of this interest expense relates to Boynton Ltd. prior to the date it was acquired and as such not included in these consolidated financial statements.

PROMINTORY DEVELOPMENTS INC.

Notes to the Consolidated Financial Statements

For the period ended December 31, 2017

(Expressed in Canadian dollars)

5. SHARE CAPITAL

Common shares

The Company has authorized an unlimited number of common and preferred shares without par value.

During the period from inception on December 5, 2017 to December 31, 2017, the Company issued 5,000,100 common shares for proceeds of \$500.

No shares were issued in the three month period ended March 31, 2018.

6. INCOME TAXES

Future tax benefits which may arise as a result of these non-capital losses and other income tax pools have not been recognized in these consolidated financial statements and have been offset by a valuation allowance.

No deferred income tax asset has been recognized because the amount of future taxable profit that will be available to realize such assets is unpredictable. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax asset considered realizable could change materially in the near term based on future taxable income during the carry forward period.

7. RELATED PARTY TRANSACTIONS

Parties are considered to be related because one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Company is the General Partner of the Limited Partnership, as such, is responsible for the management of the Partnership, including the financial and operating decisions of the Partnership. Furthermore, the Company has the power and authority to administer, manage, control and operate the assets of the Limited Partnership.

All partners of the Limited Partnership, other than the General Partner, have their risk limited to the amount of capital contributed to the Limited Partnership. As the General Partner, the Company bears the balance of risk for the Partnership as it is subject to unlimited liability for the debts, liabilities, losses and obligations of the Limited Partnership.

The General Partner is entitled to charge the Limited Partnership a management fee totaling 3% of certain development costs incurred by the Limited Partnership related to real estate acquired and being developed. It is payable as follows:

- (i) \$25,000 per month which commences on the first full month after purchase of the land and continuing until the earlier of the payment in full of the management fee and the completion of the Project; and
- (ii) The 3% of certain development costs remainder, if any, payable upon completion of the development project which means the sale of the last of the real property.

For the periods from inception on December 5, 2017 to December 31, 2017 and January 1, 2018 to March 31, 2018 the General Partner has not charged the Limited Partnership any management fees.

PROMINTORY DEVELOPMENTS INC.

Notes to the Consolidated Financial Statements

For the period ended December 31, 2017

(Expressed in Canadian dollars)

7. RELATED PARTY TRANSACTIONS (Continued)

The General Partner is also entitled to be reimbursed by the Limited Partnership for expenses incurred on behalf of the Limited Partnership. For the period from inception on December 5, 2017 to December 31, 2017 and January 1, 2018 to March 31, 2018 the General Partner has not incurred any costs on behalf of the Limited Partnership.

As at March 31, 2018, \$nil (December 31, 2017 - \$nil) was owing from the Limited Partnership.

As at March 31, 2018, \$316,984 (December 31, 2017 - \$nil) was owing from Boynton (Kelowna) Limited Partnership which Boynton Ltd. is the general partner of.

As at March 31, 2018, \$112,000 (December 31, 2017 - \$nil) was owing to a company controlled by an officer and director.

As at March 31, 2018, \$50,103 (December 31, 2017 - \$nil) was owing to a former officers and directors of the Company.

As at March 31, 2018, \$185 (December 31, 2017 - \$85) was owing to an officer and director of the Company.

All balances, both owing from and to related parties, are unsecured, non-interest bearing and due on demand.

The directors and shareholders of the General Partner are also the Directors of the Limited Partnership.

8. FINANCIAL INSTRUMENTS AND RISKS

(a) Fair values

Cash, accounts payable, amounts due to related parties, notes payable, debts of limited partnerships and due to Boynton (Kelowna) limited partnership are carried at fair value. The carrying values of these instruments approximate their fair values due to the short-term nature of these financial instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- ☐ 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.

Cash is measured using level 1 inputs.

PROMINTORY DEVELOPMENTS INC.

Notes to the Consolidated Financial Statements

For the period ended December 31, 2017

(Expressed in Canadian dollars)

8. FINANCIAL INSTRUMENTS AND RISKS (Continued)

(b) Interest rate

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash on hand to meet its financial obligations. Liquidity risk is assessed as high.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is not exposed to credit risk.

(e) Price risk

The real estate industry is dependent upon the market price of comparable real estate units. There is no assurance that a profitable market will exist for the sale of the real estate once the Partnership completes development. Factors beyond control of the Partnership may affect the marketability and selling price of the real estate once developed. The Partnership closely monitors real estate industry to determine the appropriate course of action to be taken by the Partnership. Price risk is assessed as medium.

9. CAPITAL MANAGEMENT

The Company's capital structure consists of cash, notes payable and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements.

AUDITED FINANCIAL STATEMENTS
OF
Promintory Developments Limited Partnership
THE PERIOD FROM INCEPTION ON FEBRUARY 13, 2018 TO MARCH 31, 2018

PROMINTORY DEVELOPMENTS LIMITED PARTNERSHIP

Financial Statements

March 31, 2018

Presented in Canadian dollars



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Director of Promintory Developments Limited Partnership:

We have audited the accompanying financial statements of Promintory Developments Limited Partnership, which comprise the statement of financial position as at March 31, 2018, and the statements of changes in net assets attributable to unitholders, comprehensive loss and cash flows for the period from inception on February 13, 2018 to March 31, 2018, 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 Promintory Developments Limited Partnership as at March 31, 2018, and its financial performance and its cash flows for the period from inception on February 13, 2018 to March 31, 2018 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Promintory Developments Limited Partnership's ability to continue as a going concern.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
June 29, 2018

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS

PROMINTORY DEVELOPMENTS LIMITED PARTNERSHIP

Statement of Financial Position
(Expressed in Canadian dollars)

	Note	March 31, 2018
Assets		
Current assets		
Cash		\$ 188
Total current assets		188
Total assets		\$ 188
Liabilities and net liabilities attributable to unit holders		
Current liabilities		
Accounts payable		\$ 16,206
Total liabilities		16,206
Net liabilities attributable to unit holders		
Limited Partnership Units outstanding	3	200
Net liabilities attributable to unit holders		(16,218)
Total net liabilities attributable to unit holders		(16,018)
Total liabilities and net liabilities attributable to unit holders		\$ 188

Nature and continuance of operations (Note 1)
Subsequent event (Note 9)

Approved by the sole Director:

"Robert Fraser"

Robert Fraser, Director

The accompanying notes are an integral part of these financial statements

PROMINTORY DEVELOPMENTS LIMITED PARTNERSHIP

Statement of Changes in Net Liabilities Attributable to Unit holders
(Expressed in Canadian dollars)

	Note	Total net liabilities attributable to unit holders
Balance on inception (inception Unit subscriptions) February 13, 2018	3	\$ 200
Limited partner contributions (Note 3)		-
Net and comprehensive loss for the period		(16,218)
Balance, March 31, 2018		\$ (16,018)

The accompanying notes are an integral part of these financial statements

PROMINTORY DEVELOPMENTS LIMITED PARTNERSHIP

Statement of Comprehensive Loss
(Expressed in Canadian dollars)

Period from
Inception
(February 13,
2018) to
March 31, 2018

Expenses	
Professional fees	\$ 16,206
Office	12
Net and comprehensive income (loss)	\$ (16,218)

The accompanying notes are an integral part of these financial statements

PROMINTORY DEVELOPMENTS LIMITED PARTNERSHIP

Statement of Cash Flows

(Expressed in Canadian dollars)

Period from
Inception
(February 13,
2018) to
March 31, 2018

Cash provided by (used in):

Operating activities

Net loss \$ (16,218)

Changes in non-cash working capital items:

Accounts payable 16,206

Cash used in operating activities (12)

Financing activities

Proceeds from issuance of Limited Partnership Units 200

Cash provided by financing activities 200

Increase in cash 188

Cash, at inception -

Cash, ending \$ 188

PROMINTORY DEVELOPMENTS LIMITED PARTNERSHIP

Notes to the Financial Statements

For the period ended March 31, 2018

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Promintory Developments Limited Partnership (the "Limited Partnership") was formed in Canada under the Partnership Act (British Columbia) on February 13, 2018 and its head office is located at 638 Millbank Street, Vancouver, British Columbia, V5Z 4B7. The Limited Partnership was established for the purpose of acquiring and developing real estate for resale in Kelowna, British Columbia. The term of the Limited Partnership is until December 31, 2030 unless dissolved earlier by special resolution. The general partner of the Limited Partnership is Promintory Developments Inc. ("the General Partner").

These financial statements have been prepared on the basis that the Limited Partnership will continue as a going concern with the assumption that the Limited Partnership will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. As at March 31, 2018, the Limited Partnership had a working capital deficiency of \$16,018 and accumulated net liabilities attributable to unitholders of \$16,218. The proposed business of the Limited Partnership involves a high degree of risk and there is no assurance that the Limited Partnership will be able to finance the proposed real estate purchase and development. Additional funds will be required to enable the Limited Partnership to pursue the purchase and development and the Limited Partnership may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Limited Partnership's ability to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Limited Partnership be unable to continue operations. Continued operations of the Limited Partnership are dependent on the Limited Partnership's ability to receive financial support, necessary financings, and to generate profitable operations in the future.

Subsequent to the period end the Limited Partnership intends to file an Offering Memorandum, together with the General Partner, to sell up to 5,000,000 units at a price of \$1.00 to raise funds for the development of the real estate project.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The financial statements of the Limited Partnership have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, modified where applicable. The financial statements are presented in Canadian dollars, which is the Limited Partnership's functional currency.

The financial statements were approved by the board of directors on June 29, 2018.

(b) Use of estimates and judgments

The preparation of the Limited Partnership's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Actual results may differ from these estimates. Significant areas requiring the use of judgment are the assessment of the Limited Partnership's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

PROMINTORY DEVELOPMENTS LIMITED PARTNERSHIP

Notes to the Financial Statements

For the period ended March 31, 2018

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Allocation of net income or net loss*

Profits, more specifically defined as distributable cash in the Limited Partnership Agreement executed on February 13, 2018, are allocated as follows:

- To the Limited Partners, a pro rata amount in accordance with their respective Units until each Limited Partner has received an amount equal to the subscription price of its respective Units;
- To the Limited Partners, a pro rata amount in accordance with their respective Units until each Limited Partner has received a cumulative amount equal to ten percent per annum of their subscription price;
- To the Limited Partners, a pro rata amount in accordance with their respective Units, fifty percent of the remaining profits and the remainder to The General Partner.

In the event of losses, net losses should be allocated in the same manner and proportions as net income would be allocated.

(d) *Income taxes*

The Limited Partnership is not subject to income taxes. The net loss of the Limited Partnership is allocated to the individual partners for taxation purposes.

(e) *Financial instruments*

(i) Financial assets

The Limited Partnership initially recognizes receivables on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Limited Partnership becomes a party to the contractual provisions of the instrument.

The Limited Partnership derecognizes a financial asset when the contractual rights 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 risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Limited Partnership is recognized as a separate asset or liability.

The Limited Partnership's financial assets consist of cash which is classified as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Limited Partnership has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

PROMINTORY DEVELOPMENTS LIMITED PARTNERSHIP

Notes to the Financial Statements

For the period ended March 31, 2018

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) *Financial instruments (Continued)*

(i) Financial assets (Continued)

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

Financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

(ii) Non-derivative financial liabilities

The Limited Partnership's financial liabilities consist of accounts payable and are non-derivative financial liabilities. The Limited Partnership initially recognizes non-derivative financial liabilities at fair value, net of any directly attributable transaction costs, on the date at which the Limited Partnership becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition non-derivative financial liabilities are measured at amortized cost using the effective interest method. The Limited 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 Limited Partnership has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(f) *Limited Partnership Units*

Limited Partnership Units are classified as equity. Transaction costs directly attributable to the issue of these Units are recognized as a deduction from the proceeds received.

PROMINTORY DEVELOPMENTS LIMITED PARTNERSHIP

Notes to the Financial Statements

For the period ended March 31, 2018

(Expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Real estate held for development and sale

Real estate held for development and sale is classified as Investment Property under IAS 40 and accounted for under the cost method. Real estate held for development and sale is carried at historical cost but is not to exceed estimated net realizable value ("NRV"). NRV is the estimated selling price in the ordinary course of the business at the balance sheet date, less costs to complete and estimated selling costs. The Limited Partnership assesses NRV at the end of each reporting period and where it exceeds the carrying value, an impairment of NRV is recorded to reduce the carrying value to the estimated NRV.

Cost includes land acquisition costs, other direct costs of development and construction, borrowing costs, property taxes and legal costs.

(h) Accounting standards issued but not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning after March 31, 2018 or later periods. The following new standards, amendments and interpretations that have not been early adopted in these financial statements, is not expected to have a material effect on the Limited Partnership's future results and financial position:

- (i) IFRS 9 Financial Instruments (New; to replace IAS 39 and IFRIC 9); and
- (ii) IFRS 15 Revenue from Contracts with Customers.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Limited Partnership's financial statements.

3. PARTNERSHIP CAPITAL

The Limited Partnership has authorized an unlimited number of Limited Partnership Units ("Units"). Each Unit has a subscription price of \$1.00.

During the period ended, March 31, 2018 The Limited Partnership issued 100 General Partner Units and 100 initial Limited Partner Units for total gross subscription proceeds of \$200.

The significant rights and restrictions of the Limited Partnership unit holders are listed below:

- ☐ Each Limited Partner has the right to exercise one vote for each whole unit held by the Limited Partner;
- ☐ Limited Partners are entitled to receive allocations of income or loss, distributions on wind-up or other dissolution, or any return of capital, pro rata in accordance with their respective proportionate Units; and
- ☐ No Unit shall have any preference or right over any other Unit unless specifically stated in the Limited Partnership Agreement.

4. RELATED PARTY TRANSACTIONS

For the period from inception on February 13, 2018 to March 31, 2018, there were no transactions with related parties.

PROMINTORY DEVELOPMENTS LIMITED PARTNERSHIP

Notes to the Financial Statements

For the period ended March 31, 2018

(Expressed in Canadian dollars)

5. FINANCIAL INSTRUMENTS AND RISKS

(a) *Fair values*

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of cash and accounts payable approximate their fair values due to the short-term nature of these financial instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- ☐ 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.

(b) *Interest rate*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Limited Partnership does not currently have any exposure to interest rate risk.

(c) *Liquidity risk*

Liquidity risk is the risk that the Limited Partnership will not be able to meet its financial obligations as they become due. The Limited Partnership's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Limited Partnership aims to achieve this by maintaining sufficient cash on hand to meet its financial obligations. As at March 31, 2017 the Limited Partnership had cash of \$188 to settle current liabilities of \$16,206. Liquidity risk is assessed as high.

(d) *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Limited Partnership's exposure to credit risk is on its cash. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. As such credit risk is assessed as low.

(e) *Price risk*

The real estate industry is dependent upon the market price of comparable real estate units. There is no assurance that a profitable market will exist for the sale of the real estate once the Limited Partnership completes its proposed acquisition and development. Factors beyond control of the Limited Partnership may affect the marketability and selling price of the real estate once developed. The Limited Partnership closely monitors real estate industry to determine the appropriate course of action to be taken by the Limited Partnership. Price risk is not currently applicable as the Limited Partnership has not completed the purchase of any real estate.

PROMINTORY DEVELOPMENTS LIMITED PARTNERSHIP

Notes to the Financial Statements

For the period ended March 31, 2018

(Expressed in Canadian dollars)

6. CAPITAL MANAGEMENT

The Limited Partnership's capital structure consists of limited partnership Units outstanding. The Limited Partnership's primary objectives in capital management are to safeguard the Limited Partnership's ability to continue as a going concern in order to provide returns for unitholders and to maintain sufficient funds to finance the proposed purchase and development of real estate. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Limited Partnership, is reasonable. There were no changes in the Limited Partnership's approach to capital management since inception. The Limited Partnership is not subject to externally imposed capital requirements.

7. COMMITMENTS AND CONTINGENCIES

The Limited Partnership is charged a fee by The General Partner totaling 3% of project costs as follows:

- (i) \$25,000 per month which commences on the first full month after purchase of the land and continuing until the earlier of the payment in full of the management fee and the completion of the Project; and
- (ii) The 3% of project costs remainder, if any, payable upon completion of the development project which means the sale of the last of the real property.

As at March 31, 2018, no real estate had been purchased and as such there were no obligations outstanding.

8. SUBSEQUENT EVENT

Subsequent to the period ended March 31, 2018, the Limited Partnership raised \$450,000 through the issuance of 450,000 Limited Partnership Units.

AUDITED FINANCIAL STATEMENTS
OF
Evest Real Estate Trust
THE PERIOD FROM INCEPTION ON JUNE 19, 2018 TO JUNE 22, 2018

EVEST REAL ESTATE TRUST

Financial Statements

June 22, 2018

(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the unitholder of Evest Real Estate Trust:

We have audited the accompanying financial statements of Evest Real Estate Trust, which comprise the statement of financial position as at June 22, 2018, and the statements of changes in net assets attributable to unitholders and cash flows for the period from inception on June 19, 2018 to June 22, 2018, 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 Evest Real Estate Trust as at June 22, 2018, and its financial performance and its cash flows for the period from inception on June 19, 2018 to June 22, 2018 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Evest Real Estate Trust's ability to continue as a going concern.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
June 29, 2018

EVEST REAL ESTATE TRUST**Statement of Financial Position****June 22, 2018****(Expressed in Canadian Dollars)**

		2018
Assets		
Current		
Cash	\$	100
Unitholder's Equity		
Trust Units outstanding (Note 4)	\$	1
Obligation to issue Units (Note 4)		99
Unitholder's Equity	\$	100

Nature and continuance of operations (Note 1)

Approved by the Trustee of Evest Real Estate Trust:

"Lauren Labas"

Lauren Labas, Director

EVEST REAL ESTATE TRUST
Statement of Changes in Unitholder's Equity
Period from inception on June 19, 2018 to June 22, 2018
(Expressed in Canadian Dollars)

	Number of Class A Units	Amount
Issued on inception on June 19, 2018	1	\$ 1
Proceeds from units to be issued	-	99
Balance, June 22, 2018	1	\$ 100

The accompanying notes are an integral part of these financial statements.

EVEST REAL ESTATE TRUST**Statement of Cash Flows****Period from inception on June 19, 2018 to June 22, 2018****(Expressed in Canadian Dollars)**

	2018
Cash Provided by (Used in)	
Financing Activities	
Proceeds from the issuance of Trust Unit	\$ 1
Proceeds from Units to be issued	99
Increase in Cash	100
Cash, at inception	-
Cash, ending	\$ 100

The accompanying notes are an integral part of these financial statements.

EVEST REAL ESTATE TRUST

Notes to the Financial Statements

Period from inception on June 19, 2018 to June 22, 2018

(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Evest Real Estate Trust (the "Trust") is an unincorporated investment trust established under the laws of the Province of British Columbia pursuant to the Declaration of Trust dated June 19, 2018, with the issuance of 1 Class A trust unit. The Trust is intended to qualify as a "unit trust" and as a "mutual fund trust" under the provisions of the Income Tax Act (Canada) (the "Tax Act"). The address of the Trust is 638 Millbank Street, Vancouver, BC, V5Z 4B7 and its registered office of the Trust is located at Suite 700, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8.

The trustee of the Trust is Evest Real Estate Asset Management Corp. (the "Trustee").

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Trust will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The application of the going concern concept is dependent upon the Trust's ability to generate future profitable operations and receive continued financial support from its unitholders. These material uncertainties may cast significant doubt about the Trust's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Trust be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements are presented in Canadian dollars, which is the Trust's functional currency. All values are rounded to the nearest dollar unless otherwise indicated.

(b) Basis of presentation

These financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as financial instruments at fair value through profit or loss, which are stated at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. There were no operations of the Trust from inception on June 19, 2018 to June 22, 2018 and therefore, no statement of operations is presented.

(c) Approval of the financial statements

The financial statements of the Trust were approved and authorized for issue by the Trustee of Evest Real Estate Trust on June 29, 2018.

EVEST REAL ESTATE TRUST
Notes to the Financial Statements
Period from inception on June 19, 2018 to June 22, 2018
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial instruments

(i) Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in the statement of comprehensive loss. The Trust classifies cash as fair value through profit and loss.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

There are no financial assets classified as measured as amortized cost.

EVEST REAL ESTATE TRUST

Notes to the Financial Statements

Period from inception on June 19, 2018 to June 22, 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Financial instruments (Continued)

(ii) Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Trust has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Trust has transferred substantially all the risks and rewards of the asset, or (b) the Trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(iii) Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for assets or liabilities that are not based on observable market data.

The carrying value of cash approximates its fair value due to the short-term maturity of these instruments. Cash is classified as level 1.

The Trust is not subject to any significant credit risk, liquidity risk or market risk as at June 22, 2018.

(b) Income taxes

The Trust is subject to income taxes under the Tax Act on the amount of taxable income for the year and is permitted a deduction in computing its income taxes for all amounts paid or payable to the Trust's beneficiary in determining income for tax purposes. The Trust expects that any excess of revenue over expenses of the Trust will be distributed to the beneficiaries at the end of each fiscal year and therefore, no taxes will be payable.

EVEST REAL ESTATE TRUST

Notes to the Financial Statements

Period from inception on June 19, 2018 to June 22, 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Going concern

The assessment of whether the concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Trust is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Trust's ability to continue as a going concern.

4. UNITHOLDER'S EQUITY

Obligation to unitholders

The beneficial interest in the Trust's Class A, Class B, Class C and Class D units described and designated as "Units", and which are entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust, including the right to vote and the right to participate pro rata in any distributions from the Trust. The Trust is authorized to issue an unlimited number of Units. In order to establish the Trust, 1 Class A unit (the "Initial Unit") was issued for cash of \$1 on June 19, 2018. At the first closing of the issuance of Units, the interest of the holder of the Initial Unit will be redeemed by the Trust in return for its initial capital contribution of \$1.

Trust units

The following table sets out the capitalization of the Trust as at June 22, 2018.

Class	Outstanding Unit	Unit price
Class A Units	1	\$1.00
Class B Units to Class D Units	-	\$1.00

Each class of Units has identical rights and restrictions. Each Unit is without nominal or par value, entitles the holder thereof to one vote at all meetings of unitholders, entitles the holder thereof to the pro rata right to receive dividends and participate pro rata upon dissolution or liquidation, and entitles the holder to the right of redemption under the terms set forth in the Declaration of Trust.

EVEREST REAL ESTATE TRUST

Notes to the Financial Statements

Period from inception on June 19, 2018 to June 22, 2018

(Expressed in Canadian Dollars)

4. TRUST UNITS AND DISTRIBUTIONS (Continued)

The Trust is authorized to issue an unlimited number of Units of each class. Upon declaration of the Trust on June 19, 2018, 1 Unit was issued for proceeds of \$1. At the first closing of the issuance of Units, the interests of the holder of the Initial Unit will be redeemed by the Trust in return for its initial capital contribution of \$1. During the period ended June 22, 2018, no additional Units were issued and \$99 was received for Units to be issued in the future.

Distributions

The Trustee of the Trust is responsible for calculating and determining the Trust's distributable cash for each six-month distribution period ending on June 30 and December 31 of each year, for distributions to be made on or about the last day of the next calendar month immediately following the end of the distribution period.

In addition to the distribution of distributable cash, the Trustee may declare to be payable and make distributions, from time to time, out of income, net capital gains and the capital of the Trust or any other amounts received or held by the Trust in any year or distribution period thereof, in such amounts, and on such dates as the Trustee may determine. All such distributions payable to Unitholders pursuant to the Declaration of Trust shall be deemed to be distributions of income, net capital gains, trust capital or other items in such amounts as the Trustee, shall, in their absolute discretion, determine.

During the period ended June 22, 2018, \$nil distributions were declared.

5. CAPITAL MANAGEMENT

The Trust defines its capital structure as unitholder's equity. Capital requirements are driven by the Trust's investment activities. Management's objective is to ensure there are adequate capital resources to safeguard the Trust's ability to continue as a going concern. Management reviews its capital management approach on an ongoing basis and believes its approach given the relative size of the Trust is reasonable.

The Trust is not subject to any externally imposed capital requirements and the Trust did not change its approach to capital management during the period ended June 22, 2018.

6. SEGMENTED REPORTING

The Trust's sole business is to acquire investments with the objective of generating returns to the unitholders.

7. SUBSEQUENT EVENTS

The Trust is in the process of completing an Offering Memorandum to sell a maximum of 5,000,000 Class A Series 1 units at a price of \$1.00 per unit. There is no minimum. Proceeds will be used for the purpose of investing, acquiring (through investments in limited partnership units) or loaning monies for real estate development.

ITEM 15 – DATE AND CERTIFICATE

Dated: June 29, 2018

CERTIFICATE OF Promintory Developments Limited Partnership

This Offering Memorandum does not contain a misrepresentation.

Promintory Developments Limited Partnership, by its general partner,
Promintory Developments Inc.

(signed) “Robert Fraser”
ROBERT FRASER
President and Director

**BY THE BOARD OF DIRECTORS
OF Promintory Developments Inc.**

(signed) “Robert Fraser”
ROBERT FRASER
President and Director

(signed) “David Kiess”
David Kiess
Director

PROMOTERS:

(signed) “Robert Fraser”
ROBERT FRASER

(signed) “Lauren Labas”
LAUREN LABAS

(signed) “David Kiess”
DAVID KIESS

PROMINTORY DEVELOPMENTS INC.
By its Board of Directors

(signed) “Robert Fraser”
ROBERT FRASER
President and Director

(signed) “David Kiess”
David Kiess
Director

Dated: June 29, 2018

CERTIFICATE OF Evest Real Estate Trust

This Offering Memorandum does not contain a misrepresentation.

**Evest Real Estate Trust, by its trustee,
Evest Real Estate Asset Management Corp.**

(signed) "Lauren Labas"
LAUREN LABAS
President, Secretary and Director

PROMOTERS:

(signed) "Lauren Labas"
LAUREN LABAS

(signed) "Robert Fraser"
ROBERT FRASER

**PROMINTORY DEVELOPMENTS INC.
BY ITS BOARD OF DIRECTORS**

(signed) "Robert Fraser"
ROBERT FRASER
President and Director

(signed) "David Kiess"
David Kiess
Director