

Offering Memorandum

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. 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 8 Risk Factors.

Date: May 27, 2015

The Issuer: Prestigious Properties Kings Castle RRSP V Inc. (the "Corporation")
 Address: 912, 743 Railway Avenue
 Canmore, Alberta T1W 1P2
 Phone #: (403) 678-3330
 Fax #: (403) 770-8885
 Email: investor@prestprop.com
 Currently listed or quoted? No. These securities do not trade on any exchange or market.
 Reporting Issuer? No.
 SEDAR filer? No.

The Offering

Securities Offered	5% Unsecured Bonds (referred to herein as the "Series 5 Bonds") 6% Unsecured Bonds (referred to herein as the "Series 6 Bonds") (collectively the "Bonds") See Item 5.1 for details regarding the terms of the Bonds.
Price Per Security	\$5,000 per Bond
Minimum Offering	This Offering is not subject to any minimum offering amount. You may be the only purchaser under this Offering.
Maximum Offering	\$3,195,000 (639 Bonds)
Minimum Subscription Amount Per Subscriber	\$10,000 (2 Bonds)
Available Funds	Funds available from this Offering may not be sufficient to accomplish the Corporation's proposed objectives.
Payment Terms	Payment in full by certified cheque, trust cheque or bank draft of the aggregate subscription amount is to be made with the delivery of a duly executed and completed Subscription Agreement. See Item 5.2 Subscription Procedure.
Proposed Closing Date(s)	Closings will take place periodically at the Corporation's discretion.
Income Tax Consequences	There are important tax consequences to these securities. See Item 6 Income Tax Consequences and Deferred Plan Eligibility.
Purchasers' Rights	You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 Purchasers' Rights.
Resale Restrictions	You will not be able to sell these securities except in very limited circumstances. You may never be able to resell these securities. See Item 10 Resale Restrictions.
Selling Agents	Where allowed by applicable securities legislation, the Corporation intends to pay compensation of up to 8% of the gross proceeds realized on the sale of Bonds under this Offering to any one of, or a combination of, the following parties: investment dealers, related and unrelated Exempt Market Dealers and/or their dealing representatives, parties related to the Corporation, employees and/or contractors of such parties, and officers and directors of the Corporation. All commissions payable as aforesaid will be paid on the Corporation's behalf by Kings Castle Limited Partnership (the "Partnership"). The Partnership will pay its General Partner an administration fee equal to 1% of the gross proceeds from the sale of Class A LP Units issued by the Partnership including Class A LP Units issued to the Corporation. See Item 7 Compensation Paid to Sellers and Finders.



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NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

GLOSSARY OF TERMS

In this Offering Memorandum, unless the context otherwise requires, the following words and terms shall have the indicated meanings and grammatical variations of such words and terms shall have corresponding meanings:

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

"Annual Fee" means the annual fee payable by the Corporation in cash to Target in an amount equal to: (i) \$2,500; plus (ii) one-half of one percent (being 0.5%) of the total Deferred Plan Capital outstanding on the last day of the month the Target Agreement anniversary date falls in that is in excess of \$500,000; plus (iii) applicable taxes.

"Bondholder" means a holder of Bonds purchased by a Subscriber pursuant to this Offering Memorandum.

"Bonds" means collectively the Series 5 and Series 6 Bonds issued by the Corporation pursuant to this Offering Memorandum.

"Capital Raising Fee" means the fee payable by the Corporation to Target in cash in an amount equal to one-half of one percent (being 0.5%), plus applicable taxes, of the total Deferred Plan Capital raised by the Corporation during a year in excess of \$500,000.

"Class A LP Units" means the Class A limited partnership units being offered by the Partnership pursuant to the Partnership Offering Memorandum.

"Class B LP Units" means the Class B limited partnership units of the Partnership.

"CRA" means the Canada Revenue Agency.

"Deferred Plan" means any one of or collectively an RRSP, RRIF, RESP and a TFSA.

"Deferred Plan Capital" means capital of any kind raised by the Corporation from an RRSP, RRIF, RESP or TFSA pursuant to this Offering.

"DRIP Plan" means the Partnership's distribution reinvestment and unit purchase plan as more particularly described in Sections 8.17 - 8.19 of the Partnership Agreement.

"Final Participating Interest Distribution Date" shall have that meaning as provided for in Item 5.1 herein under the heading "Right To Participating Interest".

"GAAP" means, at any time, accounting principles generally accepted in Canada, including those set out in the Handbook of the Canadian Institute of Chartered Accountants.

"General Partner" means Prestigious Properties Kings Castle GP Inc., a private Alberta corporation related to the Corporation through a common officer and director and a common shareholder. See Item 2.3.1 Related Party Matters.

"Limited Partner" means any person, firm, corporation or other entity who is accepted by the General Partner and any subsequent person, firm, corporation or other entity who acquires a Class A LP Unit or a Class B LP Unit on a subsequent transfer from a Limited Partner.

"Material Breach" means one or more of the following events:

- (a) the Corporation failing to pay the Annual Fee, the Capital Raising Fee or any amounts payable under the indemnity set out herein within sixty (60) days of such amounts being owing to Target;
- (b) the Corporation failing to deliver signed copies of the Target Release for each Subscriber of the Corporation's securities;
- (c) the Corporation failing to include in this Offering Memorandum or any future Offering Documents disclosure on such terms as required by the Target Agreement (the "Required Disclosure");
- (d) the Corporation failing to deliver a signed copy of the "Consent to Release Information" form as required by the Target Agreement concurrent with the execution and delivery of the Target Agreement (the "Consent to Release Information");
- (e) the Corporation failing to provide Target access to its books and records within thirty (30) days of receiving a written request from Target to review such documentation; and
- (f) the Corporation failing to raise any Deferred Plan Capital within 12 months from the date of the Target Agreement.

"Net Profit" means the profits of the Corporation derived from the business of the Corporation from the date of this Offering Memorandum up to and including the Final Participating Interest Distribution Date and shall be equal to all income generated from the acquisition of Class A LP Units by the Corporation pursuant to the Partnership Offering, together with any other extraordinary income, capital gains or losses from any revenues or income from any source whatsoever, less all Operating Expenses payable by the Corporation from its inception to the Final Participating Interest Distribution Date, as determined in accordance with GAAP.

"Maximum Offering" means 639 Bonds (\$3,195,000).

"NI 45-106" means National Instrument 45-106 "Prospectus Exemptions" of the Canadian Securities Administrators.

"Offering" means the offering of 639 Bonds pursuant to the terms of this Offering Memorandum.

"Offering Documents" means any offering memorandum, prospectus or term sheet, and applicable subscription agreement prepared by the Corporation in connection with a distribution of its securities.

"Offering Memorandum" means this offering memorandum dated May 27, 2015 as amended or supplemented.

"Operating Expenses" means all expenses that are incurred or paid by the Corporation on behalf of, or in connection with the management or operation of the Corporation's business, including, without limitation:

- i. agent's fees, and other fees and expenses payable in connection with the organization and capitalization of the Corporation and the issue of the Bonds pursuant to this Offering or any future offerings by the Corporation including without limitation the Annual Fee and Capital Raising Fee;
- ii. all salaries, compensation and other amounts payable to consultants and other persons engaged to perform services for the Corporation;
- iii. provincial and federal taxes and assessments applicable to the Corporation or its assets;
- iv. advertising and promotional expenses, insurance premiums, rental expenses, and legal fees and expenses incurred by the Corporation in the conduct of its business;
- v. general, administrative and overhead costs and expenses incurred by the Corporation;
- vi. interest and other charges payable in connection with borrowing by the Corporation with respect to the Bonds and any other loans incurred by the Corporation;
- vii. accounting, audit, legal, professional and reporting expenses including, without limitation, costs of preparation and documentation of Corporation's financial statements and accounts, costs of preparation and documentation of federal and provincial tax returns;
- viii. expenses incurred with respect to printing and engraving expenses and taxes incurred in connection with the issuance, transfer, registration and recording of documents evidencing ownership of Bonds;
- ix. costs incurred in connection with any litigation in which the Corporation is involved or for which it is responsible, as well as any examination, investigation or other proceeding conducted by any regulatory agency, including related legal and accounting fees relating thereto; and
- x. expenses incurred in changing the form of, amending, converting or modifying the Bonds, or incurred in dissolving or winding up of the Corporation.

"Participating Interest" means the right of the Bondholders to participate in the Net Profits of the Corporation, as more particularly described in Item 5.1 herein under the heading "Right To Participating Interest".

"Partnership" means Kings Castle Limited Partnership, a limited partnership formed under the laws of the Province of Alberta.

"Partnership Agreement" means the Limited Partnership Agreement dated March 4, 2010, and amended January 17, 2011, made between the General Partner and Thomas Beyer, Scotty Grubb & Associates Ltd., Ryan Capital Corp., Charlie Bredo, Darlene Cox, Dustin Edwards, Don Rachinski, Ming Mian Chen, Pierre Doyon, Cliff Anderson and Wayne Hazel.

"Partnership Offering" means the offering of a maximum of 3,000 Class A LP Units at a price of a maximum of \$5,000 per LP Unit being offered by the Partnership to subscribers pursuant to the Partnership Offering Memorandum. See Item 2.3 Our Business.

"Partnership Offering Memorandum" means the offering memorandum of the Partnership dated May 27, 2015 which is attached hereto as Schedule G.



“Previous Offerings” means the offerings of Bonds by the Corporation to subscribers pursuant to offering memorandums dated June 9, 2014 and December 31, 2014.

“Previous Partnership Offerings” means the offering of Class A LP Units by the Partnership pursuant to offering memorandums dated March 23, 2010, April 25, 2011, April 4, 2012, March 1, 2013, May 21, 2014 and December 31, 2014.

“Principal Amount” means the aggregate dollar value of each Subscriber’s subscription for Bonds determined by multiplying the number of Bonds purchased by a Subscriber by \$5,000.

“pro-rata” at any time, means a fraction equal to the number of Bonds of which a Bondholder is the registered holder at that time divided by the total number of issued and outstanding Bonds at that time.

“Regulations” means the Tax Act regulations.

“RESP” means Registered Education Savings Plan as defined under the Tax Act.

“RRIF” means Registered Retirement Income Fund as defined under the Tax Act.

“RRSP” means Registered Retirement Savings Plan as defined under the Tax Act.

“Subscribers” means parties who subscribe for Bonds pursuant to this Offering.

“Subscription Agreement” means the Subscription Agreement entered into between a Subscriber and the Corporation with respect to the purchase of Bonds by a Subscriber under this Offering.

“Target” means Target Capital Inc., a Tier 2 publicly traded company listed on the TSX Venture Exchange, trading under the symbol “TCI”. Target presently holds 60% of the issued and outstanding Class A Preferred shares of the Corporation.

“Target Agreement” means Target’s agreement with the Corporation dated April 10, 2014 the terms of which are referred to in Item 2.2 and Item 2.10.3 herein.

“Target Release” means the release to be executed by each Subscriber to this Offering in favour of Target as more particularly described in Item 2.2.1 herein.

“Target Shares” means the 6,000 Class A Preferred Shares of the Corporation held by Target as of the date of this Offering Memorandum.

“Tax Act” means The Income Tax Act [Canada].

“TFSA” means Tax-Free Savings Account as defined under the Tax Act.

In this Offering Memorandum, references to “dollars” and \$ are to the currency of Canada, unless otherwise indicated.

ITEM 1 - USE OF AVAILABLE FUNDS

1.1 Available Funds

The following table discloses the available funds of this Offering:

		Assuming Maximum Offering
A	Amount to be raised by issuance of this Offering	\$3,195,000
B	Selling commissions and fees	(1)
C	Estimated Offering costs	(2)
D	Annual Fee and Capital Raising Fee	(3) (4)
E	Available Funds: $E = A - (B + C + D)$	\$3,195,000
F	Additional sources of funding required (5)	Nil
G	Working Capital Deficiency	(6)
H	Total: $H = (E + F) - G$	\$3,195,000

- (1) All commissions payable with respect to the sale of Bonds pursuant to this Offering estimated to be \$255,600 will be paid on the Corporation's behalf by the Partnership. See Item 7 Compensation Paid to Sellers and Finders.
- (2) All costs associated with this Offering, estimated to be \$20,000 will be paid on the Corporation's behalf by the Partnership.
- (3) Pursuant to the terms of the Target Agreement, the Corporation is obligated to pay Target the Annual Fee and the Capital Raising Fee. See Item 2.10.3 Agreement with Target Capital Inc.
- (4) The Partnership will pay Target all Annual Fees and Capital Raising Fees incurred by the Corporation with respect to this Offering. These fees are estimated to be \$15,975 per year during the term of the Target Agreement on the assumption that all funds raised under this Offering and the Previous Offerings are from Deferred Plans.
- (5) The Corporation does not expect to require additional funds from other sources to advance its business objectives.
- (6) The Corporation has a working capital deficiency of \$22,357.55 as of April 30, 2015. The Corporation will resolve this deficiency with funds from future distributions from the Partnership.

1.2 Use of Available Funds

The following table provides a detailed breakdown of how the Corporation will use the available funds of this Offering in the 12 months ensuing from the date of this Offering Memorandum:

Description of intended use of available funds listed in order of priority	Assuming Maximum Offering
The available funds of this Offering shall be used by the Corporation to purchase 639 Class A LP Units in the Partnership at a price of \$5,000 per unit. See Item 2.3 Our Business.	\$3,195,000

1.3 Reallocation

The Corporation intends to use the available funds as stated. The Corporation will reallocate the proceeds only for sound business reasons.

ITEM 2 - BUSINESS OF THE CORPORATION

2.1 Structure

The Corporation is a corporation incorporated under the ABCA pursuant to a Certificate of Incorporation dated April 9, 2014. The Corporation's head and registered office is located at 912, 743 Railway Avenue, Canmore, Alberta T1W 1P2. At present, the Corporation is controlled by Target. For additional information with respect to Target, please see www.sedar.com.

2.2 Voting Control - Target Capital Inc.

Voting control of the Corporation by Target is to ensure that the Bonds issued pursuant to this Offering are a qualified Deferred Plan investment. See Item 6 Income Tax Consequences and Deferred Plan Eligibility.

Target's control and interest in the Corporation is to earn Annual Fees and Capital Raising Fees and not to participate in the profits of the Corporation. See Item 2.10.3 Agreement with Target Capital Inc.



Specifically:

- (a) Target's shares in the Corporation are non-participating as they are not entitled to dividends;
- (b) The Target Agreement states that Target cannot acquire any additional shares in the Corporation without the approval of the majority of the minority shareholders of the Corporation;
- (c) Target cannot increase the Annual Fee or the Capital Raising Fee pursuant to the Target Agreement without the approval of the majority of the minority shareholders of the Corporation;
- (d) Target will not sell its shares of the Corporation while the Target Agreement is in force and will, at the termination of the Target Agreement, return all of its shares to the treasury of the Corporation in return for sixty dollars; and
- (e) Target will not benefit from its position as shareholder except as described in the Target Agreement, and should it receive any benefit in addition to the Annual Fee and the Capital Raising Fee, that the benefit will be returned to the Corporation for the sum of ten dollars paid by the Corporation to Target.

A Subscriber in these securities should understand that Target's assets and management are not in any way committed to the activities of the Corporation other than voting its shares at shareholder meetings of the Corporation. Target does not encourage or discourage an investment in the Corporation.

2.2.1 Release of Target Capital Inc.

As a term of this Offering, Subscribers are required to grant Target a specific release in the form attached as Schedule F to the Subscription Agreement (the "Target Release"). Pursuant to the terms of the Target Release, the Subscriber will acknowledge that:

- (a) Target's assets and management are not in any way committed to the activities of the Corporation. Further, the Subscriber acknowledges that Target has not performed any due diligence on the Corporation, its assets or its management and does not encourage or discourage an investment in the Corporation;
- (b) Target owes no fiduciary duty of care or any other duty to Subscribers in connection with the Bonds issued under this Offering;
- (c) Target shall not be liable to Subscribers for any liabilities, losses or damages suffered or incurred by Subscribers in connection with this investment, including any default by the Corporation in the payment of interest and/or repayment of the principal of the Bonds issued pursuant to this Offering; and
- (d) the Subscriber will release and forever discharge Target, together with its officers, directors, servants, employees, agents and other representatives from any and all actions, causes of action, claims, demands, or other liability of any nature or kind howsoever arising, including, without limitation, any and all claims, past or present, and which may arise in the future, in any way related to the Subscriber's investment in the Bonds of the Corporation or the acquisition of the Bonds from the Corporation.

All Subscribers are encouraged to seek independent legal advice before executing and delivering the Target Release.

2.2.2 Target Fee

Pursuant to the Target Agreement, Target has received \$2,500 in fees from the Corporation.

2.3 Our Business

2.3.1 Previous Offerings

Since the date of incorporation the Corporation has made a previous offering of Bonds pursuant to the Previous Offerings. Pursuant to the Previous Offerings the Corporation issued 14 Series 5 Bonds and 364 Series 6 Bonds raising an aggregate of \$1,890,000. See Item 4.3 Prior Sales.

As of the date of this Offering Memorandum, the Corporation has used funds raised from the Previous Offerings to acquire 378 Class A LP Units in the Partnership. These Class A LP Units were acquired pursuant to the Previous Partnership Offerings.

The Corporation intends to acquire additional Class A LP Units in the Partnership pursuant to the Partnership Offering.

As of the date of this Offering Memorandum the Partnership has issued 2,493 Class A LP Units and 249,300 Class B LP Units.

2.3.2 Current Business of the Corporation

The proceeds of this Offering will be used by the Corporation to continue to purchase Class A LP Units in the Partnership pursuant to the Partnership Offering.

A maximum of 3,000 Class A LP Units in the aggregate at a price of a maximum of \$5,000 per LP Unit are being offered by the Partnership under the terms of the Previous Partnership Offerings (as defined in Item 2.3.1 below) and the current Partnership Offering. See Item 2.10.1 The Partnership Offering Memorandum.

2.3.3 Related Party Matters

As of the date of this Offering, Thomas Beyer owns 40% of the issued and outstanding Class A Preferred Shares of the Corporation. Mr. Beyer is the sole officer and director of the Corporation and also is the sole officer and director of the General Partner. Mr. Beyer owns 58% of the issued and outstanding shares of the General Partner.

Mr. Beyer currently owns 6 Class A LP Units and 142,003 Class B LP Units.

The shareholders of the General Partner or their respective designees will be issued up to 100 Class B LP Units in the Partnership at a purchase price of \$0.01 per Class B LP Unit for every one (1) Class A LP Unit issued by the Partnership pursuant to the Partnership Offering, which Class B LP Units will be allocated as follows:

Thomas Beyer or designee – 58%;

Ronald David (Scotty) Grubb or designee – 22%; and

Mike Hammerlindl or designee – 20%.

The General Partner, in its discretion in accordance with applicable securities legislation, may issue Class B LP Units to parties who assist in affecting the sale of Class A LP Units. Where the General Partner issues less than 100 Class B LP Units with respect to the sale of a Class A LP Unit to a party who assisted in affecting the sale of a Class A LP Unit, any such Class B LP Units not issued to that party shall be issued to the shareholders of the General Partner or their designees on a pro-rata basis with respect to the allocation ratio set forth above.

The General Partner is entitled to the payment of certain fees by the Partnership pursuant to the terms of the Partnership Agreement as follows:

- (a) an annual asset management fee (the "Asset Management Fee") equal to 0.5% of the fair market value of the assets of the Partnership, paid quarterly in arrears. The General Partner shall determine the fair market value of the assets of the Partnership on the last day of each fiscal quarter during the term of the Partnership in its discretion having regard to reasonable commercial principals applicable at the time and in the circumstance of such value being determined;
- (b) an acquisition fee (the "Acquisition Fee") equal to 1% of the purchase price of any real estate assets acquired by the Partnership or the principal balance of any mortgages acquired or granted by the Partnership and 0.7% of any refinancing amount (if any);
- (c) an administration fee (the "Administration Fee") equal to 1% of the gross proceeds of the subscription price for Class A LP Units issued by the Partnership including Class A LP Units acquired by the Corporation;
- (d) the General Partner may within its discretion, pay some or all of the fees referred to in sub-paragraphs (a)-(c) above to parties other than the General Partner; and
- (e) the Partnership will reimburse the General Partner for all direct costs and expenses incurred by the General Partner prior to the formation of the Partnership and all direct costs and expenses incurred by the General Partner on behalf of or for the benefit of the Partnership (which costs and expenses are the Partnership's responsibility), including any general and administrative costs of the General Partner. For greater certainty, such costs and expenses for which the General Partner is to be reimbursed include the Partnership's direct general and administrative expenses, including legal and accounting fees, Limited Partner information costs, consulting and advisory fees incurred in connection with the Partnership's business or the evaluation of investment opportunities by the Partnership and expenses associated with the issuance of limited partnership units.

2.4 Offering Structure

The purpose of this Offering is to allow Subscribers to participate, indirectly through acquiring Bonds in the Corporation, in an investment in the Class A LP Units. See Item 5.1 Terms of Securities.



Funds from Deferred Plans may be used to purchase Bonds pursuant to this Offering subject to the general comments of Grant Thornton LLP. See Item 6 Income Tax Consequences and Deferred Plan Eligibility.

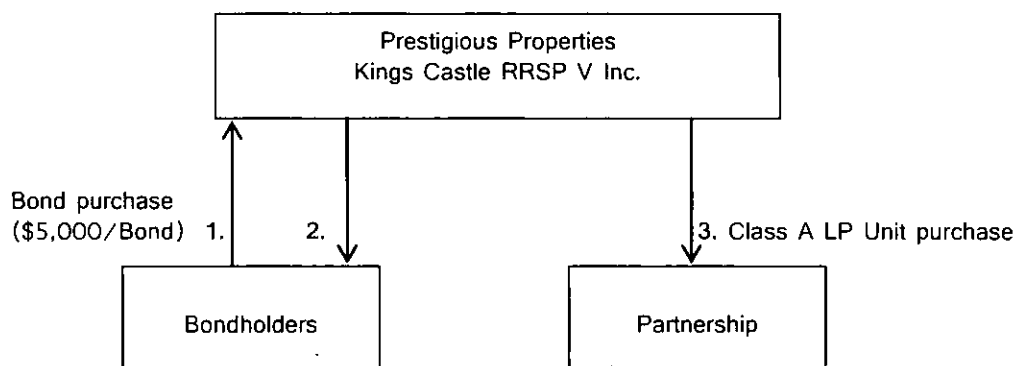
No advance income tax ruling has been applied for or received with respect to the income tax consequences described in this Offering Memorandum. See Item 8 Risk Factors.

No assurance can be given that changes in the Tax Act or future court decisions or the implementation of new taxes will not adversely affect the Corporation or fundamentally alter the income tax consequences to holders of the Bonds with respect to acquiring, holding or disposing of the Bonds of the Corporation.

Subscribers are strongly encouraged to consult their tax advisors as to the tax consequences of acquiring, holding and disposing of the Bonds purchased pursuant to this Offering.

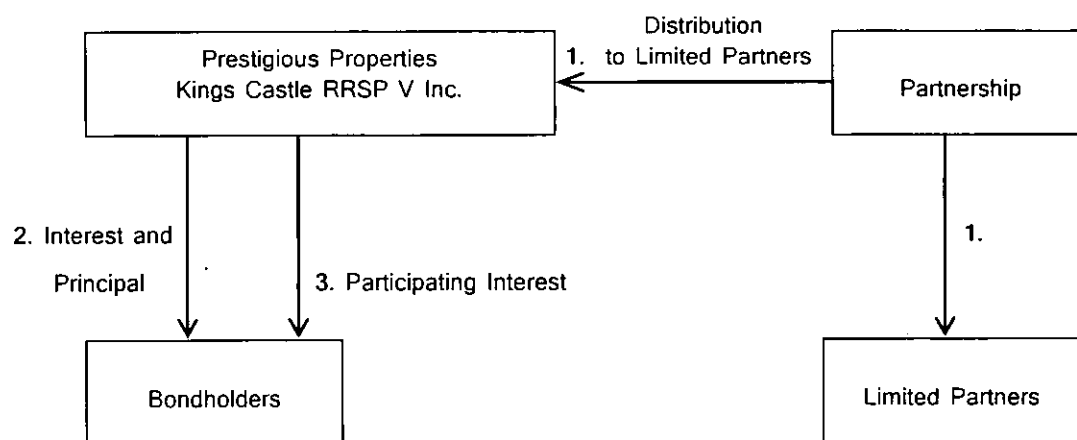
2.4.1 Investment Charts

The following represents the distribution of funds from a Subscriber pursuant to this Offering resulting in the acquisition of Class A LP Units by the Corporation.



1. Subscribers advance subscription proceeds to the Corporation pursuant to this Offering using funds from Deferred Plans or cash.
2. The Corporation issues Bonds to Subscribers.
3. The Corporation acquires Class A LP Units in the Partnership with the available funds of this Offering.

The following represents the proposed distribution of funds by the Partnership in the event of a cash distribution to Limited Partners by the Partnership.



1. The Partnership makes a distribution of proceeds to its Limited Partners.
2. The Corporation pays principal and interest to its Bondholders pursuant to the terms of the Bonds.
3. The Corporation makes a distribution of the Participating Interest to Bondholders pursuant to the terms of the Bonds.

2.5 The Partnership Offering

The Partnership Offering Memorandum is attached hereto as Schedule G. The Partnership Offering Memorandum discloses the terms of the Partnership Offering, the proposed business of the Partnership and the Partnership Agreement.

The Corporation will be acquiring the Class A LP Units pursuant to the Partnership Offering Memorandum. Subscribers under this Offering should review the Partnership Offering Memorandum with their legal and tax advisors.

2.5.1 The Corporation's Participation in the DRIP Plan

The Corporation intends to reinvest cash distributions received from the Partnership with respect to Class A LP Units acquired by the Corporation using funds raised from the distribution of Series 6 Bonds in the acquisition of additional Class A LP Units pursuant the Partnership's DRIP Plan.

2.6 Development of Business

The Corporation has no past business or financial history other than as disclosed herein. The sole business of the Corporation is to acquire Class A LP Units and manage its investment in the Partnership.

The Corporation intends to use the available funds of this Offering to acquire Class A LP Units as described in Item 1.2 Use of Available Funds.

The major developments in the business of the Corporation since its inception are as follows:

1. Entering into the Target Agreement;
2. The Corporation issued 14 Series 5 Bonds and 364 Series 6 Bonds raising an aggregate of \$1,890,000;
3. The preparation of this Offering Memorandum; and
4. The Corporation has acquired a total of 378 Class A LP Units from the Partnership and became a Limited Partner in the Partnership.

The Corporation intends to continue to acquire Class A LP Units with the available funds of this Offering.

There have been no material events that have adversely affected the Corporation's business since its inception.

2.7 Long Term Objectives

The Corporation's long-term goals are: (i) raise up to \$3,195,000 in the aggregate under this Offering, the Previous Offerings and any future offering of Bonds by the Corporation; (ii) to manage its investment in the Class A LP Units; and (iii) to provide a return to purchasers of Bonds pursuant to this Offering.

The Corporation intends to continue to acquire Class A LP Units pursuant to the Partnership Offering with the available funds of this Offering as such funds are raised.

The anticipated costs to be incurred by the Corporation with respect to the completion of its long-term objectives are the same as the costs related to the completion of its short-term objectives which are set out in Item 2.7 herein.

2.8 Short Term Objectives and How the Corporation Intends to Achieve Them

The Corporation's goal for the next 12 months is to raise up to \$3,195,000 for the purpose of acquiring up to an additional 639 Class A LP Units under the Partnership Offering.

The following outlines the Corporation's short-term objectives and the methods and costs associated with the achievement thereof.

What we must do and how we will do it	Target completion date or, number of months to complete	Our cost to complete
Raise up to \$3,195,000 and use the available funds of this Offering to purchase the Class A LP Units under the Partnership Offering.	12 months	\$291,575 ⁽¹⁾

(1) All costs, commissions and fees associated with this Offering will be paid by the Partnership. See Item 1.1 Available Funds and Item 2.10.3 Agreement with Target Capital Inc.

2.9 Insufficient Funds

The available funds raised from this Offering will be used to acquire Class A LP Units pursuant to the Partnership Offering. The Corporation does not intend to hold any significant cash reserves other than those amounts necessary to pay for all management, administration and operating expenses incurred by the Corporation in the conduct of its business. The proceeds of this Offering may not be sufficient to accomplish all of the Corporation's proposed objectives.

2.10 Material Agreements

The following are the key terms of all material agreements which the Corporation has entered into and which can reasonably be regarded as presently being material to the Corporation or a prospective purchaser of the securities being offered pursuant to this Offering.

2.10.1 The Partnership Offering Memorandum

The Partnership's objective is to maximize long-term results, while continuing to reinvest operating profits with periodic re-financings to preserve the Partnership's capital.

The Partnership will acquire properties and interests in properties (collectively, the "Properties") in North America as long as the relevant market and investment fundamentals allow for appropriate returns to be generated.

By combining a service-oriented focus with acquiring undervalued assets, the Partnership expects to increase the cash flow from its portfolio of Properties thereby providing an increasing rate of return to its Limited Partners. Toward these ends the Partnership intends:

- (i) to improve the overall value of the Partnership by acquiring revenue producing Properties that add value to the overall portfolio of Properties;
- (ii) to operate and maintain the Properties with the intention of creating profitability on a sustainable basis;
- (iii) to engage in activities to increase the value and returns of the Properties;
- (iv) to reinvest operating profits and the proceeds of any refinancing of the Properties acquired by the Partnership in the furtherance of the business objectives of the Partnership;
- (v) to enhance return on capital and yield through limited investment in real estate development opportunities;
- (vi) to provide an investment which has the likely probability of long-term capital appreciation;
- (vii) to preserve the value of the Class A LP Units;
- (viii) to improve the overall value of the Partnership's enterprise through the effective management of the Partnership's business and finances and value added improvements to its Properties; and
- (ix) to maintain a cost structure aligned solely with the interests of smaller retail investors.

The Partnership's business strategy anticipates that the Partnership will be able to increase the revenue from and/or the value of Properties it acquires. Achieving these goals will depend in part on successfully consolidating functions and integrating operations, procedures and personnel required in the operation and management of the properties in a timely and efficient manner. Failure to achieve one or more of those goals may result in the Partnership not achieving the anticipated benefits of acquiring and owning Properties. See Item 8 Risk Factors in the Partnership Offering Memorandum.

The Partnership Offering Memorandum is attached hereto as Schedule G. The Partnership Offering Memorandum summarizes the terms of the Partnership Offering, and the proposed business of the Partnership.

The Corporation was formed solely for the purpose of acquiring Class A LP Units under from the Partnership.

Subscribers under this Offering should review the Partnership Offering Memorandum with their legal and tax advisors.

2.10.2 The Partnership Agreement

The material terms of the Partnership Agreement are summarized in Item 2.6.1 of the Partnership Offering Memorandum.

The Corporation will become a party to the Partnership Agreement as a limited partner upon acquiring LP Units pursuant to the Partnership Offering. As a result, the Partnership Agreement is a material agreement to the Corporation.

Subscribers to this Offering should note that they will not be parties to the Partnership Agreement and will not have any rights thereunder. Subscribers should review the Partnership Agreement with their legal and accounting advisors.

2.10.3 Agreement with Target Capital Inc.



The Corporation entered into the Target Agreement on April 10, 2014. The material terms of this Agreement are as follows:

- (a) The Corporation shall pay to Target:
 - (i) the Annual Fee on the date of the Target Agreement and on each anniversary of the Target Agreement; plus
 - (ii) a Capital Raising Fee whenever the Corporation raises Deferred Plan Capital. Notwithstanding the preceding sentence, the Corporation shall not be required to pay any Capital Raising Fee until its total Deferred Plan Capital raised exceeds \$500,000.
- (b) **Access to Records.** If requested, the Corporation shall promptly provide Target with copies of all corporate records.
- (c) **Target Release/Required Disclosure.** The Corporation shall attach the Target Release to all Offering Documents used by the Corporation in the distribution of its securities and shall include the Required Disclosure in all such Offering Documents. The Corporation shall not sell any of its securities to any party unless such subscriber has executed and delivered an original copy of the Target Release to the Corporation. The Corporation shall promptly provide Target with the original copies of all such signed Target Releases.
- (d) **Indemnity.** The Corporation has agreed to indemnify and save harmless Target and its directors, officers and employees from and against all claims, demands, losses, actions, causes of action, costs, charges, expenses, damages and liabilities whatsoever arising out of or in connection with the Target Agreement or Target's shareholdings in the Corporation. The indemnity shall survive the expiry or termination of the Target Agreement.
- (e) **Term.** The Target Agreement shall be in effect from the date of that Agreement until the date on which Target ceases to be the majority shareholder of the Corporation. Notwithstanding the above, if the Target Agreement shall be terminated prior to the date that is two (2) years from the date of the Target Agreement, the Corporation covenants and agrees to pay Target any Annual Fees and Capital Raising Fees that would have otherwise been payable had Target remained the majority shareholder of the Corporation for two (2) years.
- (f) **Termination by the Corporation.** Subject to the two year minimum payment obligations set out in sub-paragraph (e) above and the survival of the indemnity set out in sub-paragraph (d) above, the Corporation may terminate the Target Agreement by providing Target with 90 days written notice.
- (g) **Termination by Target.** In the event of a Material Breach of the Target Agreement by the Corporation, such as failure to pay any Annual Fees or Capital Raising Fees within 60 days of invoicing, Target shall be entitled to immediately terminate the Target Agreement by providing written notice of such termination to the Corporation. Upon termination of the Target Agreement by Target, the Target Shares shall be deemed transferred to the Corporation in exchange for \$1.00.

See Item 2.2 Voting Control for additional terms of the Target Agreement.

The Corporation expects the Target Agreement to continue for the term of the Bonds offered pursuant to this Offering.

The Partnership will pay the Annual Fee and the Capital Raising Fee during the term of the Target Agreement on the Corporation's behalf.

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ITEM 3 - DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table provides specified information about each director, officer and promoter of the Corporation and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Corporation (a "Principal Holder"). Where the Principal Holder is not an individual, the following table provides the name of any person that directly or indirectly, beneficially owns or controls more than 50% of the voting rights of the Principal Holder.

Name and municipality of principal residence	Position held and date of obtaining that position	Compensation paid by the Corporation since inception and the compensation anticipated to be paid in current financial year	Number, type and percentage of securities of the Corporation held after completion of the minimum offering	Number, type and percentage of securities of the Corporation held after completion of the Maximum Offering
Target Capital Inc. Calgary, Alberta	Shareholder since April 10, 2014	\$18,270 ⁽¹⁾ \$15,975 ⁽²⁾	6,000 Class A Preferred Shares (60%)	6,000 Class A Preferred Shares (60%)
Thomas Beyer ⁽⁴⁾ Vancouver, British Columbia	President, Director, Promoter and Shareholder since April 9, 2014	Nil	4,000 Class A Preferred Shares (40%)	4,000 Class A Preferred Shares (40%)
Ronald David (Scotty) Grubb West Vancouver, British Columbia	Promoter since June 9, 2014	Nil	Nil	Nil
Mike Hammerlindl Calgary, Alberta	Promoter since June 9, 2014	Nil	Nil	Nil

(1) Represents fees paid to Target with respect to the Annual Fee and Capital Raising Fee since inception of the Corporation. See Item 2.10.3 Agreement with Target Capital Inc.

(2) Represents the Annual Fee and Capital Raising Fee payable assuming the Maximum Offering.

(3) All Annual Fees and Capital Raising Fees to be paid to Target under the Target Agreement will be paid on the Corporation's behalf by the Partnership.

(4) The officer and director of the Corporation is also an officer, the sole director and, together with the Promoters of this Offering, a shareholder of the General Partner. See Item 2.3.1 Related Party Matters.

3.2 Management Experience

The names and principal occupations of the officer, director and promoters of the Corporation over the past five years are as follows:

Thomas Beyer founded the Prestigious Properties Group in 2000 specializing in multi-family apartment buildings. The Prestigious Property Group has since grown into a group of companies or limited partnerships with a carefully selected small group of associates or co-owners. Thomas believes in turning under-valued properties into Prestigious Properties, for the benefit of investors, tenants and communities. He has an MBA from the University of Alberta (1988) and a B.Sc. from the Technical University of Munich (1986). He has been the president of two rental pool boards and has been on several condominium boards since 1997. Prior to 2000 Thomas held a variety of positions in the software industry, including software marketing, product management, software sales and software project management, including 8 years with IBM and seven years with the IBM Business Partner Lightyear Consulting as a managing partner. He has lived in the lower mainland in BC, in Toronto, Germany, South Africa and lived in Alberta between 1995 and 2010. He now calls Vancouver, British Columbia home.

He and his team currently control over \$105 million of real estate assets, mainly apartment buildings, with a total of approximately 800 suites and 82 mobile home park pads in AB, ON and TX. Mr. Beyer is an officer, director and shareholder of Prestigious Properties Inc., Prestigious Properties Canada Three Inc. (incl. its affiliated corporations: Prestigious Capital Inc., Prestigious Investment Inc.), Prestigious Properties Four Inc. (incl. its affiliated corporations: Prestigious Capital Four Inc., Prestigious Investment Four Inc., Prestigious Properties USA Four Inc.), Prestigious Properties



Canada Ltd., Strategic Software Management Inc., PrestProp West Edmonton Inc., PrestProp Europa Inc., PRestigious Investment & Management (PRISM) A - Inc. (including its affiliated entities: PRestigious Investment & Management (PRISM) A - Limited Partnership, Prestigious RRSP A Capital Inc., Prestigious RRSP Investment A Inc., Prestigious RRSP AA Capital Inc. and Prestigious RRSP Investment AA Inc.) and Prestigious Properties Kings Castle GP Inc. (incl. its affiliated entities Prestigious Properties Kings Castle RRSP Inc., Prestigious Properties Kings Castle RRSP V Inc.), PrestProp Blackfalds MHP Inc. and Prestigious Properties Developments Inc. He is happily married with two adult children.

He is a long time REIN (Real Estate Investment Network) member and has won the REIN "Top Player of the Year" award annually from 2005 to 2010 and from 2011 to 2013 the even more prestigious "Michael Millenaar Leadership Award" for helping and mentoring others succeed in their real estate ventures. He invests his own money and that of other people to create wealth for himself, his co-investors and for the communities at large through improved property values, better buildings and more ethical business, HR, marketing and sub-contractor principles. He is also the author of the book "80 Lessons learned on the road from \$80,000 to \$80,000,000" available on Amazon.

Ronald David (Scotty) Grubb is a Senior Business Professional with over 30 years of proven success in the Financing and Operations of Public and Private Companies. He completed high school and engineering in Scotland before immigrating to Canada in 1968. His career as a professional skier lead him to join the Sports division of Yamaha, Japan in product development and then as the sales director for Canada. During the 1990's he founded, managed and financed two successful public companies engaged in engineering and software. He has worked in various positions of trust establishing a high respect as a manager and financier having raised in excess of \$50 million. He has been an investor in Prestigious Properties since 2006 when he joined the company and has been responsible for raising over \$36 million for Prestigious Properties Canada Three LP, Prestigious Properties Four LP and PRISM A LP. Scotty has since joined the group as a partner and co-owner of Prestigious Properties Four Inc., PRISM A Inc., and Prestigious Properties Kings Castle GP Inc. incl. its affiliated entities. He is married with two adult sons and lives in West Vancouver, B.C. Scotty was a registered Exempt Market Dealing Representative with Sloane Capital Corp., and as of February 2015, Scotty became a registered Exempt Market Dealing Representative with TriView Capital Ltd. Scotty is also an active member of the Royal Canadian Marine Search and Rescue Society (and since 2014 he has been president of the Society) where he is saving lives in the chilly waters off Canada's west coast.

Mike Hammerlindl graduated from the University of Alberta with a degree in Civil Engineering, focusing on structural design. He has experience working for a municipal consultant, architect, and gas utility and has also been involved in several entrepreneurial ventures. He was the president of a condominium board for a condominium association in Ft. McMurray, AB. He is married, has three young children and resides in Calgary, AB. Mike has been an investor with Prestigious Properties since 2004 and has been actively involved in property acquisitions, financing and asset improvement strategies for the group of companies since 2007 having transacted over \$130,000,000 of real estate. He is a CCIM (Certified Commercial Investment Member) and Chartered Financial Analyst (CFA) charterholder. He is a partner and co-owner of Prestigious Properties Four Inc., PRISM A Inc., and Prestigious Properties Kings Castle GP Inc. including its affiliated entities.

3.3 Penalties, Sanctions and Bankruptcy

No director or officer or principal shareholder of the Corporation is, as at the date hereof or has been within the last ten years prior to the date hereof, (a) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the director or officer of the Corporation was acting in the capacity as director, chief executive officer or chief financial officer of that company; (b) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the director or officer ceased to be a director, chief executive officer or chief financial officer of that company and which resulted from an event that occurred while that person was acting in such capacity; (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (d) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

To the knowledge of the Corporation, no director or executive officer of the Corporation, (a) has been subject to any penalties or sanctions imposed by a court relating to securities or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory or (b) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.



ITEM 4 - CAPITAL STRUCTURE

4.1 Share Capital

The share capital of the Corporation is as follows:

Description of Security	Number authorized to be issued	Price per security	Number outstanding as of May 27, 2015	Number outstanding assuming completion of Maximum Offering
Class A Preferred Shares	Unlimited	\$0.01	10,000	10,000
Class B Common Shares	Unlimited	N/A	Nil	Nil

Class A Preferred Shares and Class B Common Shares

- (a) The Corporation is authorized to issue an unlimited number of Class A Preferred shares (the "Class A Shares") having attached thereto, as a class, the following rights, privileges, restrictions and conditions:

Voting Rights - The holders of the Class A Shares shall be entitled to receive notice of, to attend and to vote at all meetings of the shareholders of the Corporation. Each Class A Share shall confer on the holder thereof the right to one vote in person or by proxy at all meetings of shareholders of the Corporation.

Dividend Entitlement - The holders of Class A Shares are not entitled to participate in the profits of the Corporation and are not entitled to receive any dividends.

Entitlement on Dissolution or Winding-Up - In the event of a reduction of capital or the liquidation, dissolution or winding-up of the Corporation or other distribution of property or assets of the Corporation among its shareholders for the purpose of winding-up its affairs (a "Winding-Up Event"):

- (i) Prior to the Class A shareholders receiving any consideration in the occurrence of a Winding-Up Event, any Bondholders of the Corporation at the time of such Event shall be entitled to receive from the Corporation an amount equal to the face value of their bonds together with any accrued interest thereon up to the date of payment (the "Redemption Amount") in priority to any distribution of any of the Corporation's assets or property to its Class A Shareholders. If the Corporation does not have sufficient property or assets to pay the aggregate of the Redemption Amount then each Bondholder will be entitled to their pro rata share of the Corporation's property or assets in priority to the Class A shareholders; and
- (ii) The holders of the Class A Shares shall be entitled to receive an amount equal to the aggregate amount paid up capital on the Class A Shares held by them respectively after repayment of the aggregate Redemption Amount and in the event that there is not sufficient property or assets to return the entire amount of paid up capital thereon to all Class A shareholders, the amount available for distribution shall be distributed to the shareholders on a pro rata basis according to the number of Class A Shares owned by each shareholder.

- (b) The Corporation is authorized to issue an unlimited number of Class B Common Shares (the "Class B Shares") having attached thereto, as a class, the following rights, privileges, restrictions and conditions:

Voting Rights - The holders of the Class B Shares shall be not be entitled to receive notice of, to attend or vote at any meetings of the shareholders of the Corporation.

Dividend Entitlement - The right, subject to any preferential rights attaching to any other class or series of shares of the Corporation, to receive dividends as, when and if declared on the Class B shares by the Corporation. No dividend may be declared or paid on the Class B shares if payment of the dividend would cause the realizable value of the Corporation's assets to be less than the aggregate of its liabilities and the amount required to redeem any bonds issued by the Corporation then outstanding having attached thereto a right of redemption or retraction.

Entitlement on Dissolution or Winding-Up - The right, subject to any preferential rights attaching to any bonds issued by the Corporation, to share in the remaining property of the Corporation upon dissolution after all the Class A Shareholders have received payment of the aggregate amount of paid up capital held by each Class A shareholder.

4.2 Long Term Debt

As of the date of this Offering Memorandum, the Corporation has the following long term debt arising from the issue of Bonds issued up to May 27, 2015:

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding as at May 27, 2015
Series 5 Bonds	5% annual simple interest	<p>Maturity Date: December 31, 2021</p> <p>Payments: Each Bond will entitle the holder thereof to simple interest at a fixed rate of 5% per annum payable on March 31, June 30, September 30 and December 31 of each year during the term of the Series 5 Bonds. 99% of the Principal Amount of the Bonds will be paid by the Corporation in a lump sum on the Maturity Date.</p>	\$70,000
Series 6 Bonds	6% annual simple interest	<p>Maturity Date: December 31, 2021</p> <p>Payments: Each Bond will entitle the holder thereof to simple interest at a fixed rate of 6% per annum to accrue from the date of issue until redemption by the Corporation. Subject to the Corporation's right of early redemption all unpaid interest accruing between the date of issue of a Bondholder's Bonds and the Maturity Date will be paid in a lump sum on the Maturity Date. 99% of the Principal Amount of the Bonds will be paid by the Corporation in a lump sum on the Maturity Date.</p>	\$1,820,000

In the event the Corporation is successful in raising funds pursuant to this Offering, it will have the following unsecured debt obligations to Subscribers through the issue of Bonds offered by the Corporation pursuant to this Offering and the Previous Offerings:

Description of Security	Number authorized to be issued	Number outstanding as at the date hereof	Number outstanding assuming completion of Maximum Offering
Unsecured participating Bonds	1,017	378	<p>1,017 ⁽¹⁾</p> <p>Representing a debt obligation of \$5,085,000 to Subscribers under this Offering plus applicable interest thereon.</p>

(1) See Item 5.1 Terms of Securities for the terms of the Bonds offered pursuant to this Offering.

4.3 Prior Sales

As of May 27, 2015, there are 10,000 Class A Preferred Shares of the Corporation issued and outstanding.

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
April 9, 2014	Class A Preferred Shares	4,000	\$0.01	\$40
April 10, 2014	Class A Preferred Shares	6,000	\$0.01	\$60

The following tables summarize the Bonds issued since the Corporation was formed:

Series 5 Bonds:

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
September 30, 2014	Series 5 Bonds	7	\$5,000	\$35,000
February 23, 2015	Series 5 Bonds	2	\$5,000	\$10,000
April 7, 2015	Series 5 Bonds	5	\$5,000	\$25,000

Series 6 Bonds:

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price Per Security	Total Funds Received
August 5, 2014	Series 6 Bonds	53	\$5,000	\$265,000
September 30, 2014	Series 6 Bonds	49	\$5,000	\$245,000
February 23, 2015	Series 6 Bonds	107	\$5,000	\$535,000
April 7, 2015	Series 6 Bonds	125	\$5,000	\$625,000
April 30, 2015	Series 6 Bonds	30	\$5,000	\$150,000

ITEM 5 - SECURITIES OFFERED

5.1 Terms of Securities

Securities: The securities being offered pursuant to this Offering are unsecured participating Bonds. The price of each Bond is \$5,000. The minimum number of Bonds that may be purchased by a Subscriber is two (2) Bonds for a minimum investment of \$10,000. There is no maximum number of Bonds allocated to any Subscriber.

Term: Subject to the Corporation's right of early redemption as provided for below, 99% of the Principal Amount of the Bonds shall mature on December 31, 2021 (the "Primary Maturity Date"). The Corporation shall redeem 99% of the Principal Amount of the Bonds on that date through the payment of 99% of the Principal Amount of the Bonds and all accrued and unpaid interest thereon.

The Corporation shall pay the remaining 1% of the Principal Amount and all accrued and unpaid interest thereon to the Bondholders on the Final Participating Interest Distribution Date (as defined herein).

Early Redemption:

During the term of the Bonds, any Bondholder may require the Corporation to redeem (the "Redemption Right") and pay the Redemption Amount (as defined below) of all or any of their issued and outstanding Bonds.



Any Bondholder may deliver to the Corporation prior that date which is five (5) years from the date of the Bond Certificate in question, a notice (the "Redemption Notice") demanding the redemption of some or all of his Bonds together with certificates representing the Bonds to be redeemed. The Redemption Notice must be received by November 15th of the year in which the Redemption is requested and must specify the number of Bonds which the Bondholder wishes to redeem, and be accompanied by the certificate for those Bonds. A Redemption Notice without the applicable Bond Certificate(s) is void and of no effect. A Redemption Notice once received by the Corporation shall be deemed irrevocable.

Proceeds payable for redemption of a Bond (the "Redemption Amount") will be the Subscription Price for the Bond less the applicable redemption discount (the "Redemption Discount") set forth below plus all unpaid interest accruing the date of the Redemption Notice:

The Redemption Discount shall be the following percentage of the Subscription Price:

Within one year of the date of issue of a Bond 25%

Within two years of the date of issue of a Bond 20%

Within three years of the date of issue of a Bond 15%

Within four years of the date of issue of a Bond 10%

At any time after four years of the date of issue of a Bond 5%

The Corporation will pay the Redemption Price by way of a cash payment on or before December 31 of the year in which a Redemption Notice is received. Payments made by the Corporation of the Redemption Amount is conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the Bondholder unless the cheque is dishonored upon presentment. Upon the payment the Corporation will be discharged from all liability to the Bondholder in respect of the Bonds so redeemed.

No more than five (5%) percent of the aggregate principal balance of the issued and outstanding Bonds in any one calendar year may be redeemed. If Bondholders request redemption of more than five (5%) percent of the aggregate principal balance of the issued and outstanding Bonds in any one calendar year, the Bonds for that year will be redeemed on a pro rata basis.

Interest: Each Bond will entitle the holder thereof to the following rates of interest from the date of issue:

- Series 5 Bonds: 5% interest per annum, payable on March 31, June 30, September 30 and December 31 of each year during the term of the Series 5 Bonds.
- Series 6 Bonds: 6% interest per annum, to be paid in a lump sum on the Primary Maturity Date.

Right to Participating Interest: Each Bondholder shall be entitled to participate in the Net Profits of the Corporation (the "Participating Interest") as follows: (i) Bondholders holding Series 6 Bonds shall share, on a pro-rata basis in the Net Profits of the Corporation resulting from the acquisition of Class A LP Units from proceeds raised from the issue of Series 6 Bonds by the Corporation together with any Net Profits arising from the acquisition of Class A LP Units by the Corporation through the Corporation's participation in the Partnership's DRIP Plan; and (ii) Bondholders holding Series 5 Bonds shall share, on a pro-rata basis in the Net Profits of the Corporation resulting from the acquisition of Class A LP Units from proceeds raised from the issue of Series 5 Bonds by the Corporation. The Corporation may make distributions of Net Profits of the Corporation to the Bondholders in its sole discretion. Notwithstanding the forgoing, the Corporation shall make a distribution of all of the Net Profits of the Corporation not previously distributed to Bondholders no later than 180 days from the date on which the Corporation receives its last distribution of cash or property to which it is entitled as a limited partner of the Partnership (the "Final Participating Interest Distribution Date").

Obligations Unsecured: The Corporation's debt obligations represented by the Bonds are unsecured obligations and will rank pari passu amongst themselves and with all other unsecured and unsubordinated obligations of the Corporation except for such preferences as provided for under applicable law.

Funding of Redemption: Management of the Corporation shall have sole discretion in how the Corporation will fund or finance the redemption of the Bonds. Management may decide to use its existing cash on hand if any, raise additional capital or equity in the Corporation, or borrow money to accomplish the redemption of the Bonds or use a combination of the above methods. There is no assurance that any of the above methods of funding the redemption of the Bonds will be successful or if accomplished will raise enough funds to redeem all of the Bonds. It is possible that the Corporation may not have the financial ability to redeem all or any Bonds upon maturity. In that event the provisions contained under the heading "Entitlement on Dissolution or Winding-Up" of Item 4 Capital Structure will apply.



Limited Recourse: Recourse under the Bonds will be limited to the Principal Amount of the Bonds and all interest due and owing thereunder together with any undistributed Net Profits of the Corporation. There is no additional recourse by Bondholders for any deficiency in value of the Bonds in the event of non-payment or default by the Corporation of redemption of the Bonds.

A Subscriber of the securities offered under this Offering Memorandum should understand that Target's assets and management are not in any way committed to the activities of the Corporation other than voting its shares at shareholder meetings of the Corporation. Target does not encourage or discourage an investment in the Corporation.

5.2 Subscription Procedure

This Offering is not subject to any minimum offering amount. You may be the only Subscriber under this Offering.

(a) Subscription Documents

Subscribers will be required to enter into a Subscription Agreement with the Corporation which will contain, among other things, representations, warranties and covenants by the Subscriber that it is duly authorized to purchase the Bonds, that it is purchasing the Bonds as principal and for investment and not with a view to resale and as to its corporate or other status to purchase the Bonds and that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under applicable securities laws.

Reference is made to the Subscription Agreement accompanying this Offering Memorandum for the terms of these representations, warranties and covenants.

In order to subscribe for Bonds, a purchaser must complete, execute and deliver the following documentation to the Corporation at 912, 743 Railway Ave, Canmore, Alberta T1W 1P2:

1. one (1) completed and signed copy of the Subscription Agreement (including any schedules attached thereto);
2. a certified cheque or bank draft in an amount equal to the Aggregate Subscription Amount (as set forth in the Subscription Agreement), payable to "Prestigious Properties Kings Castle RRSP V Inc.";
3. completed and executed copies of the appropriate investor qualification form(s). The appropriate form(s) to be completed depend on your place of residence and on the amount of your investment:
 - (i) If the subscriber is subscribing as an Individual Accredited Investor, two (2) copies of the Accredited Investor Risk Acknowledgement attached to the Subscription Agreement as Exhibit 1 (please initial as indicated); or
 - (ii) If the subscriber is subscribing as a Non-Individual Accredited Investor, the Representation Letter in the form attached to the Subscription Agreement as Exhibit 2 (please initial Appendix A as indicated); or
 - (iii) If the subscriber is subscribing for more than \$10,000 in Bonds and is not an Accredited Investor, one (1) copy of the Eligible Investor Representation Letter in the form attached to the Subscription Agreement as Exhibit 3; or
 - (iv) If the subscriber is subscribing for more than \$10,000 in Bonds and is an Individual Accredited Investor, two (2) copies of the Accredited Investor Risk Acknowledgement attached to the Subscription Agreement as Exhibit 1 (please initial as indicated); or
 - (v) If the subscriber is subscribing for more than \$10,000 in Bonds and is a Non-Individual Accredited Investor, the Representation Letter in the form attached to the Subscription Agreement as Exhibit 2 (please initial Appendix A as indicated); or
 - (vi) If the subscriber is a resident in Alberta, British Columbia, Saskatchewan, Ontario or Manitoba two (2) copies of the Risk Acknowledgement in the form attached to the Subscription Agreement as Exhibit 4, as applicable (one copy may be retained for your records).
4. all Subscribers must execute the Target Release attached to the Subscription Agreement.

Subject to applicable securities laws and the Subscriber's two-day cancellation right, a subscription for Bonds, evidenced by a duly completed Subscription Agreement delivered to the Corporation shall be irrevocable by the Subscriber. See Item 11 Purchasers' Rights.

Subscriptions for Bonds will be received, subject to rejection and allotment, in whole or in part, and subject to the right of the Corporation to close the subscription books at any time, without notice. If a subscription for Bonds is not accepted, all subscription proceeds will be promptly returned to the Subscriber without interest.

The subscription funds will be held until midnight of the second business day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

(b) Distribution

The Corporation is offering Bonds to residents of all Provinces and Territories in Canada excepting Quebec. The Offering is being made pursuant to the following exemptions from the registration and prospectus requirements contained in the applicable securities laws:

- (a) in British Columbia, Alberta, Saskatchewan and Manitoba pursuant to the exemptions from the prospectus and registration requirements afforded by Section 2.9 of NI 45-106 (the "Offering Memorandum Exemption"); and
- (b) in Ontario pursuant to the exemption from the prospectus and registration requirements afforded by Section 2.3 of NI 45-106 (the "Accredited Investor Exemption").

The Offering Memorandum Exemption (2.9(1)) is available for distributions to Subscribers resident in British Columbia who are purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment (Form 45-106F4) in the prescribed form.

The Eligible Investor Exemption (2.9(2)) is available for distributions to Subscribers who are resident in Alberta, Saskatchewan and Manitoba and who acknowledge having received and read a copy of this Offering Memorandum prior to signing the Subscription Agreement and who:

- (a) is an "Eligible Investor", as defined in NI 45-106 which includes Subscribers who are "accredited investors" as defined in NI 45-106; and
- (b) have signed a Risk Acknowledgment (Form 45-106F4) in the prescribed form.

The Accredited Investor Exemption is available for distributions to Subscribers resident in Ontario purchasing as principal and who are "accredited investors" as defined in NI 45-106.

The foregoing exemptions relieve the Corporation from the provisions of the applicable securities laws of each of the Offering Jurisdictions which otherwise would require the Corporation to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers will not receive the benefits associated with subscription for securities issued pursuant to a filed prospectus, including the review of material by the applicable securities regulatory authorities. The exemptions from the registration requirements contained in the applicable securities laws allow the Corporation to offer the Bonds for sale directly to Subscribers.

ITEM 6 - INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY

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

6.1 Summary of Principal Federal Income Tax Consequences

The Tax Act and the Regulations thereunder provide generally that a bond or similar obligation of a Canadian corporation (as defined in the Tax Act) which is controlled directly or indirectly by one or more corporations whose shares are listed on a designated stock exchange in Canada will constitute a "qualified investment" for a Deferred Plan.

The Corporation is a Canadian corporation. As a result, the Bonds will constitute a qualified investment for Deferred Plans provided the shares of Target are listed on a stock exchange designated by the Minister of Finance, which they currently are, and as long as Target controls the Corporation. There is no agreement which restricts the ability of Target to vote its shares of the Corporation or appoint a majority of the Board of Directors of the Corporation. As such, Target should be considered to control the Corporation.

There are additional requirements for a TFSA, RRSP or RRIF in order for the Bonds not to be a "prohibited investment" which would be subject to a special tax. The Bonds will be a "prohibited investment" if the account holder does not deal at "arm's length" with the Corporation or the account holder is a "specified shareholder" of the Corporation as defined in the Tax Act, generally a person who has a 10% or greater interest in the Corporation together with non-arm's length persons. Assuming the account holder meets the above requirements, the Bonds will not be a "prohibited investment".

There can also be additional special taxes for a TFSA, RRSP or RRIF on certain tax "advantages" that unduly exploit the attributes of a TFSA, RRSP or RRIF, including "advantages" on "prohibited investments" and on "non-qualified investments". The rules in the Tax Act that constitute an "advantage" are quite broad, therefore, Subscribers should seek independent professional advice as to the applicability of these rules to their particular circumstances.

The income tax information contained in this Item 6.1 was provided by Grant Thornton LLP, and it is based on the current provisions of the Income Tax Act, the Regulations thereunder and published administrative practices of the CRA.



The comments offered do not address the possibility of any challenge to the structure by the CRA under the specific and/or general anti-avoidance rules.

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

6.2 Income Tax Consequences of the Participating Interest under the Bonds

The Corporation will be entitled to deduct from income a reasonable amount of interest payable in respect of monies borrowed for the purpose of earning income from its business, including the applicable interest rate payable by the Corporation to Bondholders pursuant to the terms of the Bonds. However amounts paid by the Corporation pursuant to the Participating Interest with respect to the Bonds are not deductible in computing income of the Corporation for tax purposes.

ITEM 7 - COMPENSATION PAID TO SELLERS AND FINDERS

Where allowed by applicable securities legislation, the Corporation intends to pay compensation of up to 8% of the gross proceeds realized on the sale of Bonds under this Offering to any one of, or a combination of, the following parties: investment dealers, related and unrelated Exempt Market Dealers and/or their dealing representatives, parties related to the Corporation, employees and/or contractors of such parties, and officers and directors of the Corporation.

Ronald David (Scotty) Grubb is a promoter of this Offering. Mr. Grubb was a dealing representative of an Exempt Market Dealer, Sloane Capital Corp., and as of February 2015, Mr. Grubb is now a dealing representative of an Exempt Market Dealer, TriView Capital Ltd. The Partnership expects that it will pay this Exempt Market Dealer compensation for affecting the sale of Bonds under this Offering. Mr. Grubb may be paid compensation by the Exempt Market dealer with whom he is associated for affecting the sales of Bonds under this Offering.

All commissions payable with respect to this Offering will be paid on the Corporation's behalf by the Partnership.

The Partnership will pay the General Partner an administration fee equal to one percent (1%) of the gross proceeds from the sale of Class A LP Units issued by the Partnership including Class A LP Units issued to the Corporation.

ITEM 8 - RISK FACTORS

Purchase of Bonds pursuant to this Offering should only be made after consulting with independent and qualified sources of investment and tax advice. Investment in the Bonds at this time is highly speculative due to the stage of the Corporation's development. An investment in Bonds is appropriate only for Subscribers who are prepared to invest money for a long period of time and who have the capacity to absorb a loss of some or all of their investment. Subscribers must rely on management of the Corporation. Any investment in the Corporation at this stage involves a high degree of risk.

In addition to the risks of purchasing Bonds of the Corporation found elsewhere in this Offering Memorandum are the following additional risk factors which are inherent in an investment in the Bonds:

1. The Corporation will have a limited amount of working capital, as the proceeds from this Offering will be used to acquire Class A LP Units pursuant to the Partnership Offering.
2. There can be no assurance that if additional funding is required by the Corporation to redeem any or all of the Bonds, that such financing will be available on terms satisfactory to the Corporation, or at all. If the Corporation does not have sufficient funds on hand to redeem any or all of the Bonds and cannot secure financing, it will not be able to redeem any or all of the Bonds.
3. Other than a small amount of cash which the Corporation may have from time to time from proceeds that are not used to acquire Class A LP Units, the sole asset of the Corporation will be the Class A LP Units. There can be no assurance that the Corporation will be in a position to meet its obligations in accordance with the terms of the Bonds as its ability to pay interest and principal thereunder and make any distributions of Net Profits pursuant to the Participating Interest is wholly dependent on receiving distributions from the Partnership on the Class A LP Units.
4. The Bonds do not provide for payment of interest to Bondholders other than on the dates set forth in Item 5.1 herein, except at the discretion of the Corporation. Bondholder's will not know if the Corporation will be in a position to pay interest and/or redeem all or any part of the Bonds until the dates referred to in Item 5.1 herein.
5. The Bonds offered by the Corporation are not an investment in real estate or in Class A LP Units of the Partnership but an investment in debt securities of the Corporation. The Corporation will not be investing in real estate but will instead be acquiring Class A LP Units. If the Corporation defaults on its payments under the Bonds, Bondholders will not have recourse against the Partnership. Bondholders will have recourse only against the Corporation.

6. The Bonds are not being issued pursuant to a trust indenture and the Bondholders will not have the benefit of a trustee to hold their security or to coordinate enforcement and realization in the event of a default in payment under the Bonds by the Corporation.
7. The Bonds offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canadian Deposit Insurance Corporation or any other insurance company or program.
8. As unsecured obligations of the Corporation, the Bonds will rank subordinate to secured and other types of debt which may rank in preference at law or otherwise, to the Bonds.
9. The tax consequences associated with an investment in the Bonds may be subject to changes in federal and provincial tax laws. There can be no assurance that the tax laws will not be changed in a manner that will fundamentally alter the income tax consequences to Subscribers holding or disposing of the Bonds.
10. Pursuant to the Target Agreement, Target will be the controlling shareholder of the Corporation until the earlier of: (i) the expiry of the Target Agreement or (ii) the date Target ceases to be the majority shareholder of the Corporation (holding more than 60% of the voting shares). The Corporation intends to enter into negotiations with Target to extend the term of the Target Agreement, however, there can be no assurance that such negotiations will be successful. Additionally, should there occur a Material Breach of the Target Agreement, Target, in its sole discretion, may terminate the Target Agreement and transfer all its shares to the Corporation. In the event that Target ceases to control the Corporation or ceases to be listed on a stock exchange designated by the Minister of Finance or is deemed not to control the Corporation for the purposes of the Tax Act, there may be adverse tax consequences to a Subscriber for Bonds. Upon such an event occurring, the Bonds will cease to constitute qualified investments for Deferred Plan purposes unless the Corporation can arrange to contemporaneously transfer the Class A Shares of the Corporation to another corporation resident in Canada whose shares are listed on a designated Canadian stock exchange, or make other suitable investment arrangements to maintain Deferred Plan eligibility for the Bonds. If the Bonds cease to be eligible Deferred Plan investments, an annuitant under a Deferred Plan which acquires or holds Bonds may be required to include in his or her income the fair market value of the Bonds acquired by the Deferred Plan, may incur penalties, and may have the registration of the Deferred Plan revoked. There is also a risk that CRA may reassess the returns of Subscribers relating to their investment in the Bonds.
11. The structuring of this Offering in general and the ownership of a majority of the Class A Preferred shares of the Corporation by Target in particular, as a means to make the Bonds eligible investments for Deferred Plans, may be challenged by the CRA under the general anti-avoidance rule ("GAAR"). No advance income tax ruling or other comfort has been obtained from any professional firm as to whether or not GAAR would apply in this case. The general comments of Grant Thornton LLP referred to under Item 6 Income Tax Consequences and Deferred Plan Eligibility does not address GAAR.
12. The Corporation's Class A Shares are held collectively by Target and Thomas Beyer. Pursuant to the ABCA and the constating documents of the Corporation, the holders of the Corporation's Class A Shares have the exclusive right to elect, change and remove the directors of the Corporation. Target has majority voting control of the Corporation and there is no agreement that restricts Target's ability to vote its Class A Shares of the Corporation. Consequently, Target can change the directors of the Corporation and Thomas Beyer does not have a mechanism to ensure that he will remain the director of the Corporation. Accordingly there is no assurance that the director(s) of the Corporation will remain the same as disclosed in this Offering Memorandum.
13. Bondholders will have no right to vote on matters relating to the Corporation. Exclusive authority and responsibility for managing the Corporation rests with management of the Corporation and those persons, consultants and advisors retained by management on behalf of the Corporation. Accordingly, Subscribers should appreciate that they will be relying on the good faith, experience, expertise and ability of the directors and officers of the Corporation and other parties for the success of the business of the Corporation.
14. The success of the Corporation is dependent upon, among other things, the services of key personnel. The loss of any of these individuals, for any reason, could have a material adverse affect on the prospects of the Corporation. Failure to retain or to attract additional key employees with necessary skills could have a material adverse impact upon the Corporation's growth and profitability. The Corporation does not maintain key man insurance for any of its directors, officers or employees. The contributions of these individuals to the immediate future operations of the Corporation is likely to be of central importance and the loss of any one of these individuals could have a material adverse affect on the business of the Corporation.

15. The director and officer of the Corporation will not be devoting all of his time to the affairs of the Corporation, but will be devoting such time as required to effectively manage the Corporation. The director and officer of the Corporation are engaged and will continue to be engaged in the search for business prospects on his own behalf and on behalf of others.
16. The director and officer of the Corporation is also a director, officer and shareholder of the General Partner of the Partnership and as such control the distribution of funds from the Partnership to its limited partners, such as the Corporation. The Corporation's ability to repay the principal and interest under the Bonds and make any distributions of Net Profits pursuant to the Participating Interest will be dependent on the return on its investment in the Partnership.
17. There are additional potential conflicts of interest to which the director and officer of the Corporation will be subject in connection with the operations of the Corporation. Situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies under the ABCA.
18. The Corporation has limited operational history and no history of earnings. Accordingly, there is limited information available to a Subscriber upon which to base an evaluation of the Corporation and its business and prospects. The Corporation is in the early stages of its business and therefore is subject to the risks associated with early stage companies, including start-up losses, uncertainty of revenues, markets and profitability, the need to raise additional funding, the evolving and unpredictable nature of the Corporation's business and the ability to identify, attract and retain qualified personnel. There can be no assurance that the Corporation will be successful in doing what it is required to do to overcome these risks. No assurance can be given that the Corporation's business activities will be successful.
19. An investment in the Bonds of the Corporation is an illiquid investment. There is currently no market through which the Bonds of the Corporation may be sold. The Corporation is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the securities. Accordingly, Subscribers will be unable to sell the securities of the Corporation, subject to some exceptions. See Item 10 Resale Restrictions.
20. The Corporation's short and long term objective is to acquire the Class A LP Units. The Corporation will not carry on any other business other than holding the Class A LP Units acquired by the Corporation. The Corporation's sole source of revenue is expected to be from distributions made by the Partnership to their limited partners. A return on investment for a Subscriber for Bonds is dependent upon the Partnership's ability to create a return for their Class A LP Unit holders such as the Corporation. As a result, there is no assurance or guarantee that the Corporation and, correspondingly, Subscribers will earn a return of their investment in the Bonds.
21. Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any regulatory authorities.
22. As the sole asset of the Corporation will be the Class A LP Units it acquired pursuant to the Partnership Offering, the ability of the Corporation to pay interest on, or redeem the Bonds is dependent on the distributions it receives from the Partnership with respect to Class A LP Units acquired by the Corporation. As such, the risks applicable to the Partnership and the Class A LP Units are also of particular significance to an investment in the Bonds. See Item 8 – Risk Factors, in the Partnership Offering Memorandum. Subscribers should review these risks with their legal and financial advisors.

ITEM 9 - REPORTING OBLIGATIONS

9.1 Reporting to Bondholders

The Corporation is not a reporting issuer in any jurisdiction. It is therefore not required to disclose material changes which occur in its business and affairs, nor is it required to file with any securities regulatory authorities or provide to Bondholders audited interim financial statements or audited year-end financial statements of the Corporation.

The Corporation will not provide Bondholders with any financial statements of the Corporation.

Financial or other information relating to the Corporation and provided to you in the future may not by itself be sufficient for your needs to enable you to prepare your income tax returns or to assess the performance of your investment.

ITEM 10 - RESALE RESTRICTIONS

These Bonds are subject to a number of resale restrictions under securities legislation, including a restriction on trading. Unless or until the restrictions on trading expire, you will not be able to trade the Bonds unless you are eligible to rely on and comply with an exemption from the prospectus and registration requirements under securities legislation. For information about these resale restrictions you should consult a lawyer.

10.1 General Statement

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

10.2 Restricted Period

Unless permitted under securities legislation, you cannot trade the Bonds without an exemption before the date that is 4 months and a day after the date the Corporation becomes a reporting issuer in any province or territory of Canada.

The Corporation does not intend to become a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restrictions

For Manitoba residents, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- the Corporation has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus; or
- you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

ITEM 11 - PURCHASERS' RIGHTS

If you purchase the Bonds you will have certain rights, some of which are described below. For complete information about your rights, you should consult a lawyer.

Two Day Cancellation Right for a Subscriber

You can cancel your agreement to purchase the Bonds. To do so, you must send a notice to the Corporation before midnight on the second business day after you sign the Subscription Agreement in respect of the Bonds.

Rights of Action in the Event of a Misrepresentation

Applicable securities laws in the Offering Jurisdictions provide you with a remedy to sue to cancel your agreement to buy these securities or for damages if this Offering Memorandum, or any amendment thereto, contains a misrepresentation. Unless otherwise noted, in this section, a "misrepresentation" means an untrue statement or omission of a material fact that is required to be stated or that is necessary in order to make a statement in this Offering Memorandum not misleading in light of the circumstances in which it was made.

These remedies are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the Persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. In addition, these remedies, or notice with respect thereto, must be exercised or delivered, as the case may be, by you within the strict time limit prescribed in the applicable securities laws.

The applicable contractual and statutory rights are summarized below. By its execution of the Subscription Agreement, the Corporation will be deemed to have granted these rights to you. Subscribers should refer to the applicable securities laws of their respective Offering Jurisdiction or the particulars of these rights or consult with professional advisors.

Statutory Rights of Action of Purchasers in British Columbia

Securities legislation in British Columbia provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages against the Corporation, every director of the Corporation at the date of the Offering Memorandum or any person who signed the Offering Memorandum. The purchaser may also elect to exercise a right of rescission against the Corporation in which case the purchaser has no right of action for damages. Purchasers should refer to the applicable provisions of the British Columbia securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below. If there is a misrepresentation in this Offering Memorandum, purchasers have a statutory right to sue:

- (a) the Corporation to cancel their agreement to buy the Bonds; or
- (b) for damages against the Corporation, directors of the issuer at the date of the Offering Memorandum and any person who signed the Offering Memorandum (collectively defined as the "Insiders" for this section).

If this Offering Memorandum or any amendment thereto contains a misrepresentation and it was a misrepresentation on the date of investment, a purchaser to whom such Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against the Insiders. A purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation, if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation:

- (a) the purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Insiders;
- (b) the Insiders are not liable under subsection (a) if the Corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation;
- (c) in an action for damages pursuant to subsection (a), the Insiders are not liable for all or any portion of the damages that the Insiders prove do not represent the depreciation in value of the security as a result of the misrepresentation relied on;
- (d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and
- (e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

Statutory Rights of Action of Purchasers in Alberta

Securities legislation in Alberta provides that every purchaser of securities pursuant to this Offering Memorandum shall have, in addition to any other rights they may have at law, a right of action for damages or rescission, or both, against the Corporation or selling security holder on whose behalf the distribution is made if the Offering Memorandum or any amendment thereto contains a misrepresentation. However, such rights must be exercised within prescribed time limits. Purchasers should refer to the applicable provisions of the Alberta securities legislation for particulars of those rights or consult with a lawyer. This right of action may be summarized as set forth below.

If there is a misrepresentation in this Offering Memorandum, purchasers have a statutory right to sue:

- (a) the Corporation to cancel their agreement to buy the Bonds; or
- (b) for damages against the Corporation, directors of the issuer at the date of the Offering Memorandum and every person who signed this Offering Memorandum.

This statutory right to sue is available to the purchaser whether or not the purchaser relied on the misrepresentation. However, there are various defences available to the persons or companies that the purchaser has the right to sue. In particular, the Corporation would have a defence if the purchaser knew of the misrepresentation when the purchaser purchased the Bonds.

If the purchaser intends to rely on the rights described in (a) or (b) above, the purchaser must do so within strict time limitations. The purchaser must commence its action to cancel the agreement by notice to the Corporation within 180 days and must commence its action for damages by notice to the Corporation within one year from the date of the transaction.

If this Offering Memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact which is required to be stated or which is necessary in order to make any statement therein not misleading in light of the circumstances in which it was stated (herein called a "misrepresentation") and it was a misrepresentation on the date of investment, a purchaser to whom this Offering Memorandum was delivered and who purchases securities shall have a right of action for rescission or alternatively for damages against the Corporation, while still the owner of any of the securities offered hereunder, provided that, if the Offering Memorandum contains a misrepresentation, a purchaser who purchases a security offered by the Offering Memorandum during the period of distribution shall be deemed to have relied on the representation if it was a misrepresentation at the time of purchase, and has a right of action for damages against the Corporation:

- (a) the purchaser may elect to exercise a right of rescission against the Corporation in which case the purchaser does not have a right of action for damages against the Corporation;
- (b) the Corporation is not liable under subsection (a) if the Corporation proves that the purchaser purchased the securities with knowledge of the misrepresentation;

- (c) in an action for damages pursuant to subsection (a), the Corporation is not liable for all or any portion of the damages that the Corporation proves does not represent the depreciation in value of the security as a result of the misrepresentation relied on;
- (d) in no case shall the amount recoverable by the purchaser exceed the price at which the securities were sold to the purchaser; and
- (e) the right of action for damages or rescission will be in addition to any other right or remedy available to the purchaser at law.

Statutory Rights of Action for Subscribers in the Province of Saskatchewan

In the event that this Offering Memorandum and any amendment thereto or advertising or sales literature used in connection therewith delivered to a purchaser of the securities resident in Saskatchewan contains an untrue statement of a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities (herein called a "material fact") or omits 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 (herein called a "misrepresentation"), a purchaser will be deemed to have relied upon that misrepresentation and will have a right of action for damages against the Corporation, the promoters and "directors" (as defined in *The Securities Act, 1988* (Saskatchewan)) of the Corporation, every person or company whose consent has been filed with this Offering Memorandum or amendment thereto but only with respect to reports, opinions or statements that have been made by them, every person who signed this Offering Memorandum or any amendment thereto, and every person who or company that sells the securities on behalf of the Corporation under this Offering Memorandum or amendment thereto.

Alternatively, where the purchaser purchased the securities from the Corporation, the purchaser may elect to exercise a right of rescission against the Corporation.

In addition, where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the securities and the verbal statement is made either before or contemporaneously with the purchase of the securities, the purchaser has a right of action for damages against the individual who made the verbal statement.

No persons or company is liable, nor does a right of rescission exist, where the persons or company proves that the purchaser purchased the securities with knowledge of the misrepresentation. In an action for damages, no persons or company will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied on.

No action shall be commenced to enforce these rights more than:

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

These rights are (i) in addition to and do not derogate from any other right the purchaser may have at law; and (ii) subject to certain defences as more particularly described in *The Securities Act, 1988* (Saskatchewan).

Statutory Rights of Action for Subscribers in the Province of Manitoba

In the event that this Offering Memorandum (including any amendment hereto) delivered to a purchaser of Bonds resident in Manitoba, contains a misrepresentation and it is a misrepresentation at the time of purchase, the purchaser shall be deemed to have relied upon the misrepresentation and shall have, in addition to any other rights they may have at law: (a) a right of action for damages against (i) the Corporation, (ii) every director of the Corporation at the date of this Offering Memorandum (collectively, the "Directors"), and (iii) every person or company who signed this Offering Memorandum (collectively, the "Signatories"); and (b) a right of rescission against the Corporation.

If a misrepresentation is contained in a record incorporated by reference in, or is deemed to be incorporated into this Offering Memorandum, the misrepresentation is deemed to be contained in this Offering Memorandum.

A purchaser may elect to exercise a right of rescission against the Corporation, in which case the purchaser will have no right of action for damages against the Corporation, Directors or Signatories.

The Corporation, the Directors and Signatories will not be liable if they prove that the purchaser purchased Bonds with knowledge of the misrepresentation.



All persons or companies referred to above that are found to be liable or accept liability are jointly and severally liable. A person or company who is found liable to pay a sum in damages may recover a contribution, in whole or in part, from a person who is jointly and severally liable to make the same payment in the same cause of action unless, in all the circumstances of the case, the court is satisfied that it would not be just and equitable.

A Director or Signatory will not be liable:

- (a) if they prove this Offering Memorandum was sent or delivered to the purchaser without their knowledge or consent and, on becoming aware of its delivery, gave reasonable notice to the Corporation that it was delivered without their knowledge and consent;
- (b) if they prove that, after becoming aware of a misrepresentation in this Offering Memorandum, they withdrew their consent to this Offering Memorandum and gave reasonable notice to the Corporation of their withdrawal and the reasons therefore;
- (c) if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, a report, opinion or statement of an expert ("Expert Opinion"), such person proves they did not have any reasonable grounds to believe and did not believe that there was a misrepresentation or that the relevant part of this Offering Memorandum did not fairly represent the Expert Opinion or was not a fair copy of, or an extract from, such Expert Opinion; or
- (d) with respect to any part of this Offering Memorandum not purporting to be made on an expert's authority, or not purporting to be a copy of, or an extract from an Expert Opinion, unless the Director or Signatory (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed there had been a misrepresentation.

In an action for damages, the Corporation, the Directors and Signatories will not be liable for all or any part of the damages that they prove do not represent the depreciation in value of the Bonds as a result of the misrepresentation relied upon. The amount recoverable under the right of action shall not exceed the price at which the Bonds were offered for sale.

A purchaser of Bonds to whom this Offering Memorandum was not delivered prior to such purchase in circumstances where such Offering Memorandum was required to be delivered has a right of rescission or a right of action for damages against the Corporation or any dealer who failed to deliver the Offering Memorandum within the prescribed time.

A purchaser of Bonds to whom the Offering Memorandum is required to be sent may rescind the contract to purchase the Bonds by sending a written notice of rescission to the Corporation not later than midnight on the second day, excluding Saturdays, Sundays and statutory holidays, after the purchaser signs the agreement to purchase the Bonds.

Unless otherwise provided under applicable securities legislation, no action shall be commenced to enforce a right of action unless the right is exercised not later than:

- (a) in the case of rescission, 180 days from the day of the transaction that gave rise to the cause of action; or
- (b) in the case of an action, other than an action for rescission, the earlier of (i) 180 days from the day the purchaser first had knowledge of the facts giving rise to the cause of action; or (ii) two years from the day of the transaction that gave rise to the cause of action.

The rights discussed above are in addition to, and without derogation from, any other right or remedy which purchasers may have at law and are intended to correspond to the provisions of *The Securities Act* (Manitoba) and are subject to the defences contained therein.

Statutory Rights of Action of Purchasers in Ontario

Section 6.2 of Ontario Securities Commission Rule 45-501 ("Rule 45-501") provides that when an offering memorandum is delivered to a prospective purchaser resident in the Province of Ontario to whom securities are sold in reliance upon the prospectus exemption contained in section 2.3 [*accredited investor*] or section 2.10 [*minimum amount investment for non-individuals only*] of National Instrument 45-106, the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) (the "Act") shall be described in the offering memorandum.

Section 130.1 of the Act and Rule 45-501 provide that in the event that this Offering Memorandum, together with any amendments hereto, is delivered to a prospective purchaser in the Province of Ontario and contains an untrue statement of a material fact or omits 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, a purchaser in Ontario who purchases securities offered by this Offering Memorandum (other than a purchaser purchasing under the accredited investor exemption that is a Canadian financial institution or a Schedule III Bank, the Business Development Bank of Canada incorporated under the *Business*

Development Bank of Canada Act (Canada) or a subsidiary of any such entity if the such entity owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) will have a right of action against the Corporation for damages or rescission as follows:

- (a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario, only if the investor gives written notice to the Corporation, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the Corporation not later than the earlier of:
 - (i) 180 days after the investor had knowledge of the facts giving rise to the course of action; or
 - (ii) three years after the date of the transaction giving rise to the cause of action;
- (b) the Corporation will not be liable if it proves that the investor purchased securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Corporation will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the securities as a result of the misrepresentation that the investor relied upon;
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and
- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

Reference is made to the *Securities Act* (Ontario) for the complete text of the provisions under which these rights are conferred and this summary is subject to the express provisions of the *Securities Act* (Ontario).

The securities laws of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario are complex. Reference should be made to the full text of the provisions summarized above relating to rights of action.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them. The rights discussed above are in addition to and without derogation from any other rights or remedies, which subscribers may have at law.

THE FOREGOING IS A SUMMARY ONLY AND SUBJECT TO INTERPRETATION. REFERENCE SHOULD BE MADE TO THE APPLICABLE SECURITIES LEGISLATION, THE REGULATIONS AND THE RULES THEREUNDER FOR THE COMPLETE TEXT OF THE PROVISIONS UNDER WHICH THE FOREGOING RIGHTS ARE CONFERRED. THE FOREGOING SUMMARY IS SUBJECT TO THE EXPRESS PROVISIONS THEREOF.



BUCHANAN BARRY LLP
CHARTERED ACCOUNTANTS

June 9, 2015

Board of Directors
Prestigious Properties Kings Castle RRSP V Inc.
912 - 743 Railway Ave
Canmore, Alberta
T1W 1P2

Re: Offering Memorandum issued by Prestigious Properties Kings Castle RRSP V Inc.

We have read the offering memorandum of Prestigious Properties Kings Castle RRSP V Inc. (the "Company") dated May 27, 2015 related to the offering of up to a maximum of 639 Bonds. We have complied with Canadian auditing standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned offering memorandum of our report to the shareholders of Prestigious Properties Kings Castle RRSP V Inc. on the statement of financial position as at December 31, 2014 and the statements of loss and comprehensive loss, partners' capital and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. Our report is dated May 7, 2015.

This letter is provided solely for the purpose of assisting the Board of Directors to which it is addressed in discharging their responsibilities and should not be used for any other purpose. Any use that a third party makes of this letter, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this letter.

Yours very truly,

Buchanan Barry LLP

CHARTERED ACCOUNTANTS

800, 840 - 6th Avenue SW
Calgary, AB, Canada, T2P 9E5

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Serving Calgary since 1960,
with associated offices
across Canada and affiliated
internationally.



PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Index to Financial Statements

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

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Text



Text

BUCHANAN BARRY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Prestigious Properties Kings Castle RRSP V Inc.

We have audited the accompanying financial statements of Prestigious Properties Kings Castle RRSP V Inc., which comprise the statement of financial position as at December 31, 2014 and the statements of loss and comprehensive loss, deficit and cash flows for the eight month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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.

Text

Text

Independent Auditors' Report to the Shareholders of Prestigious Properties Kings Castle RRSP V Inc.
(continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Prestigious Properties Kings Castle RRSP V Inc. as at December 31, 2014 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

Buchanan Barry LLP

Calgary, Alberta
May 7, 2015

CHARTERED ACCOUNTANTS

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Statement of Financial Position

December 31, 2014

(Expressed in Canadian Dollars)

		2014
ASSETS		
CURRENT		
Cash	\$	33
NON-CURRENT		
Investment in Kings Castle Limited Partnership (Note 4)		<u>554,813</u>
	\$	<u>554,846</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$	781
Due to related party (Note 5)		<u>2,795</u>
		3,576
NON-CURRENT		
Bonds payable (Note 6)		<u>552,469</u>
		<u>556,045</u>
CAPITAL DEFICIENCY		
SHARE CAPITAL (Note 7)		100
DEFICIT		<u>(1,299)</u>
		<u>(1,199)</u>
	\$	<u>554,846</u>

APPROVED ON BEHALF OF THE BOARD

Director

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Statement of Loss and Comprehensive Loss

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

REVENUE	
Interest	<u>\$ 9,813</u>
EXPENSES	
Bond interest	7,469
Trust fees	<u>3,643</u>
	<u>11,112</u>
NET LOSS BEING COMPREHENSIVE LOSS	<u>\$ (1,299)</u>
NET LOSS PER SHARE	<u>\$ (12.99)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>100</u>

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Statement of Deficit

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

RETAINED EARNINGS - Beginning of period	\$ -
NET LOSS	<u>(1,299)</u>
DEFICIT - End of period	<u>\$ (1,299)</u>

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Statement of Cash Flows

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

OPERATING ACTIVITIES

Net loss being comprehensive loss	\$ (1,299)
Change in non-cash working capital:	
Accounts payable and accrued liabilities	<u>781</u>
	<u>(518)</u>

INVESTING ACTIVITY

Purchase of investments in Kings Castle Limited Partnership	<u>(554,813)</u>
---	------------------

FINANCING ACTIVITIES

Advances from related party	2,795
Proceeds on issuance of bonds	552,469
Proceeds on issuance of share capital	<u>100</u>
	<u>555,364</u>

INCREASE IN CASH

33

CASH - Beginning of period

-

CASH - End of period

\$ 33

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Notes to Financial Statements

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Prestigious Properties Kings Castle RRSP V Inc. (the "Company") is a private company incorporated on April 9, 2014 under the provisions of the Business Corporations Act (Alberta). The registered address for the Company is 912 - 743 Railway Avenue, Canmore, Alberta, T1W 1P2.

The Company is in the business of obtaining financing to fund and invest in partnership units of Kings Castle Limited Partnership ("Kings Castle LP") which is in the business of acquiring real property, earning income from its rental operations and eventual disposal.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements for the eight month period ended December 31, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement and Preparation

The financial statements have been prepared on the historical cost basis except for the following:

- (i) Financial instruments at fair value through profit or loss are measured at fair value.

The methods used to measure fair values are discussed in Note 3 and 8.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of Estimates, Judgments and Assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates and assumptions include the recoverability of the investment in Kings Castle LP and the estimated fair values of financial instruments resulting in financial assets and liabilities which, by their very nature, are subject to measurement uncertainty.

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Notes to Financial Statements

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Company:

Cash and cash equivalents

Cash consists of cash on hand and bank deposits. Highly liquid investments with maturities of three months or less at the date of purchase are considered to be cash equivalents.

Financial instruments policy

Financial instruments include cash, investment in Kings Castle LP, accounts payable and accrued liabilities, due to related party and bonds. Financial instruments are recognized initially at fair value net of any direct attributable transaction costs. Subsequent to initial recognition financial instruments are measured in one of the following categories: financial assets and financial liabilities measured at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or other financial liabilities.

Financial assets and liabilities at fair value through profit or loss

An instrument is classified at fair value through profit or loss ("FVTPL") if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Upon initial recognition related transaction costs are recognized in income when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized as income.

Financial assets at FVTPL include cash.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Investments measured at cost include investments in Kings Castle LP.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method if the time value of money is significant.

Financial assets classified as loans and receivables include subscriptions receivable of which there were none at December 31, 2014.

Other financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities at FVTPL.

Financial liabilities classified as other financial liabilities include accounts payable and accrued liabilities, due to related party and bonds.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Notes to Financial Statements

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share capital

Preferred shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effects.

Income taxes

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is measured using the 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. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable net income will be available against the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses that can be utilized. Deferred tax relating to items recognized directly in equity, including other comprehensive income, are recognized in income.

Deferred tax assets and liabilities are recognized at expected tax rates in effect in the year when the asset is expected to be realized or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The effect of a change to the tax rate on the future tax assets and liabilities is recognized in net income when substantively enacted. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Partnership distributions and interest income are recognized as income in the period they are received.

Net income per share

The number of preferred shares outstanding is the weighted average number of preferred shares outstanding for each period. Preferred shares issued during the period are included in the weighted average number of preferred shares from the date consideration is receivable. The calculation of basic earnings per preferred share is based on net income attributable to shareholders divided by the weighted average number of preferred shares outstanding.

There are no dilutive shares issued and outstanding.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Notes to Financial Statements

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounting standards issued not yet applied

IFRS 9 - Financial Instruments

In July 2014, the IASB published the final version of IFRS 9 - Financial Instruments which replaces the provisions of IAS 39 - Financial Instruments: Recognition and Measurement. It requires financial assets to be measured at amortized cost or at fair value on the basis of the entity's business model for managing assets. It also changes the accounting for financial liabilities measured using the fair value option. Also, this standard proposes a new accounting model related to the recognition of the expected credit losses. It requires the entity to recognize expected credit losses on financial assets using current estimates of expected shortfalls in cash flows on those instruments as at the reporting date. Recognition of credit losses would no longer be dependent on the entity first identifying credit loss events. The standard modifies the hedge accounting model, which aims to present in the financial statements the effect of risk management activities. The provisions of this new standard will apply to financial statements beginning on or after January 1, 2018. Early adoption is permitted. Implementation of this standard is not expected to have a significant impact to the Company.

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers which replaces the previous revenue Standards: IAS 18 - Revenue and IAS 11 - Construction Contracts and the related Interpretations on revenue recognition: IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC-31 - Revenue - Barter Transactions Involving Advertising Services. The new standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognize. The core principle in the new framework is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Areas that will be affected from the existing practice include practices such as incidental obligations and sales incentives, contingent revenue cap, no observable selling price, licences, timing of revenue recognition, estimates of variable consideration, significant financing components, and disclosure. IFRS 15 includes a comprehensive set of disclosure requirements that require a company to disclose qualitative and quantitative information about its contracts with customers to help investors understand the nature, amount, timing, and uncertainty of revenue. The provisions of this new standard will apply to financial statements beginning on or after January 1, 2017. Early adoption is permitted. Implementation of this standard is not expected to have a significant impact to the Company.

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Notes to Financial Statements

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

4. INVESTMENT IN KINGS CASTLE LP

	# of Units	Investment
Balance, beginning of period	-	\$ -
Units acquired	109.000	545,000
DRIP units issued	1.875	9,375
Cash distribution income	-	438
Balance, end of period	110.875	\$ 554,813

The Company makes distributions to bond holders on a quarterly basis. Distributions made through the Distribution Reinvestment Plan ("DRIP") are paid at 6% of the outstanding units.

5. RELATED PARTY TRANSACTIONS

Kings Castle LP, an entity related to the Company through common management and a common director, has agreed to pay all annual fees and capital raising fees to the Company's majority shareholder, Target Capital Inc. on the Company's behalf.

Pursuant to an agreement dated April 10, 2014 between the Company and Target Capital Inc. ("Target"), the Company has agreed:

- a) To pay Target an annual fee equal to \$2,500 plus 1/2 of 1% of the amount of capital raised from deferred plans by the Company that is in excess of \$500,000, plus applicable taxes; and
- b) to pay Target a capital raising fee on all capital raised in excess of \$500,000 equal to 1/2 of 1%, plus applicable taxes, of the total deferred capital raised by the Company during each year.

The above agreement remains in effect for a two year period. As at December 31, 2014, payments totaling \$2,861 have been made on the Company's behalf. This amount, less bank charges of \$66 for a total of \$2,795 is due to Kings Castle LP at year-end.

In addition, within accounts payable and accrued liabilities at year-end there is \$781 related to Kings Castle LP.

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Notes to Financial Statements

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

6. BONDS

Bonds consist of two series, Series 5 and Series 6, of unsecured debt obligations which carry interest at a rate of 5% and 6% per annum respectively.

Subject to the Company's right of early redemption, 99% of the principal amount of the bonds shall mature on December 31, 2021 (the "Primary Maturity Date"). The Company shall redeem 99% of the principal amount of the bonds on that date through the payment of 99% of the principal amount of the bonds and all accrued and unpaid interest thereon.

The Company shall pay the remaining 1% of the principal amount and all accrued and unpaid interest thereon to the bondholders on the final participating interest distribution date, which is no later than 180 days from the date on which the Company receives its last distribution of cash or property to which it is entitled as a limited partner of the Partnership.

Series 5 Bonds

Each Series 5 Bond will entitle the holder to 5% interest per annum from the date of issue, payable on March 31, June 30, September 30 and December 31 of each year during the term of the Series 5 Bonds. During the period, the Company issued seven Series 5 Bonds for total proceeds of \$35,000.

During the eight month period ended December 31, 2014, the Company accrued \$438 in interest payable on the Series 5 bonds.

Series 6 Bonds

Each Series 6 Bond will entitle the holder to 6% interest per annum from the date of issue, to be paid in a lump sum on the Primary Maturity Date. Bondholders holding Series 6 Bonds shall share, on a pro-rata basis in the Net Profits of the Company resulting from the acquisition of Class A Limited Partnership Units from proceeds raised from the issue of Series 6 Bonds by the Company together with any Net Profits arising from the acquisition of Class A Limited Partnership Units by the Company through the Company's participation in the Partnership's Distribution Reinvestment Plan. During the period, the Company issued 102 Series 6 Bonds for total proceeds of \$510,000.

During the eight month period ended December 31, 2014, the Company accrued \$7,031 in interest payable on the Series 6 bonds.

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Notes to Financial Statements

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized:

Unlimited Class A Preferred voting shares, which are not entitled to participate in the profits of the Company and are not entitled to receive any dividends; on windup of the Company an amount equal to the paid up capital per share will be distributed or if there is insufficient property or assets to return that entire amount, the amount available for distribution shall be distributed to the shareholders on a pro rata basis after any bondholders have received the amount including the face value of their bond together with any accrued interest thereon. Upon liquidation of the Company, the bondholders as described in Note 6 are entitled to the face value of their bonds together with any accrued interest up to the date of payment in priority to distribution of the Company's assets to the Class A Preferred shareholders.

Unlimited Class B Common non-voting shares, having the right, subject to any other class or series of shares of the Company, to receive dividends when and if declared, and having the right, subject to any preferential rights attaching to any bonds issued by the Company, to share in the remaining property of the Company upon dissolution after all Class A shareholders have received payment of the aggregate amount of paid up capital. No dividends may be declared or paid if payment of the dividend would cause the realizable value of the Company's assets to be less than the aggregate of its liabilities and the amount required to redeem any bonds issued by the Company then outstanding having attached thereto a right of redemption or retraction.

Class A Preferred Shares Issued:

Opening
Issued

Ending

Shares	Amount
-	\$ -
10,000	100
10,000	\$ 100

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Notes to Financial Statements

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

8. FAIR VALUE MEASUREMENT

As of December 31, 2014 the carrying value of accounts payable and accrued liabilities and due to related party included in the statement of financial position approximate fair value due to the short term nature of those instruments.

Level 1 Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted market prices. The carrying value of cash is measured based on this approach.

Level 2 Fair Value Measurements

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. The Company has no financial instruments measured based on this approach.

Level 3 Fair Value Measurements

Level 3 fair value measurements are based on unobservable information. The Company has no financial instruments measured based on this approach.

The Company's policy is to recognize transfers between fair value hierarchy levels as the date of event or change in circumstances which caused the transfer. There were no transfers in or out of any levels of the fair value hierarchy during the eight month period ended December 31, 2014.

9. FINANCIAL INSTRUMENTS

(a) Risk Management Overview

The Company's activities expose it to a variety of financial risks that arise as a result of its operating and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Notes to Financial Statements

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS *(continued)*

Credit Risk

The Company is exposed to credit risk resulting from the possibility that parties may default on their financial obligations.

The Company's credit risk exposure on cash is minimized substantially by ensuring that cash is held with credible financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

The carrying amount of subscriptions receivable as at December 31, 2014 was \$Nil.

Company manages credit risk on financial assets with related parties by entering into such transactions under normal commercial terms.

The carrying amount of cash and subscriptions receivable represents the maximum credit exposure.

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 manages its liquidity by avoiding bank or other debt due on demand, monitoring cash flows from operating activities, managing maturity profiles of financial assets and liabilities and monitoring its risk management program. These activities assure sufficient funds are available to meet its financial obligations when due. All contractual maturities for financial liabilities as at December 31, 2014 mature within one year, except for bonds. Bonds mature on December 31, 2021 as outlined in Note 6.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's net earnings or the value of financial instruments. The objective of the Company is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Interest Rate Risk Management

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Company is exposed to interest rate price risk to the extent that the bonds are at a fixed rate of interest.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

Notes to Financial Statements

Eight Month Period Ended December 31, 2014

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS *(continued)*

(b) Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company defines capital as net assets. The Company manages capital by monitoring cash flows and obtains capital where needed from its shareholders.

10. SUBSEQUENT EVENT

Subscription certificates were signed subsequent to year-end for total proceeds of \$1,345,000.

11. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on May 6, 2015.

ITEM 13 - DATE AND CERTIFICATE

Dated: May 27, 2015

This Offering Memorandum and the Partnership Offering Memorandum do not contain a misrepresentation.

SIGNED "THOMAS BEYER"

Thomas Beyer, President

ON BEHALF OF THE BOARD OF DIRECTORS OF PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

SIGNED "THOMAS BEYER"

Thomas Beyer, Director

ON BEHALF OF THE PROMOTERS

SIGNED "THOMAS BEYER"

Thomas Beyer

SIGNED "RONALD DAVID (SCOTTY) GRUBB"

Ronald David (Scotty) Grubb

SIGNED "MIKE HAMMERLINDL"

Mike Hammerlindl

SCHEDULE G TO THE OFFERING MEMORANDUM OF
PRESTIGIOUS PROPERTIES KINGS CASTLE RRSP V INC.

DATED MAY 27, 2015

THE PARTNERSHIP OFFERING MEMORANDUM

DATED MAY 27, 2015

OFFERING MEMORANDUM

Alberta, British Columbia, Saskatchewan, Manitoba and Ontario

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. 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 8 "Risk Factors".

Date: May 27, 2015
Issuer Name: KINGS CASTLE LIMITED PARTNERSHIP (the "Partnership")
Head Office: 912 – 743 Railway Ave.
Canmore, Alberta, T1W 1P2
Phone #: (403) 678-3330
Fax #: (403) 770-8885
Email: investor@prestprop.com
Currently Listed or Quoted? These securities do not trade on any exchange or market.
Reporting Issuer? No.
SEDAR Filer? No.

The Offering

Securities Offered:	639 Class A limited partnership units (referred to herein as the "Class A Units" or the "securities") of the Partnership.
Price per Security:	A minimum of \$5,000 per Class A Unit. See Item 5.1 "Terms of Securities".
Minimum/Maximum Offering:	To date the Partnership has issued 2,495 Class A Units pursuant to the Previous Offerings (as defined herein) and as such, this Offering is not subject to any minimum amount. You may be the only purchaser. Maximum offering is 639 Class A Units (for maximum subscription proceeds of \$3,195,000).
Minimum Individual Subscription:	The minimum subscription amount per investor is two (2) Class A Units (a minimum of \$10,000), or such lesser number of Class A Units as the General Partner may in its sole Discretion accept. See Item 5.1 "Terms of Securities".
Available Funds:	Funds available under this offering may not be sufficient to accomplish our proposed objectives.
Payment Terms:	Certified cheque or bank draft on closing.
Proposed Closing Date(s):	Closings will take place periodically at the Partnership's discretion.
Income Tax Consequences:	There are important tax consequences to these securities. Class A Units are not qualified investments for Deferred Plans. See Item 6 "Income Tax Consequences".
Selling Agent:	Where allowed by applicable securities legislation, the Partnership intends to pay compensation of up to eight percent (8%) of the gross proceeds realized on the sale of Class A Units under this Offering to any one of, or a combination of, the following parties: unrelated investment dealers, unrelated, non-registered market participants, related and unrelated Exempt Market Dealers and/or their dealing representatives, parties related to the General Partner, employees and/or contractors of such parties, unrelated and related referral agents. In the event that the officers or directors of the General Partner affect a sale of Class A Units under this Offering, the General Partner will receive compensation of up to six percent (6%) of the gross proceeds of such a sale and no other commissions shall be paid for that sale to any other party. The Partnership will pay the General Partner an administration fee equal to one percent (1%) of the gross proceeds from the sale of Class A Units issued by the Partnership. See Item 7 "Compensation Paid to Sellers and Finders".
Resale Restrictions:	Class A Units purchased pursuant to this Offering are subject to restrictions on resale. There is no market for the Class A Units and none is expected to develop and therefore, it may be difficult or impossible for the Subscriber to sell them. You will be restricted from selling your Class A Units for an indefinite period. See Item 10 "Resale Restrictions".
Purchasers' Rights:	You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to either sue for damages or to cancel your subscription agreement. See Item 11 "Purchasers' Rights".

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

DEFINITIONS

The following are definitions of certain terms used in this Offering Memorandum:

"Acquisition Fee" shall have the meaning provided for in Item 2.1 (4) herein.

"Act" means the *Partnership Act* (Alberta).

"Administration Fee" means that fee payable by the Partnership to the General Partner as described herein in *Item 2.1 "Legal Structure – Fees Paid to the General Partner"*.

"Capital Contribution" shall have the meaning as provided for in Section 7.1 of the Partnership Agreement.

"Castle Harbour Mortgage" shall have the meaning ascribed to this term in *Item 2.2 "Our Business – Assets Acquired by the Partnership"*.

"Castlevue 1st Mortgage" shall have the meaning ascribed to this term in *Item 2.2 "Our Business – Assets Acquired by the Partnership"*.

"Castlevue 2nd Mortgage" shall have the meaning ascribed to this term in *Item 2.2 "Our Business – Assets Acquired by the Partnership"*.

"Certificate" means the certificate of limited partnership for the Partnership filed under the Act and all amendments thereto and renewals, replacements or restatements thereof.

"Class A Unit" means a single undivided interest of a Limited Partner in the Partnership consisting of those rights granted to Limited Partners holding Class A limited partnership units under the Partnership Agreement.

"Class B Unit" means a single undivided interest of a Limited Partner in the Partnership consisting of those rights granted to Limited Partners holding Class B limited partnership units under the Partnership Agreement.

"Day" means a calendar day of twenty-four hours from midnight to midnight, and, unless otherwise stipulated, includes Saturdays, Sundays, and statutory holidays.

"Discretion" means a sole, absolute and unfettered discretion without any requirement to be reasonable or to maintain an even hand, to be exercised as, when and however (including retroactively) deemed fit by the General Partner.

"DRIP Plan" means the Partnership's distribution reinvestment and unit purchase plan as more particularly described in Item 5 herein.

"DRIP Units" means the Class A Units issued by the Partnership to DRIP Plan participants as more particularly referred to in Item 5 herein.

"FPGL" means Fireside Property Group Ltd., a private Alberta corporation.

"Fiscal Year" has the meaning ascribed thereto in Section 2.6.1 the Partnership Agreement and **"Fiscal Quarter"** means a quarter of the Fiscal Year.

"General Partner" means Prestigious Properties Kings Castle GP Inc. in its capacity as the general partner of the Partnership only, or any person who from time to time is admitted as a successor general partner under the Partnership Agreement.

"General Partner Fees" means those fees to be paid by the Partnership to the General Partner as more particularly described in Item 2.1 (4) (a) – (c) herein.

"New Hawkwood Mortgage" shall have the meaning ascribed to this term in *Item 2.2 "Our Business – Assets Acquired by the Partnership"*.

"Limited Partner" means any person, firm, corporation or other entity who is accepted by the General Partner and any subsequent person, firm, corporation or other entity who acquires a Unit on a subsequent transfer from a Limited Partner.

"Market Value" means the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

"Maximum Offering" means the sale of 639 Class A Units (\$3,195,000).

"Mortgage Borrower" shall have the meaning ascribed to this term in *Item 2.2 Our Business*.

"Mortgage Financing" shall have the meaning ascribed to this term in *Item 2.2 Our Business*.

"Net Income" or **"Net Loss"** in respect of any Fiscal Year means, respectively, the Partnership's net gain or net loss for that Fiscal Year from the management or disposition of any Partnership assets after deducting all the Partnership's expenses in connection therewith.

"Offering" means the offering of up to 639 Class A Units pursuant to the terms of this Offering Memorandum.

"Offering Memorandum" means this offering memorandum dated May 27, 2015 as amended or supplemented.

"Partner" means either the General Partner or a Limited Partner, and **"Partners"** means both the General Partner and the Limited Partners.

"Partnership" means Kings Castle Limited Partnership.

"Partnership Agreement" means the Limited Partnership Agreement dated March 4, 2010, and amended January 17, 2011, made between the General Partner and Thomas Beyer, Scotty Grubb & Associates Ltd., Ryan Capital Corp., Charlie Bredo, Darlene Cox, Dustin Edwards, Don Rachinski, Ming Mian Chen, Pierre Doyon, Cliff Anderson and Wayne Hazel.

"PKC RRSP" means Prestigious Properties Kings Castle RRSP Inc., a private Alberta corporation related to the Partnership and General Partner by common officers, directors and shareholder.

"PKC RRSP V" means Prestigious Properties Kings Castle RRSP V Inc., a private Alberta corporation related to the Partnership and General Partner by common officers, directors and shareholder.

"PKC RRSP V Offering" shall have the meaning as provided for in Item 4.2 herein.

"Prestigious Properties Group" means the following group of entities, each of which are related to one or all of the officers, directors or shareholders of the General Partner: PrestProp West Edmonton Inc., PrestProp Europa Inc., Prestigious Properties Canada Ltd., Prestigious Properties Inc., Prestigious Properties Canada Three Inc., Prestigious Properties Canada Three Limited Partnership, Prestigious Capital Ltd., Prestigious Investments Ltd., Prestigious Properties Four Inc., Prestigious Properties Four Limited Partnership, Prestigious Properties USA Four Inc., Prestigious Properties Dallas Two LLC, Prestigious Capital Four Ltd., Prestigious Investments Four Ltd., Prestigious Investment & Management (PRISM) A – Inc., Prestigious Investment & Management (PRISM) A – Limited Partnership, Prestigious RRSP A Capital Inc., Prestigious RRSP Investment A Inc., Prestigious RRSP AA Capital Inc., Prestigious RRSP Investment AA Inc., Prestigious Properties Kings Castle RRSP Inc., Prestigious Properties Kings Castle RRSP V Inc., PrestProp Blackfalds MHP Inc. and Prestigious Properties Developments Inc.

"Previous Offerings" means the offerings made by the Partnership of Class A Units at a price range of \$4,000 - \$5,000 per Unit pursuant to offering memorandums dated March 23, 2010, April 25, 2011, April 4, 2012, March 1, 2013, May 21, 2014 and December 31, 2014 as more particularly described in Item 2.1.1 "Previous Offerings of Units".

"Pricing NAV of the Partnership" shall be determined by the General Partner from time to time and shall be calculated by subtracting the aggregate amount of the total liabilities of the Partnership, including accruing fees or liabilities as are to be taken into account as determined from time to time by the General Partner (including any fees accruing in favour of the General Partner), from the then fair market value of the assets of the Partnership after deducting the percentage of the fair market value of the assets of the Partnership that are attributable to the Class B Units in accordance with the distribution formula provided for in Section 8.6 of the Partnership Agreement at the time the calculation is made.

"Pricing NAV per Class A Unit" means the quotient obtained by dividing the dollar amount equal to the Pricing NAV of the Partnership by the total number of outstanding Class A Units, including fractions of Class A Units (before Class A Unit redemptions and subscriptions) at the close of business on the relevant Valuation Date.

"Prism A LP" means Prestigious Investment & Management (PRISM) A – Limited Partnership, limited partnership formed pursuant to the laws of the Province of Alberta. Prism A LP is a member of the Prestigious Property Group.

"Proportionate Share" of any amount at any time, means a fraction equal to the number of Units in a class of limited partnership units in which a Limited Partner is the registered holder at that time divided by the total number of issued and outstanding Units in that class at that time.

"Registrar and Transfer Agent" means the General Partner, or such other person who may be appointed from time to time by the General Partner to act as registrar and transfer agent for the Partnership.

"Related Party" or **"Related Parties"** means any of the following persons or any person affiliated or associated therewith within the meaning of the *Income Tax Act* (Canada):

- (i) any person who participates in the management of the Partnership, including the General Partner; or
- (ii) any director or officer of a corporation or partnership to which sub-paragraph (i) above applies.

"Spruce Vale Place Mortgage" shall have the meaning ascribed to this term in *Item 2.2 "Our Business – Assets Acquired by the Partnership"*.

"Subscription Form and Power of Attorney" means the Subscription Form and Power of Attorney to be executed by subscribers for Class A Units pursuant to this Offering.

"Subscription Price" means the amount paid for a Class A Unit pursuant to this Offering by a subscriber, from time to time, calculated in the manner set out in Item 5.1.G herein.

"Tax Act" means the Income Tax Act (Canada).

"Taxable Income" or **"Tax Loss"** in respect of any fiscal year, means, respectively, the amount of income or loss of the Partnership for that fiscal year as determined by the General Partner in accordance with the Tax Act and applicable provincial income tax legislation applying such policies as the General Partner in its discretion may adopt from time to time regarding such matters as the recognition of a deferral of income or expenses, to the extent permitted by such legislation.

"Unit" means a single undivided interest of a Limited Partner in the Partnership represented by the Class A and Class B Units of the Partnership consisting of those rights granted to such units under the Partnership Agreement and **"Units"** means collectively the Class A and Class B Units of the Partnership.

"Unit Certificate" means a certificate issued by the Partnership evidencing Units held by a Limited Partner.

"Valuation Date" means March 31, June 30, September 30 and December 31 of each year of the term of the Partnership or any other date that the General Partner may determine at its Discretion.

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Item 1 - Use of Available Funds

1.1 Available Funds

The available funds of this Offering and the funds that will be available to the Partnership after this Offering are estimated as follows:

		Assuming Maximum Offering
A	Amount to be raised by issuance of this Offering	\$3,195,000
B	Selling commissions and fees equal to eight percent (8%) in the aggregate ¹	\$255,600
C	Marketing Costs with respect to this Offering at four percent (4%) of gross proceeds	\$127,800
D	Estimated Offering costs of this Offering and the PKC RRSP V Offering (e.g. legal and accounting fees)	\$30,000
E	Available Funds: $E = A - (B + C + D)$	\$2,781,600
F	Additional sources of funding required	²
G	Working Capital Deficiency ³	Nil
H	Total: $H = (E + F) - G$	\$2,781,600

¹ Assumes maximum commissions have been paid at a rate of eight percent (8%) thereof.

² The Partnership may require additional financing to pursue its business objectives. See Item 2.2 "Our Business".

³ As of the date of this Offering Memorandum, the Partnership does not have a working capital deficiency.

1.2 Use of Available Funds

The Partnership intends to use the available funds of this Offering as follows:

Description of intended use of available funds listed in order of priority	Assuming Maximum Offering
Represents the estimated costs of the Partnership to deploy the Maximum Offering Amount in the acquisition of real estate investments by the Partnership. These estimated costs include mortgage brokerage fees, appraisal costs, due diligence costs, legal fees, capital improvement reserves and the Acquisition Fee.	\$412,448
The Partnership does not have a defined priority with respect to the acquisition of real estate investments in the implementation of its business objectives. Market circumstances and the availability of investment opportunities within the North American real estate market will dictate the use of the proceeds by the Partnership in acquiring real estate investments. See Item 2.2 "Our Business".	\$2,337,202
In payment of the Administration Fee. See Item 2.1 "Legal Structure – Fees Paid to the General Partner".	\$31,950
Total	\$2,781,600

The funds available to the Partnership will vary directly with the amount realized under this Offering.

The Partnership intends to continue to offer Class A Units until the maximum of 3,000 Class A Units are sold pursuant to this Offering, the Previous Offerings and any future offerings of Class A Units by the Partnership. The Partnership may also seek supplemental funding from alternative sources including standard bank financing and alternative sources of venture capital in pursuing its business objectives.

1.3 Reallocation

The Partnership intends to spend the available funds as stated. The Partnership will reallocate funds only for sound business reasons.

Item 2 - Business of the Partnership

2.1 Legal Structure

1) Limited Partnership

The Partnership Agreement was entered into by the initial limited partners and the General Partner effective March 4th, 2010. The Partnership was formed as a limited partnership under the *Partnership Act* (Alberta) through the registration of a Certificate of Limited Partnership on March 22, 2010. The Partnership's business address is 912 – 743 Railway Avenue, Canmore, Alberta, T1W 1P2.

2) General Partner

The general partner of the Partnership is Prestigious Properties Kings Castle GP Inc., a corporation incorporated under the *Business Corporations Act* (Alberta). The General Partner is wholly owned by the officers and directors of the General Partner.

The General Partner will be responsible for the management of the Partnership on a day-to-day basis in accordance with the terms of the Partnership Agreement.

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 Partners and the Partnership 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. Certain restrictions are imposed on the General Partner and certain actions may not be taken by it without the approval of the Partners by Special Resolution. The General Partner cannot dissolve the Partnership, wind up its affairs, or affect a sale or other disposition of its assets, except in accordance with the provisions of the Partnership Agreement.

3) The General Partner has:

- i. unlimited liability for the debts, liabilities and obligations of the Partnership;
- ii. subject to the terms of this Agreement, and to any applicable limitations set forth in the 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
- iii. 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.

An action taken by the General Partner on behalf of the Partnership is deemed to be the act of the Partnership and binds the Partnership.

Notwithstanding any other agreement the Partnership or the General Partner may enter into, all material transactions or agreements entered into by the Partnership must be approved by the board of directors of the General Partner.

4) Fees Paid to the General Partner

The General Partner shall be paid for its services to the Partnership as follows:

- (a) a commission (the "Sales Commission") equal to 6% of the gross proceeds of the Subscription Price for Units issued by the Partnership where the General Partner has affected the sale of Units to a Subscriber;
- (b) an annual asset management fee (the "Asset Management Fee") equal to 0.5% of the fair market value of the assets of the Partnership, paid quarterly in arrears. The General Partner shall determine the fair market value of the assets of the Partnership on the last day of each fiscal quarter during the term of the Partnership in its Discretion having regard to reasonable commercial principals applicable at the time and in the circumstance of such value being determined;
- (c) an acquisition fee (the "Acquisition Fee") equal to 1% of the purchase price of any real estate assets acquired by the Partnership or the principal balance of any mortgages acquired or granted by the Partnership and 0.7% of any refinancing amount (if any);
- (d) an administration fee (the "Administration Fee") equal to 1% of the gross proceeds of the Subscription Price for Class A Units issued by the Partnership;
- (e) the General Partner may within its Discretion, pay some or all of the fees referred to in sub-paragraphs (a)-(c) above to parties other than the General Partner;

- (f) the Partnership will reimburse the General Partner for all direct costs and expenses incurred by the General Partner prior to the formation of the Partnership and all direct costs and expenses incurred by the General Partner on behalf of or for the benefit of the Partnership (which costs and expenses are the Partnership's responsibility), including any general and administrative costs of the General Partner. For greater certainty, such costs and expenses for which the General Partner is to be reimbursed include the Partnership's direct general and administrative expenses, including legal and accounting fees, Limited Partner information costs, consulting and advisory fees incurred in connection with the Partnership's business or the evaluation of investment opportunities by the Partnership and expenses associated with the issuance of Units.

5) Initial Limited Partners

The initial limited partners of the Partnership and the number of Class A Units held by each such partner (collectively the "Initial Limited Partners") are as follows:

Thomas Beyer ¹ – 6 Class A Units	Don Rachinski – 25 Class A Units
Scotty Grubb & Associates Ltd. ² – 5 Class A Units	Ming Mian Chen – 15 Class A Units
Ryan Capital Corp. ³ – 2 Class A Units	Pierre Doyon – 12 Class A Units
Charlie Bredo ⁴ – 2 Class A Units	Cliff Anderson – 25 Class A Units
Darlene Cox – 15 Class A Units	Wayne Hazel – 15 Class A Units
Dustin Edwards – 12 Class A Units	

1 Mr. Beyer is the sole officer and director of the General Partner.

2 Ronald David (Scotty) Grubb, a shareholder of the General Partner, is an officer, director and shareholder of Scotty Grubb & Associates Ltd.

3 Mike Hammerlindl, a shareholder of the General Partner, is an officer, director and shareholder of Ryan Capital Corp.

4 Mr. Bredo was previously a shareholder of the General Partner. He no longer holds any Class A Units in the Partnership.

6) Issue of Class B Units

Pursuant to the terms of the Partnership Agreement, the Partnership may issue up to 100 Class B Units to the following shareholders of the General Partner or their respective designees⁽¹⁾, on the basis of the allocation set forth below, for the price of \$0.01 per Class B Unit, for every one (1) Class A Unit issued by the Partnership.

Class B Units may be issued to the shareholders of the General Partner as follows:

Thomas Beyer or designee – 58%;
Ronald David (Scotty) Grubb or designee – 22%; and
Mike Hammerlindl or designee – 20%

The following Class B Units have been issued by the Partnership to the parties set forth below:

Thomas Beyer – 142,003 Class B Units;
Ronald David (Scotty) Grubb – 53,863 Class B Units;
Mike Hammerlindl – 48,966 Class B Units; and
David Sim – 4,668 Class B Units

⁽¹⁾ The General Partner, in its Discretion, in accordance with applicable securities legislation, may issue Class B Units to parties who assist in affecting the sale of Class A Units. Where the General Partner issues less than 100 Class B Units with respect to the sale of a Class A Unit to a party who assisted in affecting the sale of a Class A Unit, any such Class B Units not issued to that party shall be issued to the shareholders of the General Partner or their designees on a pro-rata basis with respect to the allocation ratio set forth above.

2.1.1 Previous Offerings of Units

Previously the Partnership made an offering of Units to investors for a subscription price of \$5,000 per Unit, less certain discounts as were applicable under the terms of the Previous Offerings. The Partnership has raised \$12,096,500 in gross proceeds from the Previous Offerings through the issue of 2,495 Class A Units to subscribers to those Offerings as well as to the Initial Limited Partners of the Partnership.

The officer and director of the General Partner of the Partnership created PKC RRSP in order to provide investors wishing to use funds from Deferred Plans with an opportunity to participate in an investment in the Class A Units of the Partnership. PKC RRSP holds 1,065 Class A Units in the Partnership which it acquired prior to May 2014. PKC RRSP will not acquire any further Class A Units in the Partnership.

The officer and director of the General Partner of the Partnership also created PKC RRSP V, which offers a different return to its investors than the returns provided to investors in PKC RRSP, in order to continue to provide investors wishing to use funds from Deferred Plans with an opportunity to participate in an investment in the Class A Units of the Partnership.

PKC RRSP V holds a total of 378 Class A Units in the Partnership which it acquired under the Partnership's Offering Memorandums dated May 21, 2014 and December 31, 2014. PKC RRSP V intends to acquire additional Class A Units from the Partnership under this Offering. The number of additional Class A Units to be acquired by PKC RRSP V is dependent upon the amounts of funds raised the PKC RRSP V Offering. See *Item 4.2 "Prestigious Properties Kings Castle RRSP V Inc."*

The officer and director of the General Partner owns 40% of the voting shares in PKC RRSP V.

2.2 Our Business

As of the date of this Offering Memorandum, the Partnership has not carried on any business other than as disclosed herein.

(1) Primary Business Objective

The Partnership was formed to carry on the primary business of directly or indirectly purchasing, renting, leasing, managing and selling commercial and/or multi-family residential and/or industrial property in North America, which may include undeveloped land or any direct or indirect interests therein, including without limitation the acquisition of securities in other entities that own or operate such real estate assets as referred to above, all other business ancillary or incidental to any of the foregoing, and deriving income therefrom.

The Partnership's primary focus will be in acquiring properties that are undervalued and under-managed in markets within North America that show promising potential for growth, and where asset values are sufficient to allow profitable operations over the project term and continued financing of additional properties.

The Partnership intends to accomplish its objectives by acquiring well-researched investments identified through the General Partner's expertise in real estate analysis and acquisition, and then managed using the General Partner's expertise in asset management. The Partnership believes that it can deliver long-term value to the Partnership by using the General Partner's experience and entrepreneurial management team to create and professionally manage a diversified real estate portfolio.

The Partnership has no policy or limits with respect to the types or classes of real estate properties it may acquire or the manner in which those acquisitions may be made. Acquisitions made by the Partnership will be determined by the General Partner in its sole Discretion.

(2) Secondary Business Objectives

- a) In addition, subject to the availability of funds and the market conditions in which it operates, the Partnership may also engage in the business of providing long or short-term, first and second mortgage lending to real estate projects within North America to Related and arm's length parties (each a "Mortgage Borrower") that provide a high degree of security with respect to financing advanced by the Partnership (collectively "Mortgage Financing").
- b) Subject to the availability of funds and the market conditions in which it operates, the Partnership may also engage within North America, in the business of acquiring mortgages ("Mortgage Acquisitions") in default from mortgagees with the intent of acquiring the properties underlying such mortgages through foreclosure or other similar processes in order to acquire such properties at discounts to their current market value.

This is a "blind pool" Offering. Although the Partnership expects that the available funds of the Offering will be applied to purchase one or more additional real estate properties, the specific properties in which the available funds will be invested have not yet been determined. The Partnership may deploy some of the available funds of this Offering in furtherance of its Secondary Business Objectives as described above. Subscribers hold note that the deployment of the available funds of this Offering will be made by the General Partner in its Discretion, without input or authorization of the Partnership's Limited Partners.

The return on investment in the Class A Units by subscribers to this Offering will vary depending on the return on investment achieved: (i) on the properties acquired by the Partnership to the date of this Offering; (ii) future properties that may be acquired with the available funds of the Offering; (iii) returns arising from any Mortgage Financing undertaken by the Partnership with the available funds of the Offering; and (iv) returns arising from any Mortgage Acquisitions made by the Partnership with the available funds of the Offering. An investment in Class A Units is appropriate only for subscribers who have the capacity to absorb a loss of some or all of their investment.

Investment Philosophy with respect to the Acquisition of Properties by the Partnership

The Partnership believes that research combined with professional management expertise is the cornerstone to a superior real estate investment program. The Partnership aims to create value by investing in properties that the General Partner identifies as having the potential to create value:

- a) by purchasing undervalued or underutilized properties from vendors;
- b) by performing strategic renovations and other capital improvements to improve marketability, rental income and occupancy levels thereby causing forced appreciation;
- c) by refinancing where appropriate to realize immediate market value gains and redeploy funds to acquire additional properties for the portfolio;
- d) by realizing value through capital appreciation of the real estate assets through selective identification based on solid economic fundamentals.

The Partnership operates on the following principles: that well-located properties in areas with solid economic fundamentals have historically appreciated in value over time; that the current low interest rate environment enables real estate owners to obtain historically low mortgage rate financing; that when total income from a property meets or exceeds the property carrying costs, there is an opportunity to gain positive leverage which increases the overall return on equity invested; that the current low financing costs provide investment opportunity in real estate with attractive leveraged yields that are not available from many other investment alternatives; that real estate investment is also likely to provide an opportunity for greater returns through leveraged capital appreciation.

The Partnership also believes that properties may still be acquired at attractive prices as a result of market inefficiencies, sub-optimal management practices, incompatibility with a current owner's investment strategy, and the current challenges in the credit and lending markets. By providing experienced and proper management, the Partnership anticipates higher returns from these properties over time. The Partnership believes that the increased value can be realized through a variety of techniques such as strategic renovations, restructuring, refinancing, re-branding and decorating, implementing tenant centric property management practices, re-leasing, re-negotiating existing leases, change of use or capital improvements, or market repositioning.

Investment Mandate

The Partnership will focus on properties that can be purchased for less than what the General Partner believes to be their intrinsic value. The General Partner will endeavour to identify investments in the market segment between the market segments occupied by individual real estate investors and by pension funds, REITS and public real estate companies. The Partnership believes there is an opportunity to purchase properties in this niche either before they come to market, at valuations below those that would be paid in an open bidding process, or when analysis suggests an undervaluation. However, all real estate markets are continually reviewed to assess the potential for new opportunities. Economic fundamentals are the key drivers to the selection of areas and properties. As the Partnership's funds grow, the Partnership's real estate portfolio will be expanded to include assets that can benefit from economies of scale, and also fit within the General Partnership's investment philosophy.

Investment Strategy

The Partnership intends to make acquisitions that represent an opportunity to establish and improve the overall quality of portfolio, minimize and mitigate the risk(s) associated with any investment and enhance the sustainability of the long term investment strategy. The Partnership will focus on properties which it believes to be operating below their potential realizable value. The General Partner will focus on identifying properties for possible acquisition in growth markets and aggressively manage and reposition those properties with the view to preserving Partnership capital, and enhancing the potential for increased income and capital gains.

The Partnership will focus on markets in North America and reposition existing properties where opportunities exist. This will allow the Partnership to capitalize on operational efficiencies and further increase our presence and critical mass in these markets.

The General Partner will work to capitalize on market inefficiencies by combining a service oriented tenant centric focus with undervalued assets. Residential properties may include individual town-home properties, groups of town-home properties, entire townhouse complexes, or apartment buildings. The Partnership may also expand, renovate or utilize the development opportunities presented by a property to enhance the return on Partnership capital while retaining a diversified portfolio and conservative risk profile as a whole. Multi-tenanted residential properties minimize the risk of vacancies and are more likely to provide consistent cash flow while preserving invested capital whereas single family properties provide the highest potential for significant capital appreciation. While it is not the primary focus of the Partnership, the General Partner may purchase small commercial buildings from time to time to provide diversification should such building(s) ultimately enhance the portfolio's performance. Consistent cash flow creates the ability to pay interest on the debt incurred to purchase such properties. Re-mortgaging an existing property will provide pools of further investment capital which can be used to reduce the mortgage principal or reinvest in additional properties, all of which serves to increase the value of the Partnership's assets. Excess cash flow will be re-invested into the portfolio or utilized to pay down any mortgage debts on the properties.

Investment Process

The Partnership intends to use the aggregate net proceeds realized from the Offering together with the proceeds from periodic re-mortgaging of its properties and positive cash flow to acquire assets and manage/operate the portfolio. The Partnership will purchase properties at prices and on terms negotiated with arm's length third party vendors. In some cases the Partnership might acquire a property under an agreement initiated by the General Partner or parties associated with the General Partner, or its nominee, with arm's length third party vendors, which agreement will be assigned to the Partnership who will reimburse any deposits and due diligence or other out-of-pocket expenses incurred by the General Partner before the assignment. From time to time, there may be a fee charged for property assignments by agents. In addition to the above, the Partnership may also purchase properties from the Officers and Directors of the General Partner or from corporations associated with such parties at a price equal to the fair market value of such properties, to be determined by an independent third party appraiser.

Under this process the General Partner will identify and evaluate potential acquisitions. When the General Partner decides that an acquisition is worth considering, then a strict due diligence process is followed. The General Partner may obtain independent property, environmental and structural reports even if not required by lenders.

After the purchase of a property, the General Partner will implement a value enhancement process that consists of value-increasing and revenue augmentation processes including strategic capital improvements and the implementation of value added tenant services. In addition, focus will be on achieving operational cost savings. The properties will be monitored by the General Partner on a constant basis to gauge the effectiveness of the management process on cash flows and tenant satisfaction. As well, through analysis of market rental rates, the General Partner will determine where capital expenditures will permit the largest increase in rental rates and when a property's rate of return has been maximized. The Partnership can then decide whether to re-deploy capital in opportunities that will provide increased returns.

Related Party Transactions

During the term of the Partnership, the Partnership may sell to or purchase from Related Parties certain real estate properties. The Partnership shall apply the principals described in this section in entering into any such Related Party transaction. Any such sale or acquisition of real estate properties from a Related Party shall occur at fair market value determined by independent and qualified appraisers and in accordance with standard commercial practise in the acquisition or disposition of such properties.

Thomas Beyer, the sole officer and director of the General Partner, is a director of Fireside Property Group Ltd. ("FPGL") and together with his wife Lynda indirectly own approximately 60% of shares of FPGL. Mr. Beyer does not receive any management fees from FPGL. FPGL is a property management firm that manages 1500+ apartment units including some of the properties owned by the Prestigious Properties Group, including the Castleview and Castle Harbour Buildings (as defined below). Day to day operations of FPGL are managed by the minority shareholder of FPGL, who is a party unrelated to the General Partner and the Partnership. See note 6 of Item 3.1 "Compensation and Securities Held".

Disposition Guidelines

The Partnership may sell a property when it determines that the associated capital can be more efficiently deployed. This is an ongoing monitoring process, where economic, political and demographic trends are taken into account. The Partnership may, at its discretion and without notice to the Limited Partners, reallocate the Partnership's assets to new projects recommended by the General Partner, or allocate cash flows from the Partnership's assets to alternative near-cash short-term investment vehicles.

Debt Financing

The Partnership may finance a part of the purchase price and the operating cost of its properties, and may refinance any acquisition financing where more favourable financing becomes available from third party lenders such as banks, trust companies, mortgage syndicates or other providers of mortgage funding. The Partnership expects that a mortgage loan charging a property will typically not be more than 70 - 80% of the appraised value of the property, although occasionally higher leverage may be desired or assumed from the seller. Additional funds may be required for the property management reserve account which may be required by the applicable lenders.

Cash Flow Payments

The Partnership will apply cash flow towards the operating expenses, provision of reasonable reserves for working capital, renovations and upgrades, and the payment of interest and annual principal payments on the mortgage loans.

Management and Renovation of our Properties

Unless the General Partner assumes the responsibility, the Partnership will engage one or more licensed (where required) property management companies to manage its properties. The General Partner, at its discretion, may contract with a corporation or corporations controlled by the principals of the General Partner, for the management and or renovations of its properties at industry standard management fees.

Investment of Unallocated Partnership Funds

The General Partner may, in its Discretion, invest the unallocated funds of the Partnership in treasury bills, guaranteed investments certificates and similar investment securities when such funds have not been otherwise invested in accordance with the Partnership's business objectives.

Assets Acquired by the Partnership

The following property acquisitions have been made by the Partnership as of the date of this Offering Memorandum. All of the properties referenced below were acquired from arm's length parties.

Asset I – Castlevue Buildings

In December of 2010, the Partnership acquired a 25% undivided interest in a 120 suite apartment building (the "Castlevue Buildings") located within the Castleridge community in northeast Calgary, at 79 Castleridge Drive NE. One of the members of the Prestigious Properties Group, Prism A LP owns the remaining 75% undivided interest in the Castlevue Buildings.

The purchase price of the Castlevue Buildings was \$14,650,000. In a report dated February 11, 2015 (the "Appraisal"), by Abhishek Paul, BA, AACI, P.App., of Linnell Taylor Lipman and Associates Ltd., the Castlevue Buildings were appraised as having Market Value of \$22,500,000. Subscribers should note that the stated Market Value for the Castlevue Buildings is an estimate only. The amount that the Partnership might actually receive if the Castlevue Buildings were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions.

The Appraisal is available on the investor portion of the Prestigious Properties Group website at www.prestprop.com to existing investors and upon request to prospective investors in the Partnership.

The purchase of the Castlevue Buildings was financed with a mortgage (the "Castlevue 1st Mortgage") from the Toronto Dominion Bank in the amount of \$10,065,000. The Castlevue 1st Mortgage carries an interest rate of 4.14% per annum and matures on January 1, 2016. Payments under this mortgage are \$53,711 a month comprising both principal and interest. The Partnership's portion of that payment is \$13,427. The current balance of this mortgage as at May 15, 2015 is \$8,967,714 of which \$2,241,928 represents the Partnership's obligation under this mortgage.

The Partnership added a 2nd mortgage to this property (the "Castlevue 2nd Mortgage") from the Toronto Dominion Bank in the amount of \$1,800,000 on September 13, 2013. The Castlevue 2nd Mortgage has an interest rate of 3.19% per annum and matures on January 1, 2016, the same date as the Castlevue 1st Mortgage. Payments under this mortgage are \$8,694.87 a month comprising both principal and interest. The Partnership's portion of that payment is \$2,173.72. The current balance of this mortgage as at May 15, 2015 is \$1,727,206 of which \$431,801 represents the Partnership's obligation under this mortgage.

While the Partnership and Prism A LP have agreed that the Partnership is responsible for 25% of the mortgage payments with respect to the Castlevue 1st and 2nd Mortgages, liability of each of the Partnership and Prism A LP to the Toronto Dominion Bank in the event of a default under the above Mortgages would be for 100% of the amounts due and owing under the Mortgages as the obligations of the Partnership and Prism A LP under the Mortgages is on a joint and several basis, meaning they are each liable to the Toronto Dominion Bank for up to the full amount of the Mortgage obligation. Each of the Partnership and Prism A LP and their respective general partners have entered into an Indemnity Agreement pursuant to which each of these partnerships and their respective general partners have agreed to indemnify the other for any loss incurred by a party over and above that party's respective obligation under the Castlevue 1st Mortgage and the Castlevue 2nd Mortgage occurring as a result of a default by the other party under the Mortgages.

The Castlevue Buildings consists of a four building, three storey walk-up apartment complex. Floors feature a central hallway with rental units accessed from the central hallway. The building features 84 one-bedroom units and 36 two-bedroom units. Of the one-bedroom units, 20 of them are equipped with fireplaces.

The Castlevue Buildings are known as Castlevue Park Apartments. The buildings are three story, wood frame construction. Roof shingles were replaced in 2013 and 2014. A number of balcony railings were replaced in 2014 and 2015 and the remaining railings are scheduled to be replaced throughout 2015 and 2016. No further capital upgrades are scheduled to be completed outside of normal, ongoing repairs and maintenance.

A typical apartment unit contains a living room, dining area, one or two bedrooms, a bathroom, a kitchen, a storage room, a laundry room and a balcony with an outdoor storage room. The unit floor plans and sizes are comparable to other residential apartment units throughout suburban Calgary.

The average vacancy rate in the Castleview Buildings during 2014 was 1%. The rental rate per unit for 2014 has ranged between \$900 and \$1,500 per month. The operating costs per month during 2014 averaged \$53,110. Monthly net operating income (NOI) before debt servicing costs with respect to the Castleview Buildings during 2014 averaged \$87,009. The annual mortgage payment included mortgage principal payments of \$265,770 for the 1st mortgage and \$48,120 for the 2nd mortgage. The figures referenced in this paragraph are with respect to 100% of the Castleview Buildings. The Partnership owns a 25% interest in these buildings.

Asset II – Hawkwood Building

In November of 2012, the Partnership acquired an 18 suite apartment building (“Hawkwood Building”) located in close proximity to downtown Red Deer, at 4822 - 54 Street.

The purchase price of Hawkwood Building was \$1,750,000. In a report dated February 12, 2015 (the “Appraisal”), by Abhishek Paul, BA, AACI, P.App., of Linnell Taylor Lipman and Associates Ltd., the Hawkwood Building was appraised as having a Market Value of \$2,350,000. Subscribers should note that the stated Market Value for the Hawkwood Building is an estimate only. The amount that the Partnership might actually receive if the Hawkwood Building were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions.

The Appraisal is available on the investor portion of the Prestigious Properties Group website at www.prestprop.com to existing investors and upon request to prospective investors in the Partnership.

The current mortgage financing (the “Hawkwood Mortgage”) on this property was financed by Institutional Mortgage Capital (IMC) in the amount of \$1,625,000. The current balance of this mortgage as at May 15, 2015 is \$1,591,878. The term of the Hawkwood Mortgage is for five years and matures on June 1, 2019. The interest rate under this mortgage is 4.10% interest per annum. Payments under this mortgage are \$7,819 per month comprising both principal and interest.

Hawkwood Building is known as Hawkwood Manor. The building is a three storey walk-up apartment complex with 18 units with wood frame construction. Floors feature a central hallway with rental units accessed from the central hallway. The building contains all two-bedroom units. A typical apartment unit contains a living room, dining area, two bedrooms, a bathroom, a kitchen and a balcony. The unit floor plans and sizes are comparable to other residential apartment units throughout Red Deer. The common area hallway carpet was replaced, lighting upgrades and painting was completed in 2013 and interior unit renovations including but not limited to carpet replacement, appliance upgrades, painting, lighting upgrades, and cabinet replacements were completed in many units in 2013 and 2014. No further capital upgrades are scheduled to be completed outside of normal, ongoing repairs and maintenance.

The average vacancy rate in the Hawkwood Building during 2014 was 4.2%. The rental rate per unit for 2014 ranged between \$950 and \$1,095 per month. The operating costs per month during 2014 averaged \$8,564. Net operating income (before debt servicing costs) with respect to the Hawkwood Building during 2014 averaged \$9,093 per month. In 2014, the annual NOI of this asset was \$112,498 before mortgage payments of \$84,244 resulting in cash-flow of \$21,499 before capital upgrades of \$27,918. The mortgage payments included principal paydown of \$21,111 in 2014.

Asset III – Castle Harbour Building

In October of 2013, the Partnership acquired a 71 suite apartment building (“Castle Harbour”) located within the Castledowns community in north Edmonton, at 10403 158 Avenue NW.

The purchase price of Castle Harbour was \$10,650,000. In a report dated September 18, 2014 (the “Appraisal”), by Brian Gettel, B Comm., AACI, of Gettel Appraisals Ltd., Castle Harbour was appraised as having a Market Value of \$11,525,000. Subscribers should note that the stated Market Value for Castle Harbour is an estimate only. The amount that the Partnership might actually receive if Castle Harbour were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions.

The Appraisal is available on the investor portion of the Prestigious Properties Group website at www.prestprop.com to existing investors and on request to prospective investors in the Partnership.

The Partnership refinanced this property on December 15, 2014 with a new first mortgage \$7,950,000 5 year fixed mortgage (the “Castle Harbour Mortgage”) at an interest rate of 3.15% interest from Industrial Alliance Insurance & Financial Services Inc. The monthly payment under this mortgage is \$38,237.56 including principal and interest. The principal portion of the monthly payment is approximately \$17,750 in the first year of the mortgage. Castle Harbour is a four storey walk-up apartment complex with 71 units and is of wood frame construction. Floors feature a central hallway with rental units accessed from the central hallway and a single elevator. The building contains 67 two-bedroom units, three one-bedroom units and a single bachelor unit. A typical apartment unit contains a living room, dining area, a bathroom, a kitchen and a balcony. The unit floor plans and sizes are comparable to other residential apartment units throughout Edmonton. Interior unit renovations including but not limited to carpet replacement, appliance upgrades, painting, lighting upgrades, cabinet replacements are scheduled for 2015 and 2016 for units that turnover tenants. The fire panel was replaced in 2014 and no further major common area capital improvements are planned in the foreseeable future.

The average vacancy rate in Castle Harbour during 2014 was 2.3%. The rental rate per unit for 2014 ranged between \$675 and \$1,200 per month. We estimate that the rental rates for existing tenants for two bedroom units will be moved to \$1,200 to \$1,250 per month throughout 2015. In 2014, the annual NOI of this asset was \$513,202 before mortgage payments of \$399,374 resulting in cash-flow of \$113,827 before capital upgrades of \$99,175. The mortgage principal paydown in 2015 will be \$213,093.

Asset IV – Spruce Vale Place Building

In January of 2014, the Partnership acquired an 18 suite apartment building (“Spruce Vale Place”) located in close proximity to downtown Red Deer, at 5516 – 47A Avenue.

The purchase price of Spruce Vale Place was \$1,890,000. In a report dated February 19, 2015 (the “Appraisal”), by Abhishek Paul, BA, AACI, P.App., of Linnell Taylor Lipman and Associates Ltd., Spruce Vale Place was appraised as having a Market Value of \$2,300,000. Subscribers should note that the stated Market Value for Spruce Vale Place is an estimate only. The amount that the Partnership might actually receive if Spruce Vale Place were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions.

The Appraisal is available on the investor portion of the Prestigious Properties Group website at www.prestprop.com to existing investors and on request to prospective investors in the Partnership.

The Partnership refinanced this property in April 2015 with a new \$1,700,000 five year fixed mortgage (the “Spruce Vale Mortgage”) at an interest rate of 3.0% from Industrial Alliance Insurance & Financial Services Inc. The monthly payment under this mortgage is \$8,045.17 including principal and interest.

Spruce Vale Place is a three storey walk-up apartment complex with 18 units and is of wood frame construction. Floors feature a central hallway with rental units accessed from the central hallway. The building contains 17 two-bedroom units and a single one-bedroom unit. A typical apartment unit contains a living room, dining area, two bedrooms, a bathroom, a kitchen and a balcony. The unit floor plans and sizes are comparable to other residential apartment units throughout Red Deer. The roof was replaced in spring of 2014. The interior unit renovations including but not limited to carpet replacement, appliance upgrades, painting, lighting upgrades, cabinet replacements are scheduled for 2015 and 2016 for units that turnover tenants. No further common area capital upgrades are scheduled to be completed outside of normal, ongoing repairs and maintenance.

The vacancy rate in Spruce Vale Place in 2014 was 5.6%. The rental rate per unit for 2014 ranged between \$775 and \$1,025 per month. The average monthly operating costs were \$7,486. Net operating income (before debt servicing costs) with respect to Spruce Vale Place was \$7,788 per month. The mortgage will be paid down approximately \$50,427 within the first 12 months.

Asset V - Cold Lake Residential Development Lands

The Partnership co-owns, with another member of the Prestigious Properties Group, Prism A LP, and Thomas Beyer, the sole officer and director of the General Partner a 290 acre parcel of land (the “Cold Lake Lands”) located in the Municipal District of Bonnyville No. 87 (the “MD”), adjacent to the City of Cold Lake (the “City”), Alberta along English Bay Road across from the existing English Bay sub-division in the City.

Title to the Cold Lake lands is held in a private Alberta corporation, Prestigious Properties Inc. (“PPI”).

PPI acquired the Cold Lake Lands for \$8,000,000 in May 2011 from Cold Lake Estates Inc. (the “Vendor”) on the following terms:

- (i) payment of \$2,000,000 in cash;
- (ii) \$2,000,000 in a zero interest mortgage that matures on June 1, 2015 (the “Vendor Mortgage”); and
- (iii) \$4,000,000 payable in \$40,000 installments per lot sold, for the first 100 lots sold upon development of the Cold Lake Lands (the “Profit Participation Agreement”).

The following are the legal descriptions of the Cold Lake Lands:

Parcel A (“Parcel A”)

THE NORTH EAST QUARTER OF SECTION THIRTY FOUR (34)
TOWNSHIP SIXTY THREE (63)

RANGE TWO (2)

WEST OF THE FOURTH MERIDIAN

CONTAINING 65.2 HECTARES (161 ACRES) MORE OR LESS.

EXCEPTING THEREOUT: HECTARES (ACRES) MORE OR LESS.

A) PLAN 2654RS ROAD 0.081 0.20

B) PLAN 8520379 ROAD 1.074 2.65

C) PLAN 9222600 SUBDIVISION 4.305 10.64

EXCEPTING THEREOUT ALL MINES AND MINERALS

AND THE RIGHT TO WORK THE SAME

Parcel B ("Parcel "B")

MERIDIAN 4 RANGE 2 TOWNSHIP 63

SECTION 34

QUARTER SOUTH EAST

CONTAINING 64.7 HECTARES (160 ACRES) MORE OR LESS

EXCEPTING THEREOUT: HECTARES (ACRES) MORE OR LESS

A) PLAN 0925400 - SUBDIVISION 4.465 11.03

EXCEPTING THEREOUT ALL MINES AND MINERALS

The following are the encumbrances registered against title to the Cold Lake Lands as of the date of this Offering Memorandum:

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
792 306 533 ⁽¹⁾	11/12/1979	UTILITY RIGHT OF WAY GRANTEE – NORTH EAST GAS CO-OP LTD.
882 234 963 ⁽²⁾	03/10/1988	UTILITY RIGHT OF WAY GRANTEE – NORTH EAST GAS CO-OP LTD.
112 139 512 ⁽³⁾	13/05/2011	MORTGAGE MORTGAGEE – TRI CITY CAPITAL CORP. ORIGINAL PRINCIPAL AMOUNT \$2,000,000
112 139 513 ⁽⁴⁾	13/05/2011	CAVEAT RE: AGREEMENT CHARGING LAND CAVEATOR – COLD LAKE ESTATES INC.
142 016 414 ⁽⁵⁾	14/01/2014	CAVEAT RE: AGREEMENT CHARGING LAND CAVEATOR: TRI CITY CAPITAL CORP.
142 125 219 ⁽⁶⁾	02/05/2014	MORTGAGE MORTGAGEE: PRESTIGIOUS INVESTMENT & MANAGEMENT (PRISM) A - INC. ORIGINAL PRINCIPAL AMOUNT: \$1,000,000
142 127 346 ⁽⁶⁾	05/05/2014	MORTGAGE MORTGAGEE: PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC. ORIGINAL PRINCIPAL AMOUNT: \$1,000,000

(1) Registered on Parcel A only.

(2) Registered on Parcel B only.

(3) Represents the Vendor Mortgage (as defined below).

(4) Represents the Profit Participation Agreement (as defined below).

(5) Relates to the mortgage by the Vendor of the Vendor Mortgage.

(6) There are no funds due and owing under these mortgages. They have been registered to protect the interest of the Partnership and PRISM A in the Cold Lake Lands.

The Vendor Mortgage has been further encumbered by the Vendor (Cold Lake Estates Inc.) via a \$620,000 mortgage-of-a-mortgage and has been assigned to a Vancouver based lender Tri City Capital Corp. ("Tri City"). This does not increase PPI's liabilities to the Vendor; it merely means that the Vendor will have to pay \$620,000 from its proceeds by PPI to TriCity.

PPI believes there was a misrepresentation, fraud and conspiracy with intention to deceive made by the Vendor when PPI acquired the Cold Lake Lands, as meetings between the Vendor and municipalities regarding site servicing requirements of the Cold Lake Lands were not disclosed to PPI while the Lands were under contract for the purchase by PPI. PPI commenced litigation in November of 2014 against the Vendor and its principals for damages related to these alleged misrepresentations, and intends to file an amended claim in June 2015 to also include claims of fraud and conspiracy against the Vendor and its principals. PPI then intends to make further applications to place \$2,000,000 representing the principal balance of the Vendor Mortgage into court or trust due to the Vendor Mortgage maturing on June 1, 2015, to ensure that the Cold Lake Lands are not subject to a successful foreclosure action by the Vendor or Tri-City.

PPI believes that the misrepresentations, fraud and conspiracy by the Vendor have delayed the development of the Cold Lake Lands and may result in damages to PPI in excess of \$5,000,000. PPI believes that notwithstanding the misrepresentation of the Vendor, development of the Cold Lake Lands is still economically viable but may result in reduced profit in the development of the Lands.

The Partnership loaned (the "PPI Loan") \$1,000,000 to PPI in May 2011 to assist PPI in acquiring the Cold Lake Lands. In November of 2012 the Partnership converted the PPI Loan amount of \$1,000,000 plus further smaller loans advanced to PPI by the Partnership in 2011 and 2012 plus accrued interest of 8% into 1,124,493 Class B common non-voting shares of PPI. The Partnership secured the PPI Loan via a mortgage of \$1,000,000 against the Cold Lake Lands at an interest rate of 15% per annum. Prism A LP also loaned PPI \$1,000,000 on the same terms and conditions as the PPI Loan and secured this loan by way of mortgage against the Cold Lake Lands (the "Prism A Mortgage"). The PRISM A Mortgage was also subsequently converted into Class B non-voting common shares of PPI.

PPI has issued 100 Class A common voting shares which are held by Thomas Beyer who is the sole officer and director of PPI. Mr. Beyer is not entitled to any special privileges or payments except to control this holding company on behalf of its two owners, Prism A LP and the Partnership.

PPI is authorized to issue 10,000,000 Class B non-voting common shares of which 1,124,493 Class B shares have been issued to the Partnership and 1,236,274 to Prism A LP.

PPI is authorized to issue 10,000,000 Class C non-voting common shares. No Class C Shares have been issued as of the date of this Offering Memorandum.

Dividends shall be distributed as follows with respect to the shares of PPI:

- a) In pro-rata to Class B and Class C shareholders; and
- b) Class A shareholders shall receive 20% of the distributions to which Class C shareholders are entitled.

The Cold Lake Lands are the only asset owned by PPI. The Vendor Mortgage, the Profit Participation Agreement, a loan payable of \$295,757.73 to the Partnership (which is presently unsecured) and \$156,977.88 to Prism A LP (also unsecured) as of April 2015 are the only present liabilities of PPI.

The current Area Structure Plan (the "Area Structure Plan") relating to the Cold Lake Lands allows for 300 country-residential one half acre to three quarter acre lots in to be developed upon the Cold Lake Lands. Development of the Cold Lake Lands will be undertaken by PPI. The Partnership and Prism A LP will not be involved in this development, other than as equity holders in and possible as lenders to PPI.

In October 2013, PPI engaged a senior project manager, David Perehudoff with Canadian Wetlands Ecosystem Management ("CWEM"), to analyze all documents in regards to the proposed development of the Cold Lake Lands, prepare a business plan, and negotiate with all stakeholders. Mr. Perehudoff is a second-generation land development manager and has significant experience in land development project management. PPI will pay CWEM a project management fee which includes a \$5,000 per month fee, 1% of lot sales, and 25% of profits (if any) after all expenses and all loans/liabilities have been repaid. CWEM will also receive a monthly draw of \$5,000 per month towards future profit sharing.

On March 12, 2014, PPI received conditional subdivision approval for 33 one half acre to three quarter acre country residential lots located in Parcel B ("Phase 1") of the Cold Lake Lands.

As of April 2015, PPI has adjusted the Phase 1 plan to include 32 lots ranging in size from 0.50 acres to 0.79 acres available for purchase with an estimated retail value of \$219,000 to \$269,000 per lot (\$242,031 per lot average) for a total estimated retail value of \$7,745,000. 6 of the 32 lots were appraised to verify this estimated retail value.

Further subdivision of the Cold Lake Lands will require a new subdivision application to be made by PPI. Site suitability is the key issue in subdivision approval. The following standard issues will need to be addressed with respect to future additional subdivision of the Cold Lake Lands:

- Adjacent land use.
- Soil characteristics for construction of roads & services.
- Legal & Physical access.
- Proximity to existing well sites & pipelines.
- Existing or proposed utility services.
- Potential effects of flooding & land erosion issues.

Other guidelines for consideration but not limited to compliance are:

- Municipal Government Act.
- Alberta Subdivision & development regulations.
- Related provincial land use policies.
- MD's Land use Bylaw.
- Municipal Development Act
- Existing Area Structure Plan.

The ASP is the key governing document for subdivision approval, as all the issues that pertain to the project have been addressed and presented to the public before final approval of the document is granted.

Subdivision approval of Phase 1 does not warrant the start of construction, a Development Agreement with MD is required. A Development Agreement is the legal document agreeing to the detailed engineering, final plans, and the costs involved in the development of Phase 1. It details responsibility for the developments infrastructure.

Finalizing of the servicing, engineering and planning of this project is also required with the City as the Phase 1 lands adjoin the City lands on the northern municipal boundary of the City.

The ASP which addresses all the servicing issues, has taken over three years to finalize the approved document for the said lands. The ASP established all the engineering & design guidelines to be followed by the MD, the City and PPI. Currently PPI is in negotiation with MD and the City to finalize the Development Agreement which is currently in draft form. Further information on the Cold Lake Lands, such as the Area Structure Plan, appraisals, engineering reports or the draft of the inter-municipal development plan are available on request to Subscribers.

In a report dated July 14, 2014 (the "Appraisal"), by Paul Dungale, AACI, P.App., of Dungale Real Property Appraisals, Parcel A was appraised as having Market Value of \$3,080,000 and Parcel B was appraised as having Market Value of \$3,737,000 for a total value of \$6,817,000, which is \$1,129,000 less than the purchase price of the Cold Lake Lands. Subscribers should note that the stated Market Value for the Cold Lake Lands is an estimate only. The amount that PPI might actually receive if the Cold Lake Lands were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions.

The Partnership may advance further monies to PPI to allow PPI to advance the development of the Cold Lake Lands. The Partnership will limit the aggregate of future advances, if any, to PPI to limit the maximum exposure of the Partnership with respect to its investment in the Cold Lake Lands.

Future Financing by PPI

PPI has no active income at present. PPI may proceed with an offering of Class C shares to investors in order to raise proceeds to allow PPI to payout the financing related to the Cold Lake Lands and to develop the Cold Lake Lands into a residential subdivision.

PRISM A LP, third parties and the Partnership may alone, or in conjunction with each other, make further loans to pay for the development costs of Phase 1 of the Cold Lake Lands.

The principal amount of any such funds advanced by PRISM A LP and/or the Partnership and accrued interest are expected to be repaid from lot sales which are anticipated in 2015, but may be delayed if satisfactory approvals for development of the PPI Lands are not obtained from the MD and/or the City. Future loans made by the Partnership and PRISM A LP will be secured by mortgages registered against title to the Cold Lakes Lands. These mortgages may be subordinate to the Vendor Mortgage and any development financing obtained by PPI or financing obtained by PPI to pay out the Vendor Mortgage and/or the Profit Participation Agreement.

Asset VI - Blackfalds Estates Mobile Home Park

The Partnership acquired a 32 pad mobile home park (the "Blackfalds Lands") developed upon approximately 5 acres of land and located in the greater Red Deer area in Blackfalds, Alberta, at the corner of Highway 2A and Gregg Street from Prism A for the purchase price of \$1,542,000 (the "Purchase Price") which \$1,542,000 was paid in cash.

The Partnership intends to place a first mortgage (the "Blackfalds Mortgage"), on the Blackfalds Lands prior to the end of the third quarter of 2015. The Blackfalds Mortgage, if obtained, is expected to be for a principal amount of approximately \$875,000, with an anticipated interest rate of between 3.0% - 3.4% interest, having a fixed rate of two years. The Partnership will use a portion of the mortgage proceeds from the Blackfalds Mortgage to pay out the Prism A Loan.

The following is the legal description of the Blackfalds Lands:

Parcel A ("Parcel A")

PLAN 5450 K.S.

LOT A

EXCEPTING THEREOUT ALL MINES AND MINERALS

AREA: 2.04 HECTARES (5.04 ACRES) MORE OR LESS

Prism A had acquired the Blackfalds Lands, together with a contiguous parcel of land to the Blackfalds Lands comprising approximately 7.5 acres with 50 mobile home pads developed thereon, from an unrelated third party for an aggregate purchase price of \$3,500,000. The acquisition of the Blackfalds Lands by the Partnership from Prism A resulted in an approximate profit to Prism A of \$42,000.

The Blackfalds Lands are adjacent to new highway commercial and retail developments and have future redevelopment potential as a highway commercial development.

In a report dated October 17, 2014 (the "Appraisal"), by David Horn, B.Comm., AACI P.App, CRP, of Howard & Company Real Estate Appraisers and Consultants Inc., the Blackfalds Lands were appraised as having a market value of \$2,000,000, based on the assumption (the "Extraordinary Assumption") made in the Appraisal that Blackfalds Lands had been cleared of all existing mobile home park infrastructure and had received a re-designation as highway commercial zoning (the Blackfalds Lands are currently zoned as a Manufactured Home Park District), and was ready for further commercial development. The Partnership has not yet determined if it will proceed with the development of the Blackfalds Lands or continue to hold the Lands and just operate the mobile home park located thereon. Subscribers should note that the stated Market Value for Blackfalds Lands is an estimate only and is based on the terms and conditions of the Extraordinary Assumption. The amount that the Partnership might actually receive if Blackfalds Lands were sold may vary materially from this value because the value of real estate is inherently volatile and is subject to numerous market conditions including satisfaction of the terms and conditions of the Extraordinary Assumption.

The Appraisal is available on the investor portion of the Prestigious Properties Group website at www.prestprop.com to existing investors and on request to prospective investors in the Partnership.

Located on the Blackfalds Lands is a single-family home that is in need of repair. The Partnership may renovate and rent the house in 2015 or 2016. The vacancy rate in Blackfalds Lands in 2015 was 3.1%. The rental rate per pad for 2015 was \$400 per month. A rent increase has been provided to all pads for \$475 per month effective as of June 1, 2015, up from the current rental rate of \$400 per month. From December 2014 to April 2015, the average monthly operating costs were \$7,997 and net operating income (before debt servicing costs) with respect to Blackfalds Estates was \$4,628 per month. The roads were re-graveled in April 2015 for an approximate cost of \$10,080. No other capital improvements are planned other than ongoing repairs and maintenance.

2.3 Development of the Business

Since the inception of the Partnership to the date of this Offering Memorandum, the following are the major events that have occurred with respect to the business of the Partnership:

- (i) The Partnership has raised \$12,096,500 through the issue of 2,495 Class A Units;
- (ii) The Partnership has acquired the four real estate properties referred to in *Item 2.2 "Our Business – Acquisition of Assets by the Partnership"*; and
- (iii) The Partnership made the loan to PPI referred to in *Item 2.2 Our Business – "Acquisition of Assets by the Partnership - Asset V - Cold Lake Residential Development Lands"* and later converted that Loan to Class B common shares in PPI. As of the date of this Offering Memorandum the Partnership has advanced a further sum of \$282,046.17, for a total up to December 31, 2014 including principal and interest of \$333,293.99 to PPI by way of unsecured loan of which \$156,977.88 remains due by PPI to the Partnership.

There have been no unfavorable developments affecting the Partnership's business since its inception other than the exposure that the Partnership has to the future development of the Cold Lake Lands as disclosed in *Item 2.2 Our Business – "Acquisition of Assets by the Partnership - Asset V - Cold Lake Residential Development Lands"*.

2.4 Objectives

(a) Short-term Objectives and How We Intend to Achieve Them

The Partnership's objectives during the next twelve months are:

What we must do and how we will do it	Target Completion Date	Cost to Complete
Raise \$3,195,000 through this Offering.	on or before April 30, 2016	\$412,448 ¹
Invest the available funds from this Offering in advancing the Partnership's business objectives as set out in Item 2.2 herein	²	\$2,781,600 ³

¹ Includes the estimated legal and accounting, marketing costs and commissions pursuant to this Offering and the PKC RRSP Offering. See *Item 1.1 "Available Funds"*. The above amounts do not include the payment of the General Partner Fees. See *Item 2.1 "Legal Structure"*.

² The Partnership will invest the available funds for this Offering as appropriate real estate investments are presented. As such the Partnership cannot definitively state the timeframe within which it will make an investment of the available funds of this Offering.

³ Represents the estimated costs of the Partnership to deploy the Maximum Offering Amount in the acquisition of real estate investments by the Partnership. These estimated costs include mortgage brokerage fees, appraisal costs, due diligence costs, legal fees, capital improvement reserves, the Acquisition Fee and the Administration Fee (collectively the "administration and operating costs"). The total amount of administration and operating costs that will be incurred by the Partnership are dependent upon: (i) the funds raised under this Offering; (ii) the number and nature of real estate investments acquired by the Partnership; and (iii) external factors which cannot be anticipated or controlled by the Partnership. As a result the Partnership is unable to accurately estimate these costs at this time.

(b) **Long-term Objectives**

The Partnership's objective is to maximize long-term results, while continuing to reinvest operating profits with periodic re-financings to preserve the Partnership's capital. The Partnership will acquire real estate assets in North America as long as the relevant market and investment fundamentals allow for appropriate returns to be generated. These principals shall apply equally to the Partnership's Primary and Secondary Business objectives.

The estimated costs of the Partnership to deploy the Maximum Offering Amount are set out in sub-paragraph (a) above.

With respect to revenue producing real estate properties acquired by the Partnership, the Partnership expects that by combining a service oriented focus with acquiring undervalued assets the Partnership will be able to increase the cash flow from its portfolio thereby providing an increasing rate of return to its Limited Partners. Toward these ends the Partnership intends:

- (i) to improve the overall value of the Partnership by acquiring revenue producing real estate properties that add value to its overall portfolio;
- (ii) to operate and maintain real estate properties it acquires with the intention of creating profitability on a sustainable basis;
- (iii) to increase the value and returns of real estate properties it acquires, reinvest operating profits and periodic re-financing activities to increase the portfolio in value and to distribute some or all of the refinancing proceeds;
- (iv) to enhance return on capital and yield through investment in real estate development opportunities;
- (v) to provide an investment which has the likely probability of long-term capital appreciation;
- (vi) to permit the Limited Partners to invest in asset classes that are historically a good hedge against inflation;
- (vii) to preserve the value of the Units;
- (viii) to improve the overall value of the Partnership's enterprise through the effective management of the Partnership's business and finances and value added improvements to its properties; and
- (ix) to maintain a cost structure aligned solely with the interests of smaller retail investors.

The Partnership's business strategy anticipates that the Partnership will be able to increase the revenue from and/or the value of properties it acquires. Achieving these goals will depend in part on successfully consolidating functions and integrating operations, procedures and personnel required in the operation and management of the properties in a timely and efficient manner. Failure to achieve one or more of those goals may result in the Partnership not achieving the anticipated benefits of acquiring and owning properties. See *Item 8 "Risk Factors"*.

2.5 Insufficient Funds

The available funds of this Offering may be insufficient to meet all of Partnership's proposed short-term objectives and there is no assurance that additional financing will be available. Failure to obtain additional financing could have adverse effects on the Partnership's ability to acquire suitable properties. See *Item 2.4 "Objectives"*.

2.6 Material Agreements

2.6.1 The Partnership Agreement

Subscribers whose subscriptions are accepted by the Partnership will become limited partners of the Partnership. The rights and obligations of the Partners are governed by the Partnership Agreement and the applicable legislation in Alberta. The disclosure in this Offering Memorandum concerning this Partnership Agreement summarizes only some of its provisions and does not purport to be complete. In the case of any contradiction between this summary and the Partnership Agreement, the terms of the Partnership Agreement shall be paramount. Any capitalized terms not otherwise defined in this Offering Memorandum shall have the meaning ascribed thereto in the Partnership Agreement. **Prospective Subscribers are urged to read the Partnership Agreement in its entirety and obtain independent legal advice on its meaning prior to making an investment in Class A Units.**

General

The Partnership is to be formed pursuant to the Partnership Agreement. The business of the Partnership will consist of:

- (i) primary business of directly or indirectly purchasing, renting, leasing, managing and selling commercial and/or multi-family residential and/or industrial property in North America, which may include undeveloped land or any direct or indirect interests therein, including without limitation the acquisition of securities in other entities that own or operate such real estate assets as referred to above, all other business ancillary or incidental to any of the foregoing, and deriving income therefrom; and
- (ii) provide a return to their Limited Partners.

Limited Partnership Units

Only the holders of the Units will be entitled to one vote for each Unit on any resolution to be passed by the holders of Units. The holders of Units are entitled to receive, and the General Partner shall, subject to applicable law and the terms of the Partnership

Agreement, from time to time pay distributions on the Units as the General Partner determines. Such distributions will be paid out of money, assets or property of the Partnership, properly applicable to the payment of distributions as applicable.

Limited Liability

The General Partner has unlimited liability for the Partnership's debts, liabilities, losses and obligations.

The General Partner is solely responsible for the safekeeping and use of all of the Partnership's funds, whether or not in its immediate possession or control. The General Partner shall open and maintain with a Canadian financial institution, separate bank accounts for the Partnership. All funds received by the Partnership shall be deposited only to the Partnership's bank account(s), and all Partnership disbursements made to any recipient shall be made only by cheque drawn on the Partnership's bank account(s). The General Partner shall not cause the Partnership to guarantee any obligations or liabilities of any other party whatsoever (including the General Partner);

The General Partner acknowledges that it has a continuing fiduciary obligation to the Limited Partners, and covenants that in exercising its powers and discharging its duties under the Partnership Agreement it shall at all times:

- (i) act honestly and in good faith with a view to the best interests of the Partnership;
- (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- (iii) 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 required by law;
- (iv) utilize the Partnership's information and data only for the Partnership's business; and
- (v) comply with the Act, the Partnership Agreement and any legislation governing the Partnership's business.

Neither the General Partner nor any of its directors, officers or employees shall be liable to the Partnership or any Limited Partner for any action taken or not taken unless such action or omission was performed or omitted fraudulently or in bad faith or constituted gross negligence or wanton or willful misconduct.

Affiliates, associates, directors or officers of the General Partner may engage in businesses, ventures, investments and activities which may be similar to or competitive with those in which the Partnership is or might be engaged and neither the General Partner nor any such Affiliate, associate, director or officer is required to offer or make available to the Partnership any other business or investment opportunity which any such Person may acquire or be engaged in for its own account. The Partners acknowledge and agree that the General Partner may act as a general partner for one or more other limited partnerships (which may but are not required to be formed under the Act), and the business purpose and powers of such other limited partnerships may or may not be the same as those of the Partnership. In addition, the General Partner may hold any shares, units or other interest in any corporation or partnership which conducts business similar to that of the Partnership which shall not be a conflict of interest.

Any standard of care or duty imposed under the Act or any applicable law shall be modified, waived or limited as required to permit the General Partner to act under the Partnership Agreement or any other agreement contemplated by the Partnership Agreement and to make any decision pursuant to the power or authority prescribed in the Limited Partnership Agreement, so long as such action is reasonably believed by the General Partner to be in, or not opposed to, the best interests of the Partnership.

Indemnity

The General Partner will indemnify and save harmless each Limited Partner from and against any and all costs, damages, liabilities or expenses incurred by a Limited Partner as a result of the liability of the Limited Partner not being limited in the manner herein described, except where caused by the act or omission of the Limited Partner. The General Partner will indemnify and save harmless the Partnership from and against any and all costs, damages, liabilities and expenses incurred by the Partnership as a result of any breach by the General Partner of its duties under the Partnership Agreement, including reasonable legal expenses incurred by the Partnership in defending an action based in whole or in part upon an allegation that the General Partner has been guilty of such breach if such defence is substantially unsuccessful.

Functions and Powers of the General Partner

- (a) The General Partner has full and exclusive power and authority to administer, manage, control and operate the Partnership's business and affairs at all times on behalf of, and without further authority from the Limited Partners, and to do all things which in its Discretion are necessary, proper or desirable to carry on the Partnership's business. Subject to the Act and the Partnership Agreement, the General Partner is the exclusive agent for the Partnership. Nothing in the Partnership Agreement shall be deemed to make the General Partner a Limited Partner unless the General Partner has also purchased a Unit. No person dealing with the Partnership is required to enquire into the authority of the General Partner to do any act, take any proceeding, make any decision or execute and deliver any instrument, deed, agreement or document for or on behalf of or in the name of the Partnership.
- (b) The General Partner shall hold and deal with title (whether legal, beneficial or statutory) in and to the Partnership's assets in trust for the use and benefit of the Partnership alone. Where required, title to the Partnership's assets shall be registered only in the General Partner's name. The General Partner specifically acknowledges this trust and the fiduciary obligations arising from it.

Without limiting Sections (a) or (b) above, the General Partner is authorized to do all the following specific acts:

- (i) to act as the Registrar and Transfer Agent for the Partnership, or retain another person to so act;
- (ii) to engage or retain such counsel, professional advisers, qualified agents and consultants as the General Partner considers advisable in order to exercise its powers and perform its duties under the Partnership Agreement;
- (iii) to hire employees (even of the General Partner) in the ordinary course of business provided that all such employment is on such terms as are reasonable and competitive for the industry in which the Partnership conducts its business;
- (iv) to purchase goods or services for the Partnership, provided that if the goods or services are purchased from an affiliate or associate of the General Partner, the cost of the goods or services are reasonable and competitive with the cost of similar goods or services provided by an independent third party;
- (v) to pay all taxes, fees and other expenses relating to the orderly maintenance, repair, management and operation of the Partnership's business;
- (vi) to act on behalf of the Partnership with respect to any and all actions (brought either by or against the Partnership) and other proceedings pertaining to the Partnership or its assets;
- (vii) to determine the amount and type of insurance coverage to be maintained in order to protect the Partnership from all usual perils of the type covered in respect of comparable properties and businesses to that of the Partnership and in order to comply with the requirements of the lenders of funds to the Partnership;
- (viii) to purchase or acquire assets or property on behalf of the Partnership, on such terms and conditions as the General Partner may determine and to carry out all actions necessary or desirable to complete any such transaction;
- (ix) to oversee the operation, maintenance, management and rental of the Partnership's assets;
- (x) to sell, transfer or dispose of assets or property on behalf of the Partnership, on such terms and conditions as the General Partner may determine, and to carry out all actions necessary or desirable to complete any such transaction;
- (xi) to borrow money for and on behalf of the Partnership and to give security there for, in the name of the Partnership or the General Partner, for the purposes of the Partnership including to finance or refinance the Partnership's interest in assets, or the Partnership's business and operations;
- (xii) to provide or arrange for the provision of those financial and other reporting functions as may be required by the Partnership Agreement, the Act, other applicable laws, or applicable securities regulatory authorities;
- (xiii) to grant and execute debentures, promissory notes, mortgages, documents and other instruments charging the whole or any part of the Partnership's assets and undertaking and any undivided interest of the Limited Partners in the assets and to do all acts relating thereto as may be necessary or desirable to further the Partnership's business;
- (xiv) to establish and hold an interest in one or more bodies corporate, partnerships, trusts or other organizations so that the Partnership's business may be conducted in the most tax-effective manner;
- (xv) to execute, deliver and file (if required) any and all deeds, documents, certificates and instruments (with or without seal) by or on behalf of the Partnership, and to do or cause to be done all acts and things as may be necessary or desirable to carry out the intent and purpose of the Partnership Agreement, to give effect to the Partnership's formation under the Act, and to carry on the Partnership's business and affairs; and
- (xvi) the General Partner's power and authority does not extend to any power, action or authority for which either an Ordinary or a

Special Resolution is required, unless and until the requisite resolution has passed by the Limited Partners.

Resignation and Removal of the General Partner

The General Partner may not be removed as general partner of the Partnership, except as follows:

- (a) Upon the occurrence of any of the following events which has not been cured by the General Partner within thirty (30) days of the occurrence thereof:
 - (i) the passing of any resolution of the directors or shareholders of the General Partner requiring or relating to the bankruptcy or the making of any assignment for the benefit of creditors of the General Partner (or the commencement of any act or proceeding in connection with any of the foregoing which is not contested in good faith by the General Partner); or
 - (ii) the appointment of a receiver of all or substantially all of the assets and undertaking of the General Partner; or
- (b) The occurrence of any gross negligence, willful misconduct or fraud on the part of the General Partner; or
- (c) The passing of a Special Resolution by the Limited Partners holding Class A Units for the removal of the General Partner.

Upon the occurrence of any of the events referred to in sub-paragraphs (a) and (b) above, removal of the General Partner shall occur only upon the passing of an Ordinary Resolution by the Limited Partners holding Class A Units for the removal of the General Partner.

Removal of the General Partner as the general partner of the Partnership pursuant to subparagraphs (a), (b) or (c) above shall be effective only upon satisfaction of the following conditions within 30 days of the passage of any resolution of the Limited Partners holding Class A Units as provided for above:

- (a) the successor general partner shall have executed and delivered to the General Partner:
 - (i) a release of any further liabilities, responsibilities and obligations under the Partnership Agreement by the Partnership and any agreements entered into by the General Partner on behalf of the Partnership up to the date of removal of the General Partner as provided for herein together with the full and unconditional release of the officers, directors and shareholders of the General Partner from any personal guarantees granted by such parties in favour of the General Partner and or the Partnerships with respect to the conduct of the Partnership business up to the date of removal of the General Partner as provided for herein; and
 - (ii) an indemnity from the Partnership holding the General Partner harmless from and against all actions, claims, causes, demands, losses, damages and expenses arising with respect to the Partnership after the appointment of the successor general partner.

Transfer of Limited Partnership Units

Subject to the approval of the General Partner and the General Partner's first right of refusal (as provided for in Section 5 of the Partnership Agreement), the Units are transferable in accordance with the Partnership Agreement and in compliance with applicable securities laws.

Material Events and Limited Partner Approval

The following powers are only exercisable by Special Resolution passed by the Limited Partners holding Units:

- (a) consenting to the amendment of the Partnership Agreement 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) amending, modifying, altering or repealing any previous Special Resolution;
- (e) dissolving or terminating the Partnership;
- (f) approving a settlement of an action against the General Partner as a result of a breach of its duties;
- (g) removal of the General Partner; and
- (h) creating or issuing additional interests in the Partnership of a different class than the Units where such additional interests would have a preference or priority over the existing Units in respect of distributions, income or loss or return of Capital Contribution.

Where the General Partner, or any director or officer thereof, is the owner of a Unit, they must abstain from voting in respect of items (b), (f) or (g) above and in addition, will be required to abstain in any other circumstance in which there is a conflict of interest. Any other matters to be determined by the Limited Partners, other than as is otherwise expressly provided for in the Partnership Agreement, will be determined by Ordinary Resolution.

AMENDMENT AND APPROVAL

Amendment Procedures

The General Partner has the right to change the name of the Partnership and to file an amendment to the Certificate recording the change of name of the Partnership.

Other than as set for the below, the Partnership Agreement may only be amended with the consent of the Limited Partners given by Special Resolution. The General Partner may, without prior notice to or consent from any Limited Partner, amend the Partnership Agreement from time to time:

- (i) 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;
- (ii) to cure any ambiguity or to correct or supplement any provisions contained herein, which, in the opinion of the General Partner, acting reasonably, may be defective or inconsistent with any other provisions contained herein, and with respect to which, in the General Partner's reasonable opinion, the cure, correction or supplemental provision does not and will not adversely affect the interests of the Limited Partners; or
- (iii) 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 shall notify the Limited Partners in writing of the full details of any such amendment to the Partnership Agreement within thirty (30) days of the effective date of that amendment.

Meetings of Limited Partners

All Partners have the right to attend and be heard at all meetings of the Partnership. Every meeting, however convened, will be conducted in accordance with this Agreement. A Limited Partner that 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. Any officer or director of the General Partner, counsel to the General Partner or the Partnership and representatives of the auditors may attend any meeting of the Partnership, and the chairman of the meeting may authorize the presence of any other person at a meeting regardless of whether that person is a Limited Partner. With the approval of the chairman any person will be entitled to address the meeting.

All meetings shall be held in Canmore, Alberta.

The General Partner shall call a meeting of the Partnership upon the written request of one or more Limited Partners holding not less than 50% of all issued and outstanding Units. If the General Partner fails to call a meeting as required herein, any Limited Partner may convene a meeting by giving written notice to the Partners in accordance with the Partnership Agreement. The General Partner may call further meetings at any other time.

The Partner calling a meeting shall deliver notice of that meeting to all Partners at their addresses on the Partnership's registry no less than fourteen (14) days and no more than thirty (30) days before the meeting date. The notice shall state the date, time, place and, in general terms, the business to be transacted at the meeting and include the text of any resolutions to be passed as well as copies of all documents necessary to enable the Partners to make an informed decision on the matters to be placed before the meeting. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any Limited Partner will not invalidate the proceedings at that meeting.

Subject to the provisions of the Partnership Agreement, a quorum at any meeting will consist of two or more persons present in person who collectively hold or represent by proxy not less than ten per cent (10%) of the outstanding Units in the Partnership. If, within half an hour after the time fixed for the holding of a meeting, a quorum is still not present, the meeting will be held at the same time and, if available, the same place not less than ten (10) days or more than twenty-one (21) days later (or if that date is not a business day, the first business day after that date), and the Partner who called the meeting will give at least seven (7) days' notice to all Partners of the date of the reconvening of the adjourned meeting. Such notice need not set forth the matters to be considered unless they are different from those for which the original meeting was called. At any reconvened meeting the quorum for the meeting will consist of the Limited Partners then present in person or represented by proxy at such reconvened meeting. A quorum need only be present at the beginning of a meeting, and not throughout the entire meeting.

The General Partner or its duly appointed nominee shall be the chairman of all meetings. If the General Partner does not so act, the Limited Partner holding the largest number of Units present at the meeting shall be the chairman, and if that Limited Partner does not so act, the Limited Partner holding the next largest number of Units shall so act.

To the extent that the rules and procedures for the conduct of a meeting are not prescribed in the Partnership Agreement, the rules and procedures will be determined by the chairman of the meeting.

A Limited Partner may vote each Unit for which he is registered as the Unit holder, or for which he is the proxyholder. For greater certainty, the General Partner may not vote in respect of its interests as General Partner, but nothing in the Partnership Agreement prohibits the General Partner from voting in respect of any Units of which it is the registered holder, or in respect of any Units for which it is the proxyholder. No person other than a Limited Partner or proxyholder may vote at a meeting.

Every question submitted to a meeting which requires a Special Resolution under the Partnership Agreement will be decided by a poll. All other matters will be decided on a show of hands unless a poll is demanded by a Limited Partner, in which case a poll will be taken. A poll requested or required concerning the election of a chairman or an adjournment, will be taken immediately on request, and on any other matter, will be taken at the meeting or an adjournment of the meeting in such manner as the chairman directs. In case of an equality of votes, the chairman will not have a casting vote and the question will be deemed to be defeated. The chairman will vote in respect of any Units held by the chairman or for which the chairman may be proxyholder. On any vote a declaration of the chairman concerning the results of the vote will be conclusive.

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 may not vote on that resolution; provided however, that a Limited Partner will be deemed not to have a material interest in a contract, proposed contract or transaction if the interest arises merely from the ownership of 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.

Any Limited Partner entitled to vote at a meeting may vote by proxy. In order to be valid, a proxy shall be dated and signed by the Limited Partner and completed substantially in the following form:

I, _____, the Limited Partner holding _____ Units in the Kings Castle Limited Partnership, hereby appoint _____ as proxy with full power of substitution to vote for me and on my behalf on all matters at the Partnership meeting being held at Canmore, Alberta on _____, _____, 20____ and at every adjournment or poll thereof.

Dated at _____, this _____, _____, 20____.

Signature

Any proxy in order to be valid for a meeting must be received by the General Partner or the chairman of the meeting for verification not less than 48 hours before the meeting. A proxy purporting to be executed by or on behalf of a Limited Partner will be considered to be valid unless challenged at the time of or before its exercise, and the person challenging will have the burden of proving to the satisfaction of the chairman of the meeting that the proxy is invalid and any decision of the chairman concerning the validity of a proxy will be final.

The Chairman will cause minutes to be kept of all proceedings and resolutions at every meeting, and copies of any resolutions to be entered in books to be kept for that purpose, and any minutes, if signed by the chairman of the meeting, will be deemed to be evidence of the matters stated in them, and such meeting will be deemed to have been duly convened and held and all resolutions and proceedings shown in them will be deemed to have been duly passed and taken.

See sub-paragraphs 1), 2), 3) and 4) of Item 2.2 - "Business of the Partnership - Legal Structure - The General Partner" and Item 5.1 - "Terms of Securities Offered" for additional terms of the Partnership Agreement.

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ITEM 3 - Directors, Management, Promoters and Principal Holders

3.1 Compensation and Securities Held

The following table sets out information about each director, officer and promoter of the General Partner and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the General Partner (as "Principal Holder"):

Name and municipality of principal residence	Positions held (eg. director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid or to be paid by Partnership in the most recently completed financial year and the compensation anticipated to be paid in the current financial year.	Number, type and percentage of securities of the General Partner held after completion of the Offering	Number, type and percentage of securities of the Partnership held after completion of the Offering
Thomas Beyer Vancouver, British Columbia	President, Director, Promoter and Principal Holder of the General Partner since incorporation	4,5,6	58 Class A Common Shares (58%)	6 Class A Units 174,000 Class B Units (58%) ¹
Ronald David (Scotty) Grubb West Vancouver, British Columbia	Principal Holder and Promoter of the General Partner since incorporation	4,5	22 Class A Common Shares (22%)	5 Class A Units 66,000 Class B Units (22%) ²
Mike Hammerlindl Calgary, Alberta	Principal Holder and Promoter of the General Partner since incorporation	4,5	20 Class A Common Shares (20%)	2 Class A Units 60,000 Class B Units (20%) ³

¹ As of the date of this Offering Memorandum, Mr. Beyer holds 6 Class A Units in the Partnership and 142,003 Class B Units. Mr. Beyer may acquire additional Class A Units prior to the closing of this Offering. Where the Partnership issues Class B Units with respect to Class A Units issued under this Offering other than with respect to parties to whom Class B Units are issued as compensation for affecting the sale of such Class A Units, Mr. Beyer or his designees shall receive 58% of such Class B Units issued by the Partnership.

² As of the date of this Offering Memorandum, Mr. Grubb, through his holding company Scotty Grubb & Associates Ltd., holds 5 Class A Units in the Partnership and 53,863 Class B Units. Mr. Grubb may acquire additional Class A Units prior to the closing of this Offering. Where the Partnership issues Class B Units with respect to Class A Units issued under this Offering other than with respect to parties to whom Class B Units are issued as compensation for affecting the sale of such Class A Units, Mr. Grubb or his designees shall receive 22% of such Class B Units issued by the Partnership.

³ As of the date of this Offering Memorandum, Mr. Hammerlindl, through his holding company Ryan Capital Corp., holds 2 Class A Units in the Partnership and 48,966 Class B Units. Mr. Hammerlindl may acquire additional Class A Units prior to the closing of this Offering. Where the Partnership issues Class B Units with respect to Class A Units issued under this Offering other than with respect to parties to whom Class B Units are issued as compensation for affecting the sale of such Class A Units, Mr. Hammerlindl or his designees shall receive 20% of such Class B Units issued by the Partnership.

⁴ Between January 1, 2015 and April 30, 2015 the Partnership paid or reimbursed the General Partner and corporations controlled by the Principal Holders of the General Partner an aggregate of \$47,995.74 in General Partner Fees, marketing issuance costs and office and administration expenses.

⁵ Between January 1, 2014 and December 31, 2014 the Partnership paid or reimbursed the General Partner and corporations controlled by the Principal Holders of the General Partner an aggregate of \$235,410.80 in General Partner Fees, marketing issuance costs and office and administration expenses. Between January 1, 2015 and April 30, 2015 the Partnership paid or reimbursed the General Partner an aggregate of \$83,493.61. The Partnership will continue to pay the General Partner and/or corporations controlled by the Principal Holders of the General Partner the General Partner Fees as those fees accrue during the current fiscal year of the Partnership.

⁶ Mr. Beyer is a director of FPGL. Mr. Beyer owns 11% of FPGL via a holding company and Mr. Beyer's wife, through a holding company, owns 49.5% of the issued and outstanding shares in FPGL. FPGL manages the Castleview Buildings and Castle Harbour on behalf of the Partnership and Prism A LP. The Partnership pays FPGL approximately \$4,300 a month for managing its interest in these properties.

3.2 Management Experience

The following is a summary of the qualifications of the officer and director of the General Partner and the Promoters of this Offering:

Thomas Beyer founded the Prestigious Properties Group in 2000 specializing in multi-family apartment buildings. The Prestigious Property Group has since grown into a group of companies or limited partnerships with a carefully selected small group of associates or co-owners. Thomas believes in turning under-valued properties into Prestigious Properties, for the benefit of investors, tenants and communities. He has an MBA from the University of Alberta (1988) and a B.Sc. from the Technical University of Munich (1986). He has been the president of two rental pool boards and has been on several condominium boards since 1997. Prior to 2000 Thomas held a variety of positions in the software industry, including software marketing, product management, software sales and software project management, including 8 years with IBM and seven years with the IBM Business Partner Lightyear Consulting as a managing partner. He has lived in the lower mainland in BC, in Toronto, Germany, South Africa and lived in Alberta between 1995 and 2010. He now calls Vancouver, British Columbia home.

He and his team currently control over \$105 million of real estate assets, mainly apartment buildings, with a total of approximately 800 suites and 82 mobile home park pads in AB, ON and TX. Mr. Beyer is an officer, director and shareholder of Prestigious Properties Inc., Prestigious Properties Canada Three Inc. (incl. its affiliated corporations: Prestigious Capital Inc., Prestigious Investment Inc.), Prestigious Properties Four Inc. (incl. its affiliated corporations: Prestigious Capital Four Inc., Prestigious Investment Four Inc., Prestigious Properties USA Four Inc.), Prestigious Properties Canada Ltd., Strategic Software Management Inc., PrestProp West Edmonton Inc., PrestProp Europa Inc., PRestigious InveStment & Management (PRISM) A – Inc. (incl. its affiliated entities: PRestigious InveStment & Management (PRISM) A – Limited Partnership, Prestigious RRSP A Capital Inc., Prestigious RRSP Investment A Inc., Prestigious RRSP AA Capital Inc. and Prestigious RRSP Investment AA Inc.) and Prestigious Properties Kings Castle GP Inc. (incl. its affiliated entities Prestigious Properties Kings Castle RRSP Inc., Prestigious Properties Kings Castle RRSP V Inc.), PrestProp Blackfalds MHP Inc. and Prestigious Properties Developments Inc. He is happily married with two adult children.

He is a long time REIN (Real Estate Investment Network) member and has won the REIN “Top Player of the Year” award annually from 2005 to 2010 and from 2011 to 2013 the even more prestigious “Michael Millenaar Leadership Award” for helping and mentoring others succeed in their real estate ventures. He invests his own money and that of other people to create wealth for himself, his co-investors and for the communities at large through improved property values, better buildings and more ethical business, HR, marketing and sub-contractor principles. He is also the author of the book “80 Lessons learned on the road from \$80,000 to \$80,000,000” available on Amazon.

Ronald David (Scotty) Grubb is a Senior Business Professional with over 30 years of proven success in the Financing and Operations of Public and Private Companies. He completed high school and engineering in Scotland before immigrating to Canada in 1968. His career as a professional skier lead him to join the Sports division of Yamaha, Japan in product development and then as the sales director for Canada. During the 1990’s he founded, managed and financed two successful public companies engaged in engineering and software. He has worked in various positions of trust establishing a high respect as a manager and financier having raised in excess of \$50 million, He has been an investor in Prestigious Properties since 2006 when he joined the company and has been responsible for raising over \$36 million for Prestigious Properties Canada Three LP, Prestigious Properties Four LP and PRISM A LP. Scotty has since joined the group as a partner and co-owner of Prestigious Properties Four Inc., PRISM A Inc., and Prestigious Properties Kings Castle GP Inc. incl. its affiliated entities. He is married with two adult sons and lives in West Vancouver, B.C. Previously Scotty was a registered Exempt Market Dealing Representative with Sloane Capital Corp. and as of February 2015, Scotty became a registered Exempt Market Dealing Representative with TriView Capital Ltd. Scotty is also an active member of the Royal Canadian Marine Search and Rescue Society (and since 2014 he has been president of the Society) where he is saving lives in the chilly waters off Canada’s west coast.

Mike Hammerlindl graduated from the University of Alberta with a degree in Civil Engineering, focusing on structural design. He has experience working for a municipal consultant, architect, and gas utility and has also been involved in several entrepreneurial ventures. He was the president of a condominium board for a condominium association in Ft. McMurray, AB. He is married, has three young children and resides in Calgary, AB. Mike has been an investor with Prestigious Properties since 2004 and has been actively involved in property acquisitions, financing and asset improvement strategies for the group of companies since 2007 having transacted over \$130,000,000 of real estate. He is a CCIM (Certified Commercial Investment Member) and Chartered Financial Analyst (CFA) charterholder. He is a partner and co-owner of Prestigious Properties Four Inc., PRISM A Inc., and Prestigious Properties Kings Castle GP Inc. incl. its affiliated entities.

3.3 Penalties, Sanctions and Bankruptcy

No director or officer or principal shareholder of the General Partner is, as at the date hereof or has been within the last ten years prior to the date hereof, (a) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued while the director or officer of the General Partner was acting in the capacity as director, chief executive officer or chief financial officer of that company; (b) subject to a cease trade order, an order similar to a cease trade order or an order that denied a company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued after the director or officer ceased to be a director, chief executive officer or chief financial officer of that company and which resulted from an event that occurred while that person was acting in such capacity; (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (d) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets. To the knowledge of the General Partner, no director or executive officer of the General Partner, (a) has been subject to any penalties or sanctions imposed by a court relating to securities or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory or (b) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

ITEM 4 - Capital Structure

4.1 Unit Capital

4.1.1 The Partnership

The following summarizes the capital structure of the Partnership:

Description of Security	Number authorized to be issued	Price per Security	Number outstanding as at May 27, 2015	Number outstanding after Maximum Offering
Class A Limited Partnership Units	3,134	\$4,000 - \$5,000	2,493 ¹	3,132
Class B Limited Partnership Units ^{2,3}	313,400	\$0.01	249,300	313,400

- 1 The Initial Limited Partners collectively held 134 Class A Units. See Item 2.1 "Legal Structure – Initial Limited Partners". Two of the Initial Limited Partner's Class A Units have been redeemed.
- 2 The Partnership may issue 100 Class B Units to the shareholders of the General Partner or their designees for every 1 Class A Unit issued by the Partnership pursuant to this Offering. See Item 2.1 "Legal Structure – Initial Limited Partners – Issue of Class B Units".
- 3 The Partnership may issue Class B Units to parties other than the General Partner who affect the sale of Class A Units under this Offering. No more than 100 Class B Units will be issued for every Class A Unit issued under this Offering. See Item 2.1 "Legal Structure – Initial Limited Partners – Issue of Class B Units".

4.1.2 The General Partner

The share capital of the General Partner is as follows:

Description of Security	Number authorized to be issued	Price per Security	Number outstanding as at May 27, 2015	Number outstanding after Maximum Offering
Class A Common shares	unlimited	\$0.10	100	100
Class B Common Shares	unlimited	\$0.01	NIL	NIL
First Preferred Shares	unlimited	n/a	NIL	NIL

4.2 Prestigious Properties Kings Castle RRSP V Inc.

The officer and director of the General Partner of the Partnership has created PKC RRSP V in order to provide investors wishing to use funds from Deferred Plans with an opportunity to participate in an investment in the Class A Units of the Partnership.

It is intended that PKC RRSP V will conduct an offering (the "PKC RRSP V Offering") pursuant to its own offering memorandum (the "PKC RRSP V OM") of fixed rate participating bonds. Subscribers to the PKC RRSP V Offering may use funds from Deferred Plans to subscribe for bonds to be issued by PKC RRSP V.

After each closing of the PKC RRSP V Offering, PKC RRSP V intends to use the available funds of the PKC RRSP V Offering, to acquire such number of Class A Units under this Offering that it can acquire with such funds. After the acquisition of Class A Units by PKC RRSP V, PKC RRSP V will participate as a Limited Partner of the Partnership. Through the acquisition by PKC RRSP V of the Class A Units, PKC RRSP V could become the largest single Unitholder in the Partnership. The total number of Class A Units that PKC RRSP V will acquire will be dependent upon the amount of funds raised by PKC RRSP V under the PKC RRSP V Offering.

PKC RRSP V holds a total of 378 Class A Units in the Partnership which it acquired under the Partnership's Offering Memorandums dated May 21, 2014 and December 31, 2014.

The Class A Preferred Shares of PKC RRSP V (the "PKC RRSP V Class A Shares") are, and will be after the completion of the PKC RRSP V Offering, owned and held by Thomas Beyer and Target Capital Inc. (a party un-related to the Prestigious Parties). The PKC RRSP V Class A Shares are not entitled to dividends.

The sole director and officer of PKC RRSP V is Thomas Beyer, who is also the sole officer and director of the General Partner. As a result, a conflict of interest exists with respect to Mr. Beyer's position within PKC RRSP V, the General Partner and the Partnership. See Item 8 "Risk Factors - Conflicts of Interest".

The Partnership shall pay all costs, commissions and fees associated with the past, current and future offerings of Bonds by PKC RRSP V. No commissions shall be paid to any party with respect to the purchase of Class A Units by PKC RRSP V.

4.3 Long Term Debt

The following sets out the long term debt of the Partnership as at the date indicated:

Description of Long Term Debt	Interest Rate	Repayment Terms	Amount Outstanding as at April 30, 2015
The Castlevue 1st Mortgage	4.14% per annum	The term of this mortgage matures on January 1, 2016. Payments of principal and interest are due monthly in the amount of \$53,711. The Partnership's portion of that payment is \$13,427. Subject to any default by the Partnership under the terms of the Mortgages, the entire balance of this mortgage is due and payable on January 1, 2016.	The balance of this mortgage as at April 30, 2015 is \$8,967,714 of which \$2,241,928 represents the Partnership's obligation under this mortgage. ⁽¹⁾
The Castlevue 2nd Mortgage	3.19% per annum	The term of this mortgage matures on January 1, 2016. Payments of principal and interest are due monthly in the amount of \$8,694.87. The Partnership's portion of that payment is \$2,173.72. Subject to any default by the Partnership under the terms of the Mortgages, the entire balance of this mortgage is due and payable on January 1, 2016.	The balance of this mortgage as at April 30, 2015 is \$1,727,206 of which \$431,801 represents the Partnership's obligation under this mortgage ⁽¹⁾
The Hawkwood Mortgage	4.10% per annum	The term of this mortgage matures on March 1, 2019. Payments of principal and interest are due monthly in the amount of \$7,819.40 per month.	\$1,591,878
The Castle Harbour Mortgage	3.15% per annum	The term of this mortgage matures on December 15, 2019. Payments of principal and interest are due monthly in the amount of \$38,237.56. Subject to any default by the Partnership under the terms of the Mortgages, the entire balance of this mortgage is due and payable on December 15, 2019.	\$7,879,707
Spruce Vale Mortgage	3.0% per annum	The term of this mortgage matures in April of 2020. Payments of principal and interest are due monthly in the amount of \$8,045.17.	\$1,700,000

- (1) While the Partnership and Prism A LP have agreed that the Partnership is responsible for 25% of the mortgage payments with respect to the Castlevue 1st and 2nd Mortgages, liability of each of the Partnership and Prism A LP to the Toronto Dominion Bank in the event of a default under the above Mortgages would be for 100% of the amounts due and owing under the Mortgages as the obligations of the Partnership and Prism A LP under the Mortgages is on a joint and several basis meaning they are each liable up to the full amount of the Mortgage obligation between them. Each of the Partnership and Prism A LP and their respective general partners have entered into an Indemnity Agreement pursuant to which each of these partnerships and their respective general partners have agreed to indemnify the other for any loss incurred by a party over and above that party's respective obligation under the Castlevue 1st Mortgage and the Castlevue 2nd Mortgage occurring as a result of a default by the other party under the Mortgages.

4.4 Prior Sales

The following table summarizes the Class A Units issued since the Partnership was formed:

<u>Date of Issuance</u>	<u>Type of Security Issued</u>	<u>Number of Securities Issued</u>	<u>Price per Security</u>	<u>Total Funds Received</u>
March 4, 2010	Class A Limited Partnership Units	134 ⁽¹⁾	\$4,000	\$536,000
May 31, 2010	Class A Limited Partnership Units	145	Between \$4,000 - \$4,750	\$608,000
June 30, 2010	Class A Limited Partnership Units	106	Between \$4,000 - \$5,000	\$468,500
July 31, 2010	Class A Limited Partnership Units	63	Between \$4,850 - \$5,000	\$311,850
August 31, 2010	Class A Limited Partnership Units	36	Between \$4,850 - \$5,000	\$176,850
September 30, 2010	Class A Limited Partnership Units	75	\$5,000	\$375,000
October 31, 2010	Class A Limited Partnership Units	20	\$5,000	\$100,000
December 31, 2010	Class A Limited Partnership Units	62	\$5,000	\$310,000
January 31, 2011	Class A Limited Partnership Units	34	\$5,000	\$170,000
February 28, 2011	Class A Limited Partnership Units	10	\$5,000	\$50,000
May 31, 2011	Class A Limited Partnership Units	97	\$5,000	\$485,000
July 18, 2011	Class A Limited Partnership Units	28	Between \$4,750 - \$5,000	\$139,250
September 9, 2011	Class A Limited Partnership Units	40	\$5,000	\$200,000
October 24, 2011	Class A Limited Partnership Units	65	Between \$4,750 - \$5,000	\$322,000
November 16, 2011	Class A Limited Partnership Units	33	\$5,000	\$165,000
December 19, 2011	Class A Limited Partnership Units	58	Between \$4,850 - \$5,000	\$286,850
March 15, 2012	Class A Limited Partnership Units	47	\$5,000	\$235,000
May 9, 2012	Class A Limited Partnership Units	59	\$5,000	\$295,000
August 9, 2012	Class A Limited Partnership Units	50	\$5,000	\$250,000
September 17, 2012	Class A Limited Partnership Units	19	\$5,000	\$95,000
October 7, 2012	Class A Limited Partnership Units	32	\$5,000	\$160,000
November 6, 2012	Class A Limited Partnership Units	16	\$5,000	\$80,000
December 19, 2012	Class A Limited Partnership Units	15	\$5,000	\$75,000
February 6, 2013	Class A Limited Partnership Units	46	Between \$4,900 - \$5,000	\$228,000
April 30, 2013	Class A Limited Partnership Units	55	Between \$4,800 - \$5,000	\$274,000
May 27, 2013	Class A Limited Partnership Units	114	Between \$4,750 - \$5,000	\$554,000

<u>Date of Issuance</u>	<u>Type of Security Issued</u>	<u>Number of Securities Issued</u>	<u>Price per Security</u>	<u>Total Funds Received</u>
July 2, 2013	Class A Limited Partnership Units	50	\$5,000	\$250,000
August 27, 2013	Class A Limited Partnership Units	33	\$5,000	\$165,000
October 1, 2013	Class A Limited Partnership Units	47	\$5,000	\$235,000
November 13, 2013	Class A Limited Partnership Units	102	Between \$4,700 - \$5,000	\$483,000
December 17, 2013	Class A Limited Partnership Units	45	\$5,000	\$225,000
December 30, 2013	Class A Limited Partnership Units	5	\$5,000	\$25,000
March 12, 2014	Class A Limited Partnership Units	131	Between \$4,800 - \$5,000	\$653,000
April 17, 2014	Class A Limited Partnership Units	146	Between \$4,800 - \$5,000	\$727,800
July 22, 2014	Class A Limited Partnership Units	16	\$5,000	\$80,000
August 5, 2014	Class A Limited Partnership Units	60	\$5,000	\$300,000
September 2, 2014	Class A Limited Partnership Units	40	Between \$4,900 - \$5,000	\$198,000
September 30, 2014	Class A Limited Partnership Units	60	\$5,000	\$300,000
February 23, 2015	Class A Limited Partnership Units	118	\$5,000	\$590,000
April 7, 2015	Class A Limited Partnership Units	142	Between \$4,950 - \$5,000	\$709,400
April 30, 2015	Class A Limited Partnership Units	41	\$5,000	\$205,000

¹ The Initial Limited Partners collectively held 134 Class A Units. See Item 2.1 "Legal Structure - Initial Limited Partners". Two of the Initial Limited Partner's Class A Units have been redeemed.

The following table summarizes the Class B Units issued since the Partnership was formed:

<u>Date of Issuance</u>	<u>Type of Security Issued ⁽¹⁾</u>	<u>Number of Securities Issued</u>	<u>Price per Security</u>	<u>Total Funds Received</u>
March 4, 2010	Class B Limited Partnership Units	13,400	\$0.01	\$134
May 31, 2010	Class B Limited Partnership Units	14,500	\$0.01	\$145
June 30, 2010	Class B Limited Partnership Units	10,600	\$0.01	\$106
July 31, 2010	Class B Limited Partnership Units	6,300	\$0.01	\$63
August 31, 2010	Class B Limited Partnership Units	3,600	\$0.01	\$36
September 30, 2010	Class B Limited Partnership Units	7,500	\$0.01	\$75
October 31, 2010	Class B Limited Partnership Units	2,000	\$0.01	\$20
December 31, 2010	Class B Limited Partnership Units	6,200	\$0.01	\$62
January 31, 2011	Class B Limited Partnership Units	3,400	\$0.01	\$34

Date of Issuance	Type of Security Issued ⁽¹⁾	Number of Securities Issued	Price per Security	Total Funds Received
February 28, 2011	Class B Limited Partnership Units	1,000	\$0.01	\$10
May 31, 2011	Class B Limited Partnership Units	9,700	\$0.01	\$97
July 18, 2011	Class B Limited Partnership Units	2,800	\$0.01	\$28
September 9, 2011	Class B Limited Partnership Units	4,000	\$0.01	\$40
October 24, 2011	Class B Limited Partnership Units	6,500	\$0.01	\$65
November 16, 2011	Class B Limited Partnership Units	3,300	\$0.01	\$33
December 19, 2011	Class B Limited Partnership Units	5,800	\$0.01	\$58
March 15, 2012	Class B Limited Partnership Units	4,700	\$0.01	\$47
May 9, 2012	Class B Limited Partnership Units	5,900	\$0.01	\$59
August 9, 2012	Class B Limited Partnership Units	5,000	\$0.01	\$50
September 17, 2012	Class B Limited Partnership Units	1,900	\$0.01	\$19
October 7, 2012	Class B Limited Partnership Units	3,200	\$0.01	\$32
November 6, 2012	Class B Limited Partnership Units	1,600	\$0.01	\$16
December 19, 2012	Class B Limited Partnership Units	1,500	\$0.01	\$15
February 6, 2013	Class B Limited Partnership Units	4,600	\$0.01	\$46
April 30, 2013	Class B Limited Partnership Units	5,500	\$0.01	\$55
May 27, 2013	Class B Limited Partnership Units	11,400	\$0.01	\$114
July 2, 2013	Class B Limited Partnership Units	5,000	\$0.01	\$50
August 27, 2013	Class B Limited Partnership Units	3,300	\$0.01	\$33
October 1, 2013	Class B Limited Partnership Units	4,700	\$0.01	\$47
November 13, 2013	Class B Limited Partnership Units	10,200	\$0.01	\$102
December 17, 2013	Class B Limited Partnership Units	4,500	\$0.01	\$45
December 30, 2013	Class B Limited Partnership Units	500	\$0.01	\$5
March 12, 2014	Class B Limited Partnership Units	13,100	\$0.01	\$131
April 17, 2014	Class B Limited Partnership Units	14,600	\$0.01	\$146
July 22, 2014	Class B Limited Partnership Units	1,600	\$0.01	\$16
August 5, 2014	Class B Limited Partnership Units	6,000	\$0.01	\$60
September 2, 2014	Class B Limited Partnership Units	4,000	\$0.01	\$40

<u>Date of Issuance</u>	<u>Type of Security Issued ⁽¹⁾</u>	<u>Number of Securities Issued</u>	<u>Price per Security</u>	<u>Total Funds Received</u>
September 30, 2014	Class B Limited Partnership Units	6,000	\$0.01	\$60
February 23, 2015	Class B Limited Partnership Units	11,800	\$0.01	\$118
April 7, 2015	Class B Limited Partnership Units	14,200	\$0.01	\$142
April 30, 2015	Class B Limited Partnership Units	4,100	\$0.01	\$41

1. The shareholders of the General Partner collectively hold 249,300 Class B Units. See Item 2.1 "Legal Structure -- Initial Limited Partners -- Issue of Class B Units".

ITEM 5 - Securities Offered

5.1 Terms of Securities

Limited Partners will not have a direct interest in real property or other assets acquired by the Partnership.

A. Rights of Class A and Class B Units

The following is a summary of some of the material rights of the holders of limited partnership units in the Partnership. Subscribers should review the Partnership Agreement to determine all rights and obligations of the limited partners of the Partnership.

Each Unit entitles the registered holder thereof to:

- (i) other than with respect to the following, one vote in respect of all matters to be decided by the Limited Partners, which vote may be exercised in person, by a nominee duly appointed in writing (who need not be a Partner) or by proxy; where a Unit is held jointly by more than one party, one vote only shall be accepted, and if the holders of that Unit cannot agree as to their single vote, no vote shall be admitted. Notwithstanding the above, the holders of Class B Units shall have no right to vote with respect any matters involving the removal of the General Partner pursuant to the Partnership Agreement;
- (ii) allocations and distributions of the Partnership's income or loss in accordance with Section 8 of the Partnership Agreement;
- (iii) distributions of the Partnership's assets on wind-up, dissolution, or any return of capital in accordance with Section 8 the Partnership Agreement; and
- (iv) except as otherwise provided for in the Partnership Agreement, no Unit has any preference or right in any circumstances over any other Unit.

B. Allocation of Net Income and Taxable Income

Subject to Sections 8.5, 8.6 and 9.7 of the Partnership Agreement, as at the end of each Fiscal Year of the Partnership, the General Partner shall allocate the Partnership's Net Income and Taxable Income (if any) in respect of that Fiscal Year as follows:

- (i) until the Capital Contributions of the Limited Partners holding Class A Units have been repaid in full, 99.995% shall be allocated to the Limited Partners holding Class A Units in accordance with their Proportionate Share and 0.005% to the Limited Partners holding Class B Units, to a maximum of \$100.00 per fiscal year;
- (ii) once the Capital Contributions of the Limited Partners holding Class A Units have been repaid in full, 60% shall be allocated to the Limited Partners holding Class A Units in accordance with their Proportionate Share and 40% to Limited Partners holding Class B Units in accordance with their Proportionate Share until the Limited Partners holding Class A Units have been allocated an amount equal to twice their aggregate Capital Contributions after which time 40% shall be allocated to the Limited Partners holding Class A Units in accordance with their Proportionate Share and 60% to Limited Partners holding Class B Units in accordance with their Proportionate Share.

C. Allocation of Net Loss and Tax Loss

Subject to Sections 8.5 and 8.6 of the Partnership Agreement, as at the end of each Fiscal Year, the General Partner shall allocate the Partnership's Net Loss and Tax Loss (if any) in respect of that Fiscal Year, among the Limited Partners according to their Proportionate Shares, in accordance with the terms of Item B above, provided that:

- (i) the amount of Tax Loss to be allocated to any Limited Partner in respect of any Fiscal Year would exceed the "at risk amount" (as defined in the *Tax Act*) of that Limited Partner as at the end of that Fiscal Year; or

- (ii) the amount of Net Loss to be allocated to any Limited Partner in respect of any Fiscal Year would exceed the aggregate balance of that Limited Partner's Capital Account and Current Account; that excess, in either case, will not be allocated to that Limited Partner but will be allocated in its entirety to the General Partner in addition to the amount of Tax Loss or Net Loss, as the case may be.

D. Partnership Distributions

From the Partnership's cash funds minus:

- (i) all the Partnership's accrued debts, liabilities and expenses at that time, and
- (ii) an amount the General Partner determines to be a reasonable reserve having regard to the current and anticipated cash requirements of the Partnership in respect of working capital requirements,

the General Partner may, in its Discretion, make distributions to the Limited Partners in accordance with the terms of Item B above.

E. Distribution Reinvestment and Unit Purchase Plan

- (i) Limited Partners holding Class A Units may elect to reinvest cash distributions made to such Limited Partners pursuant to the Partnership Agreement in the Partnership's distribution reinvestment and unit purchase plan (the "DRIP Plan") for additional Class A Units.

Subject to subparagraph (ii) below the price at which Class A Units will be acquired by DRIP Plan participants will be determined by the General Partner in its Discretion but will generally be the Pricing NAV per Class A Unit applicable at the time of the issue of the Class A Units pursuant to the DRIP Plan.

- (ii) Under the DRIP Plan the General Partner may in its Discretion grant Limited Partners holding Class A Units electing to reinvest cash distributions from the Partnership in Class A Units pursuant to the DRIP Plan, a discount of the subscription price per DRIP Unit not to exceed 20% of the distributable cash amount a Class A Unitholder would otherwise be entitled to receive if that Class A Unit holder was receiving a cash distribution from the Partnership.
- (iii) Limited Partners holding Class A Units shall be automatically enrolled in the DRIP Plan at the time of their subscription for Class A Units unless they elect not to participate in the DRIP Plan through executing Schedule A to the Subscription Agreement and delivering it to the Partnership in accordance with the terms of the Partnership Agreement.
- (iv) Limited Partners holding Class A Units shall have the option to opt out of their participation in the DRIP Plan at any time during the term of the Partnership through executing Schedule A to the Subscription Agreement and delivering it to the Partnership in accordance with the terms of the Partnership Agreement.
- (v) No commissions will be payable in connection with the distribution of Class A Units under the DRIP Plan and all administrative costs associated with the issue of any such Class A Units will be borne by the Partnership. The proceeds received upon issuance of any Class A Units issued pursuant to the DRIP Plan will be used to advance the Partnership's business objectives.

F. Redemption of Class A Units

- (i) During the term of the Partnership, any Limited Partner holding Class A Units may require the Partnership (the "Redemption Right") to redeem and pay the Redemption Price (as defined below) of all or any of their Class A Units.
- (ii) Any Limited Partner holding Class A Units may deliver to the Partnership prior that date which is five years from the date of the Class A unit certificate in question, a notice (the "Redemption Notice") demanding the redemption of some or all of his Class A Units together with certificates representing the Class A Units to be redeemed. The Redemption Notice must be received by November 15th of the year in which the Redemption is requested and must specify the number of Class A Units which the Limited Partner wishes to redeem, and be accompanied by the certificate for those Class A Units. A Redemption Notice without the applicable certificate(s) is void and of no effect. A Redemption Notice is irrevocable.
- (iii) Subject to the applicable redemption discount, as set out in the following table, proceeds payable for redemption of a Class A Unit will be the Pricing NAV determined as of the Valuation Date immediately preceding the receipt by the General Partner of a duly completed Redemption Notice (the "Redemption Price") as follows:

For a Class A Unit retracted in the period after the date of issue of a Class A Unit submitted for redemption	The Redemption Price shall be the following percentage of the Pricing NAV per Class A Unit determined as of the Valuation Date immediately preceding the Redemption Notice.
Within one year of the date of issue of such Class A Unit	75%
Within two years of the date of issue of such Class A Unit	80%

For a Class A Unit retracted in the period after the date of issue of a Class A Unit submitted for redemption	The Redemption Price shall be the following percentage of the Pricing NAV per Class A Unit determined as of the Valuation Date immediately preceding the Redemption Notice.
Within three years of the date of issue of such Class A Unit	85%
Within four years of the date of issue of such Class A Unit	90%
At any time after four years of the date of issue of such Class A Unit	95%

- (iv) The Partnership will pay the Redemption Price by way of a cash payment on or before December 31 of the year in which a Redemption Notice is received. Payments made by the Partnership of the Redemption Price is conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former Limited Partner unless the cheque is dishonored upon presentment. Upon the payment the Partnership will be discharged from all liability to the former Limited Partner in respect of the Units so redeemed.
- (v) Upon receipt by the Partnership of the Redemption Notice, the Limited Partner submitting such notice will thereafter cease to have any rights with respect to the Class A Units tendered for redemption (other than to receive the redemption payment therefore) including the right to receive any distributions thereon which are declared payable to the holders of Class A Units of record on a date which is subsequent to the day of receipt by the Partnership of the Redemption Notice. Class A Units will be considered to be tendered for redemption on the date that the Partnership has, to the satisfaction of the General Partner, received the Redemption Notice and other required documents or evidence as aforesaid.
- (vi) No more than five (5%) percent of the Class A Units will be redeemed in any year during the term of the Partnership. If Class A Units holders request redemption of more than 5% in the aggregate of Class A Units outstanding in any one year, the Class A Units for that year will be redeemed on a pro rata basis so that the aggregate redemptions made by the Partnership does not exceed five (5%) percent of the aggregate of the Partnership's issued and outstanding Class A Units for that year.
- (vii) Upon the redemption of a Class A Unit, the percentage of cash funds that the General Partner may in its Discretion distribute to Limited Partners holding Class A Units pursuant to Item D above will be reduced by that percentage which the Class A Unit redeemed represented with respect to all Class A Units outstanding at the time of such redemption and that percentage interest in cash funds of the Partnership represented by the Class A Unit redeemed shall be allocated to distributions that the General Partner may make to the holders of Class B Units in accordance with Item D above.

G. Class A Unit Pricing Pursuant to this Offering

- (i) Subject to subparagraph G (ii), the Subscription Price per Class A Unit pursuant to this Offering shall be \$5,000.00 per Class A Unit, subject to the General Partner determining, in its Discretion, that the Subscription Price per Class A Unit will be based upon the applicable Pricing NAV per Class A Unit determined as of the last business day of the Fiscal Quarter or any other date that the General Partner may determine at its Discretion immediately before the date on which a subscription for Class A Units is accepted by the General Partner, subject to any discount to the Subscription Price as determined by the General Partner on the terms set out below;
- (ii) The General Partner in its Discretion, may grant a discount of the Subscription Price of Class A Units to Subscribers for Class A Units on the following basis:

- a) to Subscribers for Class A Units that are not associated with the General Partner or the Prestigious Property Group on the basis set forth in subparagraphs b) and c) below:

Class A Units Purchased	Discount of Subscription Price
11 – 15	1 %
16 – 20	2 %
21 – 25	3 %
26 – 30	4 %
31 – 79	5 %
80 or more	6 %

- b) to any shareholders and officers, employees, family members or employees of the General Partner and their family members or corporations they control, a discount of 6% (six percent); and
- c) to officers, employees, family members or employees of the Prestigious Property Group and their family members or corporations they control, as well as to the Initial Limited Partners, a discount of 6% (six percent).

H. Exemptions From The Prospectus Requirements

Class A Units are offered for sale to Subscribers pursuant to certain exemptions from the registration and prospectus requirements of applicable securities legislation in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. Subscribers should ensure all conditions are satisfied for reliance on the particular exemption under which they propose to purchase Class A Units.

5.2 Subscription Procedure

This Offering is not subject to any minimum offering amount. You may be the only Subscriber under this Offering.

The securities being offered are Class A limited partnership units of the Partnership. The minimum subscription amount per Subscriber is two (2) Class A Units at \$5,000 per Class A Unit (\$10,000) or such lesser number of Class A Units as the General Partner may in its sole discretion accept.

The Closings will occur at such time and dates as are established by the General Partner, on behalf of the Partnership. Certificates representing the Class A Units offered hereby will be available at the Closing in respect of such Class A Units.

The Partnership will deliver this Offering Memorandum to Subscribers. Class A Units may only be issued to Subscribers who purchase the Class A Units as principal and provide the requisite deliveries indicated below.

In order to subscribe for Class A Units, a Subscriber must complete, execute and deliver to the General Partner, on behalf of the Partnership, the following documents:

- (i) complete and sign:
 - (A) one (1) copy of the Subscription Form and Power of Attorney;
 - (B) the appropriate schedules in the forms attached to the Subscription Form and Power of Attorney; and
- (ii) tender the full amount of the Subscription price by way of certified cheque or bank draft made payable to "Kings Castle Limited Partnership".

Each investor's subscription funds will be held in trust for at least two business days following the date of receipt.

During this two day period, the subscriber will have the right to cancel the agreement to acquire Class A Units (See *Item 11 - "Purchasers' Rights"*). Closing will occur from time to time as funds are received, (subject to the two day retraction right noted above).

Subscriptions for Class A Units will be received subject to rejection or allotment in whole or in part by the General Partner and the General Partner reserves the right to close the subscription books at any time without notice. The General Partner will have the right, in its sole and absolute discretion, to reject any subscription for Class A Units, in whole or in part, for any reason.

Subscribers whose subscriptions have been accepted will become Limited Partners upon the registration of an amendment to the Certificate of the Partnership pursuant to the Partnership Act.

Any subscription not accepted will be returned, together with subscription proceeds, without interest or deduction.

ITEM 6 - Income Tax Consequences

The income tax information herein is provided by Grant Thornton LLP, Chartered Accountants, and it is based on the current provisions of the Income Tax Act, the Regulations thereunder and known administrative practices of the Canada Revenue Agency ("CRA").

The Class A Units are not qualified investments for registered retirement savings plans, registered retirement income funds, registered education savings plans or deferred profit sharing plans.

This summary does not take into account or anticipate changes in the law, whether by judicial, regulatory governmental or legislative action. No application has been made for an advance income tax ruling on any aspect of the transaction proposed nor is it intended that such application be made. No assurance can be given that the Tax Act will not be amended in the manner proposed, nor can any assurance be given that the Tax Act will not otherwise be amended in a manner which will fundamentally alter the income tax consequences to a Subscriber of owning or disposing of a Class A Unit.

This summary has been prepared on certain assumptions. It is not, and it is not intended to be, income tax advice to any particular Subscriber. Accordingly, Subscribers are urged to consult with their own income tax advisors for advice with respect to their particular circumstances.

EACH PROSPECTIVE LIMITED PARTNER IS ADVISED TO SEEK INDEPENDENT ADVICE IN RESPECT OF THE INCOME TAX CONSEQUENCES OF HIS PARTICIPATION IN THE PARTNERSHIP, TAKING INTO ACCOUNT HIS OWN PARTICULAR CIRCUMSTANCES.

This summary assumes that at all relevant times the Partnership will not be subject to the rules regarding the taxation of “specified investment flow-through” (“SIFT”) entities. If the Partnership is considered to be a SIFT, the income tax considerations could be different from those discussed below.

1. the Limited Partner is an individual resident in Canada for the purposes of the Tax Act;
2. the Partnership will not be a SIFT;
3. the Class A Units will not be “tax shelter investments” under the Tax Act;
4. the Limited Partner is the original purchaser and beneficial owner of the Class A Units;
5. all costs and expenses incurred by or on behalf of the Partnership or any Limited Partner are reasonable in relation to the property acquired or services provided and will be accounted for in accordance with International Financial Reporting Standards (“IFRS”);
6. the Limited Partner holds the Class A Units as capital property and not as an adventure in the nature of trade or in the course of carrying on a business;
7. the Limited Partner holds the Class A Units for the purpose of earning income from the Partnership with a reasonable expectation of profit therefrom;
8. the Partnership deals at arm's length with each Limited Partner;
9. the Partnership carries on business with a reasonable expectation of profit therefrom; and
10. no agreements, either written or oral, have been or will be entered into by any Limited Partner in their capacity as such, or by the Partnership, except as described in this Offering Memorandum and no undertakings, assurances or representations have been made to the Limited Partners except as set out in this Offering Memorandum.

Computation of Partnership Income and Loss

In the following discussion, references to income and loss mean income or loss determined for the purposes of the Tax Act.

General

The income or loss of the Partnership will be computed as if the Partnership was a separate person resident in Canada with a fiscal period ending on December 31 each year. However, the Partnership itself is not subject to tax under the Tax Act. Rather, each Limited Partner will be required to include in computing income for a taxation year the Limited Partner's proportionate share of Partnership income for the Partnership's fiscal period ending in that taxation year whether or not any cash or other property is distributed to the Limited Partner on account of income in that year. Subject to the “at-risk” rules and “reasonable expectation of profit” rules (see “At-Risk Rules” and “Reasonable Expectation of Profit” below), each Limited Partner will also be entitled to deduct a proportionate share of any Partnership loss from the Limited Partner's income from other sources in that year. To the extent that the Limited Partner's share of the Partnership loss exceeds the Limited Partner's other income for that year, the resulting loss may be carried back three years and forward twenty years to reduce the Limited Partner's taxable income in those years (subject to the applicability of the “at-risk” rules).

There is also relatively new legislation to eliminate the deferral of tax on partnership income allocated to a corporate partner. These provisions apply to a corporate partner (other than a professional corporation) for its taxation year if:

- At the end of that taxation year the corporation is a member of a partnership;
- The corporation has a “significant interest” in the partnership (generally more than a 10% interest together with related and affiliated parties); and
- The fiscal period end for the partnership differs from the ending date of the corporation's taxation year.

When the above conditions are met, the corporate partner must accrue notional partnership income for that portion of the corporation's taxation year that occurs after the end of the partnership's last fiscal period using a formula to determine the amount or choosing to designate an amount. In the following taxation year for the corporation the previous year's accrued income from the partnership will be deducted in computing income.

Partnership Expenses

In calculating its income for tax purposes for a year, the Partnership will generally be entitled to a deduction in respect of expenses paid or incurred during the year in connection with its business, provided such expenses are paid or incurred for the purpose of earning income, are reasonable in the circumstances and are not payments on account of capital.

Financing fees paid by the Partnership and expenses paid or incurred by the Partnership in the course of the issuing or selling Class A Units will, to the extent that they are reasonable, be deductible rateably over a five year period (pro-rated in the case of taxation years less than 12 months).

Capital Cost Allowance

In calculating its income and loss for a year, the Partnership will generally be entitled to annual capital cost allowance ("CCA") deductions, to the extent permitted under the Tax Act and regulations, in respect of depreciable property owned by it at the end of the year. Such deductions will generally be allowed on a declining basis at a rate of between 4% and 6% per annum on the undepreciated capital cost (generally, the initial capital cost of the depreciable property to the Partnership, less capital cost allowance deductions claimed in prior years) of each building owned by the Partnership, and 20% per annum on the undepreciated capital cost of appliances and equipment. For the purposes of these calculations, each building owned by the Partnership will comprise a separate class of depreciable property, while all the appliances and equipment will comprise one class of property. The amount of CCA which can be claimed in the year in which property is acquired is subject to certain restrictions. Furthermore, the total deductions for CCA by the Partnership in a year must not exceed the total of the rental income from all the properties of the Partnership less the total of the rental losses from the properties. In computing the amount of CCA allowable where a terminal loss has occurred, it will be necessary to deduct the terminal loss first and then to claim ordinary CCA to the extent, if any, of the remaining net rental income from all properties.

Where a Limited Partner also holds rental property as a proprietor, the comments on CCA restriction above apply in a similar manner to the partner's own rental properties. The share of partnership rental income or loss allocated to the Limited Partner will be combined with the total rental income or loss after expenses, but before CCA, from the partner's own rental properties. CCA may then be claimed on the partner's own rental properties only to the extent of that combined rental income, if any.

Disposition of Properties by Partnership

On the sale or other disposition of real estate by the Partnership, the net proceeds (gross proceeds less costs of disposition) must be allocated on a reasonable basis among the land, building, appliances and equipment. The disposition of a property may result in the recapture of capital cost allowance deductions previously claimed by the Partnership in respect of the class of depreciable property that includes the building or appliances or equipment. Such recapture will arise to the extent that the lesser of the net proceeds allocated to the depreciable property and the capital cost of the property, exceeds the undepreciated capital cost of the applicable class of depreciable property. Any recapture of capital cost allowance is fully included in income in the year of disposition.

Where (i) the lesser of the net proceeds allocated to a depreciable property and its capital cost, is (ii) equal to or less than the undepreciated capital cost of the applicable class of depreciable property, no recapture will result; however, the undepreciated capital cost of the class will be reduced by the lesser of the net proceeds and the capital cost of the property, thereby reducing future capital cost allowance claims in respect of property remaining in the class.

Where all the property of a class has been disposed of and the Partnership does not own any property of that class at year-end, the Partnership may claim a terminal loss to the extent the net proceeds allocated to the depreciable property are less than the undepreciated capital costs of the class. A terminal loss is fully deductible in computing income or loss.

The Partnership may realize a capital gain (or capital loss) on the disposition of a property to the extent the net proceeds attributable to the property exceed (or are exceeded by) the capital cost (or adjusted cost base, in the case of land) of the property to the Partnership. One-half of any capital gain will constitute a taxable capital gain, while one-half of any capital loss will constitute an allowable capital loss. Any such taxable capital gains or allowable capital losses will be allocated by the Partnership to the Partners in accordance with the Partnership Agreement.

If the disposition of a Property results in a capital gain on the land and a terminal loss on the building, the net proceeds allocated to the land will be deemed by the Tax Act to be reallocated to the building, thereby reducing the capital gain on the land and the terminal loss on the building by equivalent amounts.

Allocation of Income and Loss

The Partnership Agreement provides for the allocation of profits and losses. The profits and losses of the Partnership, calculated in accordance with IFRS, will be allocated between the General Partner and the Limited Partners (*pro rata* in accordance with the number of Class A Units held by them), in accordance with the terms of the Partnership Agreement.

The profit or loss of the Partnership for accounting purposes may differ from the income or loss of the Partnership for Canadian income tax purposes. For example, depreciation rates under generally accepted accounting principles may differ from CCA rates, and certain items which are capitalized for accounting purposes may be deductible under the Tax Act. For this reason, cash distributions to a Limited Partner on account of the Limited Partner's share of Partnership profits may differ from income allocations for the purposes of the Tax Act.

Under the Tax Act, a Limited Partner's share in the income or loss of the Partnership will be deemed to be the amount that is reasonable having regard to all the circumstances if the principal reason for sharing income or loss in a certain manner may reasonably be considered to be the reduction or postponement of tax that might otherwise have been or become payable under the Tax Act. This provision should not apply to reallocate the income or losses of the Partnership in proportions other than those set forth in the Partnership Agreement.

At-Risk Rules

The Tax Act contains "at-risk rules" which restrict the deduction of a Limited Partner's share of losses of the Partnership to his "at-risk amount". A Limited Partner's at-risk amount will generally be the adjusted cost base of the Limited Partner's Units immediately before the end of the Partnership's fiscal period, plus his share of any undistributed Partnership income for the fiscal period, less any amount owing by the Limited Partner to the Partnership or to persons who do not deal at arm's length with the Partnership and the amount of any guarantee, indemnity or other arrangement provided to the Limited Partner to reduce the impact of any loss he may sustain by virtue of being a Limited Partner or of holding or disposing of his Units.

Reasonable Expectation of Profit

Proposed amendments to the Tax Act may impact the ability of a Limited Partner to deduct Partnership losses and interest on funds borrowed to acquire Units. Under the proposed amendments, a Limited Partner will be able to deduct a loss from Units, including interest paid on funds borrowed to acquire those units, only if it is reasonable to expect that the Limited Partner will realize a cumulative profit from the Units. The proposed amendments specify that capital gains (losses) are not included in the computation of cumulative profit. If a loss is denied by virtue of these proposed rules, there is no provision to claim the loss in a future year. The issue of whether a Limited Partner has a reasonable expectation of cumulative profit will be a question of fact.

Alternative Minimum Tax

The Tax Act imposes alternative minimum tax on individuals and certain trusts. Alternative minimum tax is calculated as a percentage of "adjusted taxable income". Adjusted taxable income is computed by adding to the taxpayer's income otherwise determined, certain deductions, amounts and credits otherwise available, including the non-taxable portion of capital gains. When computing adjusted taxable income, a taxpayer is entitled to deduct a basic exemption of \$40,000. Taxpayers are required to pay general Part I tax plus any additional amount that may be payable on account of alternative minimum tax.

A Limited Partner must include his share of the Partnership's losses, including losses generated by the claiming of CCA, and any interest charges on his investment in the Partnership in computing the Limited Partner's "adjusted taxable income" for alternative minimum tax purposes.

Interest on Money Borrowed and Debt Incurred to Purchase Units

A Limited Partner will be entitled to deduct from any income from other sources a reasonable amount of interest paid or payable (depending upon the method regularly followed by the Limited Partner in computing his income) in respect of monies borrowed to acquire Units and amounts payable for Units if the Limited Partner acquires the Units with a reasonable expectation of profit. Please see the heading "Reasonable Expectation of Profit" for the factors to consider in determining whether such an expectation is present. Whether any Limited Partner has a reasonable expectation of profit with respect to investment in the Units is a question of fact.

Disposition of Units

Generally, a Limited Partner will realize a capital gain, or sustain a capital loss, equal to the amount by which the proceeds received or deemed to have been received on the disposition of a Units exceed, or are exceeded by, the adjusted cost base of the Units. The amount by which a Limited Partner's adjusted cost base is negative at the time of the disposition will be included in computing the Limited Partner's capital gain. Limited Partners will include one-half of a capital gain in computing taxable income as a "taxable capital gain". Similar proportions of a capital loss will be an "allowable capital loss" that may be used to offset taxable capital gains in the year that the capital loss is sustained. To the extent the allowable capital loss is not offset against taxable capital gains in that year, it may be carried back three years and forward indefinitely to offset taxable capital gains realized in those years.

A partner who is a Limited Partner of the Partnership will be deemed to realize a gain from the disposition of his or her partnership interest at the end of the fiscal period of the Partnership if the adjusted cost base of the partnership interest held by the partner is negative at that time. Such a deemed gain is added to the adjusted cost base of the partner's partnership interest. Subsequently a partner may elect that a positive adjusted cost base at the end of a fiscal period of the partnership be recognized as a loss to the extent of the previously deemed capital gains. Such a loss can offset capital gains in the current year, in the past three taxation years or at any time in the future. The amount of this loss would be subtracted from the adjusted cost base of the partnership interest.

Generally a Limited Partner is deemed to dispose of his Units at an amount equal to the fair market value of property received from the Partnership on a termination of the Partnership. The Partnership is deemed to dispose of its property at its fair market value on a termination and the Limited Partners are deemed to acquire it at an equal amount. Gains and income from these dispositions on a termination will be allocated to the Partners as described above.

Deferred Plan Eligibility

Units are not qualified investments to be eligible to be held by deferred plans and should not be acquired by such plans.

ITEM 7 - Compensation Paid to Sellers and Finders

The Class A Units are being offered for sale by the Partnership in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

Where allowed by applicable securities legislation, the Partnership intends to pay compensation of up to eight (8%) percent of the gross proceeds realized on the sale of Class A Units under this Offering to any one of, or a combination of, the following parties: unrelated investment dealers, unrelated, non-registered market participants, related and unrelated Exempt Market Dealers and/or their dealing representatives, parties related to the General Partner, employees and/or contractors of such parties, unrelated and related referral agents.

In the event that the officers or directors of the General Partner, other than Mr. Grubb, affect a sale of Class A Units under this Offering, the General Partner will receive compensation of up to six (6%) percent of the gross proceeds of such a sale and no other commissions shall be paid for that sale to any other party.

Ronald David (Scotty) Grubb is a shareholder of the General Partner and is a promoter of this Offering. Mr. Grubb was a dealing representative of an Exempt Market Dealer, Sloane Capital Corp. ("Sloane") and as of February 2015 Mr. Grubb is a dealing representative of an Exempt Market Dealer, TriView Capital Ltd. ("TriView"). The Partnership expects that it will pay TriView compensation for affecting the sale of Class A Units under this Offering on the above terms. Mr. Grubb may be paid compensation by TriView for affecting the sales of Class A Units under this Offering. Between January 1, 2014 and October 31, 2014 Sloane has been paid commissions by the Partnership for the sale of Class A Units totaling \$102,864.00 and between January 1, 2015 and April 30, 2015 Sloane has been paid \$7,600. Between January 1, 2015 and April 30, 2015 TriView has been paid commissions by the Partnership for the sale of Class A Units totaling \$39,600.

Parties other than the General Partner may be issued up to 100 Class B Units in the Partnership for every Class A Unit such parties sell under this Offering.

The Partnership will pay the General Partner or an assignee of the General Partner, the Administration Fee equal to one (1%) percent of the gross proceeds of the Subscription Price for Class A Units issued by the Partnership.

ITEM 8 - Risk Factors

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

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

8.1 No Review by Regulator

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

8.2 Blind Pool Offering

This is a "blind pool" Offering. Future properties of which the available funds of this Offering will be used to acquire will have not yet been determined. The Limited Partner's return on their investments in the Class A LP Units will vary depending on the return on investment achieved on the properties that have been acquired by the Partnership and that may be acquired in the future with the available funds of the Offering. An investment in Class A LP Units is appropriate only for Subscribers who have the capacity to absorb a loss of some or all of their investment.

8.3 Conflicts of Interest

Management presently does act and may act and may in the future act as manager or operator, as the case may be, for a number of limited partnerships that engage or may engage in the same business activities or pursue the same investment opportunities as the Partnership. Certain conflicts may arise from time to time in the management of such funds or limited partnerships and in assessing suitable investment opportunities. All decisions to be made by management are required to be made honestly and in good faith with a view to the best interests of the General Partner and the Partnership.

There is no independent committee or other persons representing the Limited Partners holding Class A LP Units in situations involving conflicts of interests between the management and/or such Limited Partners. Accordingly, Limited Partners holding Class A LP Units are relying on the ability, honesty and integrity of Management to resolve any such material conflicts of interests, which resolutions might have been different had the interests of Limited Partners holding Class A LP Units been represented by independent persons in such circumstances.

PKC RRSP is presently the largest individual Limited Partner of the Partnership. PKC RRSP has the ability to influence or control any issues in which the Limited Partners are able to vote upon pursuant to the Partnership Agreement.

8.4 Lack of Marketability of Class A Units

There is currently no market through which the Class A Units may be sold and purchasers may not be able to resell Class A Units purchased under this Offering Memorandum. The Class A Units are subject to certain resale restrictions, as set out in applicable securities laws and regulations. See *Item 10 - "Resale Restrictions"*. Further, the Partnership does not currently intend to make, or arrange for the creation of, a market for the purposes of trading the Class A Units and does not currently intend to seek a listing of the Class A Units on a stock exchange or similar trading market.

The General Partner does not anticipate that the Partnership will be wound-up or dissolved until terminated upon the occurrence of an event of dissolution as set out in the Partnership Agreement, which includes a Special Resolution passed by the Limited Partners authorizing such dissolution.

Holders of Class A Units may not be able to liquidate their investment on a timely basis and Class A Units may not be readily accepted as collateral for a loan. Investment in the Class A Units should only be considered by those investors who are able to make a long-term investment and bear the economic risk of a complete loss of the investment.

8.5 Limited Voting Rights

Holders of Class A Units will have no right to vote on any matters affecting the business of the Partnership, other than those matters specified in the Partnership Agreement. In addition, pursuant to the Partnership Act, Limited Partners who take part in the management and control of a limited partnership may lose the limited liability that is otherwise provided by that Act. Accordingly, pursuant to the Partnership Agreement, no Limited Partner is permitted, as such, to take part in the control or management of the Partnership. Although Limited Partners may vote on certain matters affecting the Partnership, generally, exclusive authority and responsibility for controlling and managing the Partnership rests with the General Partner and those persons, consultants and advisors retained by the General Partner on behalf of the Partnership. Accordingly, investors should appreciate that they will be relying on the good faith, experience, expertise and ability of the General Partner and other parties for the success of the business of the Partnership.

8.6 Limit on Amount Available to Repay Class A Units

Revenues from any property acquired by the Partnership may not increase sufficiently to meet increases in operating expenses or debt service payments under loans or to fund changes in variable rates of interest charged in respect of such loans, or for other reasons. Properties acquired by the Partnership may not achieve a level of profitability to permit distributions of distributable cash to the Limited Partners. Investors should not be relying on any returns from these Class A Units.

8.7 Net Worth of the Partnership

The Partnership has only those assets as disclosed in the financial statements as set out in this Offering Memorandum. As a result, recourse against the Partnership for any reason may be limited.

8.8 Net Worth of the General Partner

The General Partner has unlimited liability for the obligations to the Partnership and has agreed to indemnify the Limited Partners in certain circumstances. However, the General Partner has nominal assets and it is unlikely that it will have sufficient assets to satisfy any claims pursuant to such indemnity. Furthermore, if the Partnership is not able to generate sufficient funds through the development and operation of and properties acquired by the Partnership to meet its obligations, the General Partner may be exposed to insolvency or bankruptcy and then may be removed as the general partner which may impair or remove entirely the ability of the Partnership to successfully implement its business strategy.

8.9 Distributions

There are many factors that will affect the operations and financial performance of the Partnership and therefore the ability of the Partnership to make distributions (and the timing of the commencement of any distributions and actual amounts distributed, if any), including working capital requirements of the General Partner and the Partnership and any restrictive covenants in third-party debt financing. The General Partner has complete discretion with respect to the amount and timing of distributions, if any. The value of the Class A Units will ultimately be affected by the amount of distributable cash available to Limited Partners. The after-tax return from an investment in Class A Units to a Limited Partner subject to Canadian income tax will depend on various factors, including the nature and amount of the Partnership's income, the amount and timing of distributions made by the Partnership, the adjusted cost base of the Limited Partner's Units, and the Limited Partner's marginal tax rate. These factors and, therefore, the after-tax return to a Limited Partner may change over time. The recovery of a Subscriber's initial investment is at risk and the anticipated return on such investment is based on many performance assumptions described in this Offering Memorandum.

8.10 Risks of Real Property Development and Ownership

Real estate developments and investments are generally subject to varying degrees of risk depending on the nature of the property. Such risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as the supply of or the demand for properties acquired by the Partnership in the area in which those properties are located), government regulation (such as taxation of property and environmental legislation) and the attractiveness of properties to potential purchasers and tenants. In addition, each segment in the real estate development industry is capital intensive and is typically sensitive to interest rates. The income generated by properties acquired by the Partnership is dependent upon general economic conditions and, accordingly, the return to investors may be affected by changes in those conditions.

The Partnership will be required to make certain significant expenditures in respect of its business including, but not limited to, the payment of property taxes, maintenance costs, mortgage payments, insurance costs and related charges which must be made regardless of whether or not a property is producing sufficient income to service such expenses. In addition, properties acquired by the Partnership will be used as security to obtain financing for capital expenditures to be made by the Partnership. If the Partnership is unable or unwilling to meet the payment obligations on such loans, losses could be sustained as a result of the exercise by the lenders of their rights of foreclosure or sale.

8.11 Highly Speculative

The purchase of Class A Units is highly speculative. A potential Subscriber should buy them only if it is able to bear the risk of the entire loss of its investment and has no need for immediate liquidity. An investment in the Class A Units should not constitute a major portion of a Subscriber's portfolio.

8.12 Investment Not Liquid

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and for the perceived desirability of, the investment. The costs of holding real estate are considerable and the Partnership, as a holder of real estate, during a recessionary period may be faced with ongoing expenditures with little prospect of incoming receipts. Such illiquidity may tend to limit the Partnership's ability to vary its asset base promptly in response to changing economic or investment conditions. If the Partnership were required to liquidate its real property investments, the proceeds to the Partnership might be significantly less than the total value of its investment on a going concern basis.

8.13 Default on Indebtedness

If the Partnership defaults in the repayment of any indebtedness, the creditors holding such indebtedness will be entitled to exercise available legal remedies against the Partnership including recourse against property of the Partnership pledged as collateral. There is no assurance that there will be assets available to recover any portion of a Limited Partner's investment.

8.14 Competition

The Partnership competes with other investors, developers, and owners of similar properties to those to be acquired by the Partnership in the surrounding areas. Some of the properties of the competitors of the Partnership may be newer, better located or better capitalized than those acquired by the Partnership. Certain of these competitors may have greater financial and other resources and greater operating flexibility than the Partnership. The existence of competing developers and owners could have a material adverse effect on the revenues or profitability of the Partnership and its ability to meet its debt obligations.

8.15 Revenue Producing Properties

The apartment properties owned by the Partnership generate income through rental payments made by the tenants thereof. Upon the expiry of any lease, there can be no assurance that such lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the Partnership than the existing lease. Unlike commercial leases which generally are “net” leases and allow a landlord to recover expenditures, residential leases are generally “gross” leases and the landlord is not able to pass on costs to its tenants.

8.16 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 remediation 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 remediate 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. In order to obtain financing for the purchase of properties, the General Partner may arrange for an environmental audit to be conducted. Although such an audit provides both the Partnership and its lenders with some assurance, the Partnership may be subject to liability for undetected pollution or other environmental hazards on its properties against which it cannot insure, or against which it may elect not to insure where premium costs are disproportionate to the General Partner’s perception of relative risk.

8.17 Financing

There is no assurance that the Partnership will be able to obtain sufficient financing to finance the acquisition of properties, or, if available, that Partnership will be able to obtain financing on commercially acceptable terms. Further, there is no assurance or guarantee that any financing, if obtained, will be renewed when they mature or, if renewed, renewed on the same terms and conditions (including the rate of interest). In the absence of mortgage financing, the number of properties which the Partnership is able to purchase will decrease and the return from the ownership of properties (and ultimately the return on an investment in Class A Units) will be reduced. Even if the Partnership is successful in obtaining adequate financing, the Partnership may not be able to generate sufficient funds through the operation of the properties to service the financing. If a default occurs under any of the financing, one or more of the lenders could exercise its rights including, without limitation, foreclosure or sale of the properties.

8.18 Partnership’s Operating Risks

The Partnership cannot be certain that its investment strategy will be successful. The likelihood of success of the Partnership must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business and real estate investment and development. If the Partnership fails to address any of these risks or difficulties adequately, its business will likely suffer. Future revenues and profits, if any, will depend upon various factors, including the success, if any, of the operation of any properties acquired by the Partnership, the development of the Cold Lake Lands by PPI and the government regulations and enforcement and general economic conditions. There is no assurance that the Partnership can operate profitably or that the Partnership will successfully implement its plans or that PPI will be able to successfully develop or sell the Cold Lake Lands to allow the Partnership to realize a return on its investment in PPI.

8.19 Reliance on Management

The success of the Partnership will, to a large extent, depend on the good faith, experience, ability and judgment of management of the General Partner, and their consultants and advisors to make appropriate decisions with respect to the operations of the Partnership. If the General Partner loses the services of one or more of its directors, officers, consultants or advisors, the business, financial condition and results of operations of the Partnership may be materially adversely affected. Holders of Class A Units will have no right to take part in the control or management of the Partnership and the Partnership will be bound by the decisions of the General Partner. Thus, investors must rely on the good faith, experience, ability and judgment of management of the General Partner, and this investment would not be appropriate for those unwilling to do so.

8.20 Tax Aspects

Canadian federal and provincial tax aspects should be considered prior to investing in the Class A Units. See Item 6 “*Income Tax Consequences*”. The return on a Limited Partner’s investment is subject to 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 tax laws, regulations or judicial or administrative interpretations will not be changed in a manner which fundamentally alters the tax consequences to investors of holding or disposing of Class A Units.

8.21 Class A Units Not Insured

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

8.22 Major Asset

Properties acquired by the Partnership together with the Partnership's investment in PPI will represent the major assets of the Partnership and therefore the Partnership's financial performance is directly tied to the performance of these particular assets. The Partnership does not have a large portfolio of diverse real estate assets, therefore, its success is dependent on the success of the properties it already owns or to be acquired by it as well as the success of PPI in developing or selling the Cold Lake Lands.

8.23 Debt Financing

The Partnership will be subject to the risks associated with debt financing, including the risk that mortgage indebtedness secured by the real property of the Partnership will not be able to be refinanced or that the terms of refinancing will not be as favourable as the terms of existing indebtedness. Subscribers should note that the mortgage financing with respect to the Spruce Vale property matures in March of 2015. The Vendor Mortgage with respect to the Cold Lake Lands matures in June of 2015.

8.24 Interest Rate Fluctuations

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

8.25 Risks of Mezzanine Financing

The loans by the Partnership pursuant to its Mortgage Financing objective, if any, will be secured by mortgages against the properties to which such loans relate. In the event that Mortgage Borrower defaults in obligations under a Mortgage granted by the Partnership, the Partnership will have to enforce its security registered against that Mortgage Borrower's assets. There may be additional intervening encumbrances or other interests of other third parties that may stand in priority to the Partnership's security under the Partnership's Mortgage which may prevent the Partnership from realizing on or enforcing some or all of its security against the assets of that Mortgage Borrower. There may be principals at law or at equity that may prevent the Partnership from enforcing some or all of its security against the assets of that Mortgage Borrower. The assets of that Mortgage Borrower may not have sufficient value to satisfy any outstanding debt obligations to the Partnership.

8.26 Currency Exchange Risk

The Subscription Price is denominated in Canadian dollars. If the Partnership was to acquire real estate properties in the United States, those properties will be denominated in U.S. dollars, however, many of the Partnership's costs will be incurred in Canadian dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to the U.S. dollar but rather the value of the Canadian dollar has a floating exchange rate in relation to the U.S. dollar. Any income and gains will be earned and any expenses and losses with respect to real estate properties acquired in the U.S. by the Partnership will be incurred in U.S. dollars. Accordingly, Purchasers may be subject to a currency exchange rate risk.

8.27 Condition of Financial Markets

Recent developments in the financial markets have had a significant adverse impact on the value of real estate properties, the availability of debt financing and general economic conditions. The market conditions may have a significant affect on Partnership's ability to secure debt financing for its acquisition and operating costs and on its ability to sell its real estate assets.

8.28 General Economic and Market Conditions

Where the Partnership invests securities entities involved in the ownership and operation of real estate assets, success of the Partnership's investments in such securities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, commodity prices, changes in laws, war, natural events and national and international political circumstances. These events may occur globally or in a country, industry or within a specific asset class of investments. These factors may affect the level and volatility of securities prices and the liquidity of the Partnership's investments. Unexpected volatility or illiquidity could impair the Partnership's profitability or result in losses in such investments.

ITEM 9 - Reporting Obligations

The Partnership is not a reporting issuer in any jurisdiction. As a holder of a Class A Unit, you will receive financial statements annually, including income statements, balance sheets and changes in financial position, together with any other disclosure required by the Act or any other applicable legislation, prepared on not less than review engagement basis.

The Partnership has adopted December 31 as its year-end and financial statements of the Partnership will be prepared and distributed to Limited Partners within 120 days of that time. Income tax information for any Fiscal Year will be distributed to Limited Partners by March 31 of the following year.

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

ITEM 10 - Resale Restrictions

These securities will be subject to resale restrictions under security legislation, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation. For information about these resale restrictions you should consult a lawyer.

Unless permitted under securities legislation, you cannot trade the securities before the earlier of the date that is four months and a day after the date the Partnership becomes a reporting issuer in any province or territory of Canada.

For Manitoba residents, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) the Partnership has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

It is not anticipated that the Partnership will file a prospectus or become a reporting issuer and therefore you may be required to hold your Class A Units for an indefinite period of time. There is no market for the Class A Units and it is not expected that any market will develop.

There are additional restrictions on the transfer of Class A Units as provided for in the Partnership Agreement. The General Partner will have a right of first refusal to purchase any Class Units sold by a Limited Partner. The General Partner also has the right to acquire a Limited Partner's Class A Units in the event that the status of a Limited Partner changes in contravention of the terms of the Partnership Agreement. See Item 2.6.1 "The Partnership Agreement".

ITEM 11 - Purchasers' Rights

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

1. **Two Day Cancellation Right** - Subscribers can cancel your agreement to purchase these securities. To do so, you must deliver a written notice to the Partnership by midnight on the 2nd business day after you sign the agreement to buy the securities. Any cancellation request must be delivered to the General Partner's office located at 912 - 743 Railway Avenue, Canmore, Alberta, T1W 1P2.
2. **Statutory and Contractual Rights of Action in the Event of a Misrepresentation** - If there is a misrepresentation in this offering memorandum you have a right to sue:
 - (a) the Partnership to cancel your agreement ("rescission") to buy these securities, or
 - (b) for damages against the Partnership, every person who was a director of the General Partner at the date of the offering memorandum and every other person who signed the offering memorandum.

This 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. If you intend to rely on the rights described in 2(a) or (b) above, you must do so within strict time limitations.

Particulars of the right to sue in your province are set out below.

Securities legislation in certain of the provinces of Canada grants purchasers, or requires that purchasers be granted, rights of rescission or damages where an offering memorandum or any amendment to it contains a misrepresentation. For these purposes, a "misrepresentation" is an untrue statement of a material fact or an omission to state a material fact that is necessary in order to make any statement not misleading in light of the circumstances in which it was made. A "material fact" is a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the securities. These rights must be exercised by the purchaser within time limits prescribed by the applicable securities legislation.

The following is a summary of the rights of rescission or damages available to purchasers under the securities legislation of certain of the provinces of Canada. These rights are in addition to and without derogation from any other rights or remedies that a purchaser might have at law, and may be subject to defences that the Partnership or their representatives might have at law.

Rights for Purchasers in British Columbia

If this Offering Memorandum, together with any amendment thereto, contains a misrepresentation, an investor in British Columbia who purchases a security offered by this Offering Memorandum during the period of distribution shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and such investor shall have a right of action for damages against the Partnership, every director of the General Partner at the date of the Offering Memorandum and every person or company who signed the Offering Memorandum or, at the election of the investor, a right of rescission against the Partnership (in which case the investor does not have a right of action for damages), provided that:

- (a) no action may be commenced to enforce a right of action
 - (i) for rescission more than 180 days after the date of the purchase; and
 - (ii) for damages later than the earlier of (A) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, and (B) three years after the date of purchase;
- (b) where a misrepresentation is contained in an offering memorandum, the Partnership or any person or company is not liable for damages;
 - (i) if it is proven that the purchaser had knowledge of the misrepresentation;
 - (ii) if it is proven that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
 - (iii) if it is proven that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
 - (iv) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and
 - (v) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation;
- (c) The amount recoverable under this section shall not exceed the price at which the securities were offered under the offering memorandum;
- (d) Subsections (b)(ii) to (v) do not apply to the Partnership;
- (e) in an action for damages, the Partnership or any person or company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (f) in no case shall the amount recoverable exceed the price at which the security was offered.

Rights for Purchasers in Alberta

If this offering memorandum, together with any amendment thereto, contains a misrepresentation, an investor in Alberta who purchases a security offered by this offering memorandum during the period of distribution shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and such investor shall have a right of action for damages against the Partnership and every person or company who signed the Offering Memorandum or, at the election of the investor, a right of rescission against the Partnership (in which case the investor does not have a right of action for damages), provided that:

- (a) no action may be commenced to enforce a right of action;
 - (i) for rescission more than 180 days after the date of the purchase; and

- (ii) for damages later than the earlier of (A) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, and (B) three years after the date of purchase;
- (b) where a misrepresentation is contained in an offering memorandum, the Partnership or any person or company is not liable for damages;
 - (i) if it is proven that the purchaser had knowledge of the misrepresentation;
 - (ii) if it is proven that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
 - (iii) if it is proven that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
 - (iv) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and
 - (v) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation;
- (c) the amount recoverable under this section shall not exceed the price at which the securities were offered under the offering memorandum;
- (d) subsections (b)(ii) to (v) do not apply to the Partnership;
- (e) in an action for damages, the Partnership or any person or company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (f) in no case shall the amount recoverable exceed the price at which the security was offered.

Rights for Purchasers in Saskatchewan

If this Offering Memorandum, together with any amendment thereto, contains a misrepresentation, an investor in Saskatchewan who purchases a security offered by this offering memorandum during the period of distribution shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and such investor shall have a right of action for damages against the Partnership and every other person who or company that signed the offering memorandum, together with any amendment thereto and every person who or company that sells securities on behalf of the Partnership under the offering memorandum, together with any amendment thereto or, at the election of the investor, a right of rescission against the Partnership (in which case the investor does not have a right of action for damages), provided that:

- (a) no action may be commenced to enforce a right of action
 - (i) for rescission more than 180 days after the date of the purchase; and
 - (ii) for damages later than the earlier of (A) one year after the investor first had knowledge of the facts giving rise to the cause of action, and (B) six years after the date of purchase;
- (b) where a misrepresentation is contained in an offering memorandum, the Partnership or any person or company is not liable for damages;
 - (i) if it is proven that the purchaser had knowledge of the misrepresentation;
 - (ii) if it is proven that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
 - (iii) if it is proven that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;

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

Rights for Purchasers in Manitoba

If this Offering Memorandum, together with any amendment thereto, contains a misrepresentation, an investor in Manitoba who purchases a security offered by this Offering Memorandum during the period of distribution shall be deemed to have relied on the misrepresentation, if it was a misrepresentation at the time of purchase, and such investor shall have a right of action for damages against the Partnership, every director of the General Partner at the date of the Offering Memorandum and every person or company who signed the Offering Memorandum or, at the election of the investor, a right of rescission against the Partnership (in which case the investor does not have a right of action for damages), provided that:

- (a) no action may be commenced to enforce a right of action
 - (i) for rescission more than 180 days after the date of the purchase; and
 - (ii) for damages later than the earlier of (A) 180 days after the investor first had knowledge of the facts giving rise to the cause of action, and (B) two years after the date of purchase;
- (b) where a misrepresentation is contained in an offering memorandum, the Partnership or any person or company is not liable for damages;
 - (i) if it is proven that the purchaser had knowledge of the misrepresentation;
 - (ii) if it is proven that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, after becoming aware of its being sent, the person or company promptly gave reasonable notice to the issuer that it was sent without the knowledge and consent of the person or company;
 - (iii) if it is proven that the person or company, after becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the issuer of the withdrawal and the reason for it;
 - (iv) if, with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that there had been a misrepresentation, or the relevant part of the offering memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; and
 - (v) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation;
- (c) The amount recoverable under this section shall not exceed the price at which the securities were offered under the offering memorandum;
- (d) subsections (b)(ii) to (v) do not apply to the Partnership;

- (e) in an action for damages, the Partnership or any person or company will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation; and
- (f) in no case shall the amount recoverable exceed the price at which the security was offered under this offering memorandum.

Rights for Purchasers in Ontario

Section 6.2 of Ontario Securities Commission Rule 45-501 ("**Rule 45-501**") provides that when an offering memorandum is delivered to a prospective purchaser resident in the Province of Ontario to whom securities are sold in reliance upon the prospectus exemption contained in section 2.3 [*accredited investor*] or section 2.10 [*minimum amount investment*] of National Instrument 45-106, the right of action referred to in Section 130.1 of the *Securities Act* (Ontario) (the "**Act**") shall be described in the offering memorandum.

Section 130.1 of the Act and Rule 45-501 provide that in the event that this Offering Memorandum, together with any amendments hereto, is delivered to a prospective purchaser in the Province of Ontario and contains an untrue statement of a material fact or omits 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, a purchaser in Ontario who purchases securities offered by this Offering Memorandum (other than a purchaser purchasing under the accredited investor exemption that is a Canadian financial institution or a Schedule III Bank, the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada) or a subsidiary of any such entity if the such entity owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) will have a right of action against the Partnership for damages or rescission as follows:

- (a) the right of action for rescission or damages will be exercisable by an investor resident in Ontario, only if the investor gives written notice to the General Partner, not later than 180 days after the date on which payment was made for the securities (or after the initial payment was made for the securities, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to or concurrently with the initial payment), that the investor is exercising this right, or alternatively, in an action for damages, the right of action will be exercisable by an investor only if the investor gives notice to the General Partner not later than the earlier of:
 - (i) 180 days after the investor had knowledge of the facts giving rise to the course of action; or
 - (ii) three years after the date of the transaction giving rise to the cause of action;
- (b) the Partnership will not be liable if it proves that the investor purchased securities with knowledge of the misrepresentation;
- (c) in the case of an action for damages, the Partnership 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 that the investor relied upon;
- (d) in no case will the amount recoverable in any action exceed the price at which the securities were sold to the investor; and
- (e) the rights of action for rescission or damages are in addition to and without derogation from any other right the investor may have at law.

Subscribers should consult their own legal advisers with respect to their rights and the remedies available to them. The rights discussed above are in addition to and without derogation from any other rights or remedies, which subscribers may have at law.

ITEM 12 - Financial Statements



June 11, 2015

Board of Directors
Kings Castle Limited Partnership and Prestigious Properties Kings Castle GP Inc.
912 – 743 Railway Ave
Canmore, Alberta
T1W 1P2

Re: Offering Memorandum issued by Kings Castle Limited Partnership

We have read the offering memorandum of Kings Castle Limited Partnership (the "Partnership") dated May 27, 2015 related to the offering of up to a maximum of 639 Class A limited partnership units. We have complied with Canadian auditing standards for an auditor's involvement with offering documents.

We consent to the use in the above mentioned offering memorandum of our reports to the unit holders of Kings Castle Limited Partnership on the statements of financial position as at December 31, 2014 and December 31, 2013 and the statements of income and comprehensive income, partners' capital and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. Our reports are dated May 7, 2015 and April 17, 2014, except as to Note 14 and Note 16, where are as of May 9, 2014, respectively.

We consent to the use in the above mentioned offering memorandum of our reports to the shareholders of Prestigious Properties Kings Castle GP Inc. on the statements of financial position as at December 31, 2014 and December 31, 2013 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. Our reports are dated May 7, 2015 and April 17, 2014, respectively.

This letter is provided solely for the purpose of assisting the Board of Directors to which it is addressed in discharging their responsibilities and should not be used for any other purpose. Any use that a third party makes of this letter, or any reliance or decisions made based on it, are the responsibility of such third parties. We accept no responsibility for loss or damages, if any, suffered by any third party as a result of decisions made or actions taken based on this letter.

Yours very truly,

Buchanan Barry LLP

CHARTERED ACCOUNTANTS

12.1 Financial Statements of the Partnership

KINGS CASTLE LIMITED PARTNERSHIP

Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

KINGS CASTLE LIMITED PARTNERSHIP

Index to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

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BUCHANAN BARRY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Unit holders of Kings Castle Limited Partnership

We have audited the accompanying financial statements of Kings Castle Limited Partnership, which comprise the statement of financial position as at December 31, 2014 and the statements of income and comprehensive income, partners' capital and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Kings Castle Limited Partnership as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Buchanan Barry LLP

Calgary, Alberta
May 7, 2015

CHARTERED ACCOUNTANTS

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Serving Calgary since 1960,
with associated offices
across Canada and affiliated
internationally.



KINGS CASTLE LIMITED PARTNERSHIP**Statement of Financial Position****December 31, 2014****(Expressed in Canadian dollars)**

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 1,299,730	\$ 168,194
Accounts receivable	27,763	16,453
Prepaid expenses	18,865	51,300
Deposit on purchase of investment property	-	141,000
Deposits held in trust (Note 4)	100,417	77,043
Due from related parties (Note 5)	77,085	44,879
Subscriptions receivable	-	75,000
	<u>1,523,860</u>	<u>573,869</u>
DUE FROM RELATED PARTY (Note 5)	333,294	167,453
LONG-TERM INVESTMENT (Note 6)	100,129	1,124,493
INVESTMENT PROPERTIES (Note 8)	<u>21,800,000</u>	<u>18,070,000</u>
	<u>\$ 23,757,283</u>	<u>\$ 19,935,815</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 232,983	\$ 240,237
Tenant deposits (Note 4)	100,417	77,043
Current portion of long-term debt (Note 9)	1,923,899	9,315,973
Deferred income	36,980	10,157
	<u>2,294,279</u>	<u>9,643,410</u>
LONG-TERM DEBT (Note 9)	<u>11,908,238</u>	<u>2,684,792</u>
	<u>14,202,517</u>	<u>12,328,202</u>
PARTNERS' CAPITAL		
PARTNERS' CAPITAL	10,579,130	7,607,613
ACCUMULATED OTHER COMPREHENSIVE LOSS (Note 6)	<u>(1,024,364)</u>	-
	<u>\$ 23,757,283</u>	<u>\$ 19,935,815</u>
SUBSEQUENT EVENTS (Note 14)		

APPROVED ON BEHALF OF THE GENERAL PARTNER


Director

KINGS CASTLE LIMITED PARTNERSHIP
Statement of Income and Comprehensive Income
Year Ended December 31, 2014
(Expressed in Canadian dollars)

	2014	2013
RENTAL REVENUE		
Castle Harbour	\$ 948,090	\$ 182,036
Castlevue Park	420,358	382,197
Hawkwood Manor	212,981	171,107
Spruce Vale Place	184,710	-
	<u>1,766,139</u>	<u>735,340</u>
OPERATING EXPENSES		
Castle Harbour	434,888	88,581
Castlevue Park	159,331	148,225
Hawkwood Manor	100,483	90,079
Spruce Vale Place	91,918	-
	<u>786,620</u>	<u>326,885</u>
GROSS PROFIT	<u>979,519</u>	<u>408,455</u>
EXPENSES		
Administrative and bookkeeping	90,712	80,134
Advertising and promotion	73,638	45,409
Asset management fees	134,675	81,694
Meals and entertainment	6,341	4,923
Office	48,789	52,932
Professional fees	274,080	78,118
Travel	20,031	19,898
	<u>648,266</u>	<u>363,108</u>
INCOME FROM OPERATIONS	<u>331,253</u>	<u>45,347</u>
OTHER INCOME (LOSS)		
Interest	37,536	22,138
Finance costs (Note 9)	(675,005)	(312,936)
Gain on fair value adjustment of investment properties	1,547,165	157,709
	<u>909,696</u>	<u>(133,089)</u>
INCOME (LOSS) BEFORE OTHER COMPREHENSIVE LOSS	1,240,949	(87,742)
OTHER COMPREHENSIVE LOSS		
Loss on fair value adjustment of long-term investment	<u>(1,024,364)</u>	<u>-</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ 216,585</u>	<u>\$ (87,742)</u>
BASIC AND DILUTED INCOME (LOSS) PER CLASS A UNIT (Note 10)	<u>\$ 578.23</u>	<u>\$ (53.69)</u>
WEIGHTED AVERAGE NUMBER OF CLASS A UNITS OUTSTANDING	<u>2,146</u>	<u>1,634</u>
BASIC AND DILUTED INCOME (LOSS) PER CLASS B UNIT (Note 10)	<u>\$ -</u>	<u>\$ -</u>
WEIGHTED AVERAGE NUMBER OF CLASS B UNITS OUTSTANDING	<u>186,562</u>	<u>145,313</u>

KINGS CASTLE LIMITED PARTNERSHIP

Statement of Partners' Capital

Year Ended December 31, 2014

(Expressed in Canadian dollars)

	2014	2013
PARTNERS' CAPITAL		
PARTNERS' CAPITAL - Beginning of year	\$ 7,607,613	\$ 5,826,576
INCOME (LOSS) BEFORE OTHER COMPREHENSIVE LOSS	1,240,949	(87,742)
	8,848,562	5,738,834
SUBSCRIPTIONS	2,722,581	2,721,280
ISSUE COSTS	(349,195)	(385,961)
DISTRIBUTION REINVESTMENT PLAN ("DRIP") (Note 11)	(568,600)	(416,783)
CASH DISTRIBUTIONS	(74,218)	(49,757)
PARTNERS' CAPITAL - End of year	<u>\$ 10,579,130</u>	<u>\$ 7,607,613</u>
ACCUMULATED OTHER COMPREHENSIVE LOSS ("AOCL")		
AOCL - Beginning of year	\$ -	\$ -
LOSS ON FAIR VALUE ADJUSTMENT OF LONG-TERM INVESTMENT	(1,024,364)	-
AOCL - End of year	<u>(1,024,364)</u>	<u>-</u>

KINGS CASTLE LIMITED PARTNERSHIP

Statement of Cash Flows

Year Ended December 31, 2014

(Expressed in Canadian dollars)

	2014	2013
OPERATING ACTIVITIES		
Income (loss), before other comprehensive loss	1,240,949	(87,742)
Items not affecting cash:		
Finance costs	675,005	312,936
Accrued interest income (Note 5)	(37,536)	(13,712)
Gain on fair value adjustment of investment properties	(1,547,165)	(157,709)
	<u>331,253</u>	<u>53,773</u>
Changes in non-cash working capital:		
Accounts receivable	(11,310)	5,258
Holdback receivable	-	300
Prepaid expenses	32,435	(35,184)
Deposits held in trust	(23,374)	(43,007)
Deposit on purchase of investment property	141,000	(141,000)
Accounts payable and accrued liabilities	(7,254)	101,618
Tenant deposits	23,374	43,007
Deferred income	26,823	1,654
	<u>181,694</u>	<u>(67,354)</u>
	<u>512,947</u>	<u>(13,581)</u>
INVESTING ACTIVITIES		
Additions to investment properties	(2,182,835)	(2,999,791)
Advances to related parties	(160,511)	(93,181)
	<u>(2,343,346)</u>	<u>(3,092,972)</u>
FINANCING ACTIVITIES		
Cash distributions	(74,218)	(49,757)
Subscriptions, net of issue costs and DRIP	1,879,786	2,053,536
Proceeds from long-term debt	11,175,000	450,000
Repayment of long-term debt	(9,355,033)	(64,779)
Interest paid on long-term debt (Note 9)	(625,356)	(251,902)
Interest paid on related party loan (Note 5)	-	(5,985)
Fees paid on acquisition of long-term debt (Note 9)	(38,244)	(67,925)
	<u>2,961,935</u>	<u>2,063,188</u>
INCREASE (DECREASE) IN CASH	<u>1,131,536</u>	<u>(1,043,365)</u>
CASH - Beginning of year	<u>168,194</u>	<u>1,211,559</u>
CASH - End of year	<u>\$ 1,299,730</u>	<u>\$ 168,194</u>

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

The Kings Castle Limited Partnership (the "Partnership") Partnership Agreement was entered into by the initial limited partners and Prestigious Properties Kings Castle GP Inc. (the "General Partner") on March 4, 2010. The Partnership was formed as a limited partnership under the Partnership Act (Alberta) through the registration of a Certificate of Limited Partnership on March 22, 2010 and is domiciled in Canada. Prestigious Properties Kings Castle GP Inc. is the General Partner. With the exception of the General Partner, and any limited partner who participates in the management of the Partnership, the liability of the partners is restricted to their investment in the Partnership. The registered address for the Partnership is 912 - 743 Railway Avenue, Canmore, Alberta, T1W 1P2.

The Partnership is in the business of acquiring real property, earning income from its rental operations and eventual disposal. It may also engage in lending surplus capital as further described in the Offering Memorandum.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements for the year ended December 31, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement and Preparation

The financial statements have been prepared on the historical cost basis except for the following:

- (i) Financial instruments at fair value through profit or loss; loans and receivables and other financial liabilities are measured at fair value;
- (ii) investment properties are measured at fair value with changes in fair value recorded in income;
- and
- (iii) financial instruments available-for-sale are measured at fair value with changes in fair value recorded in other comprehensive income.

The methods used to measure fair values are discussed in Notes 3 and 12.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Partnership's functional currency. All financial information presented have been rounded to the nearest dollar except where indicated otherwise.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION *(continued)*

Use of Estimates, Judgments and Assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Amounts used for adjustments to fair value calculations are based on estimates of investment property values. By their nature, such estimates, including the estimates of future prices, costs, discount rates and the related future cash flows, are subject to measurement uncertainty. Accordingly, the impact to the financial statements in future periods could be material.

Other estimates and assumptions include subscriptions receivable, the recoverability of accounts receivable and due from related parties and the estimated fair values of financial instruments resulting in financial assets and liabilities which, by their very nature, are subject to measurement uncertainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Partnership:

Cash

Cash consists of cash on hand and bank deposits. Highly liquid investments with maturities of three months or less at date of purchase are considered to be cash equivalents.

Long-term investment

The Partnership's long-term investment consists of common shares of a private entity which the Partnership does not control. Nor does it exercise significant influence as the Partnership has no voting rights, nor any decision making powers in the private entity. Therefore, it is recognized as a financial instrument.

Any gains or losses on fair value will be recognized in other comprehensive income.

Investment properties

Investment properties are comprised of land, building and chattels. The Partnership applies the fair value model to the investment properties whereby the properties are adjusted to their fair market value at each reporting period with the resulting gain or loss recorded in the statement of income (loss) and comprehensive income (loss). Fair market value is determined based on periodic valuations prepared by external independent valuers.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

Financial instruments include cash, accounts receivable, deposits held in trust, due from related parties, long-term investment, accounts payable and accrued liabilities, tenant deposits and long-term debt. Financial instruments are recognized initially at fair value net of any direct attributable transaction costs. Subsequent to initial recognition financial instruments are measured in one of the following categories: financial assets and financial liabilities measured at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or other financial liabilities.

Financial assets and liabilities at fair value through profit or loss

An instrument is classified at fair value through profit or loss ("FVTPL") if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Partnership manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Partnership's risk management strategy. Upon initial recognition related transaction costs are recognized in income when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized as income.

Financial assets at FVTPL include cash.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method if the time value of money is significant.

Accounts receivable, deposits held in trust, and due from related parties are classified as loans and receivables.

Available for sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Financial assets classified as available-for-sale includes the long-term investment.

Other financial liabilities

All financial liabilities are carried at amortized cost using the effective interest method, except for financial liabilities at FVTPL.

Financial liabilities classified as other financial liabilities include accounts payable and accrued liabilities, tenant deposits, and long-term debt.

Deferred income

Deferred income represents payments received in advance from tenants for rents related to subsequent periods.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment in joint operations

Investment in economic activities subject to joint control are accounted for using the joint operations method because they have rights to the assets, and the obligations for the liabilities, relating to the arrangement.

The Partnership owns a 25% joint venture share of Castleview Park apartments. The remaining 75% share is owned by Prestigious Investment & Management (PRISM) A LP ("PRISM A LP"), a party related by virtue of common management. The Partnership's pro-rata share of the assets, liabilities, revenue and expenses of the joint operations have been combined on a line-by-line basis with similar items of the Partnership.

Partnership units

Partnership units are classified as equity. Incremental costs directly attributable to the issuance of units are recognized as a deduction from equity.

Income taxes

No provision for income taxes has been made in these financial statements since the income of the Partnership is taxable only in the hands of the partners.

Revenue recognition

Rental revenue is recognized on the first of each month on an accrual basis as it is earned monthly. Interest income is recognized as it is earned.

Earnings per partnership unit

The number of partnership units outstanding is the weighted average number of partnership units outstanding for each period. Partnership units issued during the period are included in the weighted average number of partnership units from the date consideration is receivable. The calculation of basic earnings per partnership unit is based on net income (loss) attributable to unitholders divided by the weighted average number of partnership units outstanding.

There are no dilutive units issued and outstanding.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounting standards issued not yet applied

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers which replaces the previous revenue Standards: IAS 18 - Revenue and IAS 11 - Construction Contracts and the related Interpretations on revenue recognition: IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC-31 - Revenue - Barter Transactions Involving Advertising Services. The new standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognize. The core principle in the new framework is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Areas that will be affected from the existing practice include practices such as incidental obligations and sales incentives, contingent revenue cap, no observable selling price, licences, timing of revenue recognition, estimates of variable consideration, significant financing components, and disclosure. IFRS 15 includes a comprehensive set of disclosure requirements that require a company to disclose qualitative and quantitative information about its contracts with customers to help investors understand the nature, amount, timing, and uncertainty of revenue. The provisions of this new standard will apply to financial statements beginning on or after January 1, 2017. Early adoption is permitted. Implementation of this standard is not expected to have a significant impact to the Partnership.

IFRS 9 - Financial Instruments

In July 2014, the IASB published the final version of IFRS 9 - Financial Instruments which replaces the provisions of IAS 39 - Financial Instruments: Recognition and Measurement. It requires financial assets to be measured at amortized cost or at fair value on the basis of the entity's business model for managing assets. It also changes the accounting for financial liabilities measured using the fair value option. Also, this standard proposes a new accounting model related to the recognition of the expected credit losses. It requires the entity to recognize expected credit losses on financial assets using current estimates of expected shortfalls in cash flows on those instruments as at the reporting date. Recognition of credit losses would no longer be dependent on the entity first identifying credit loss events. The standard modifies the hedge accounting model, which aims to present in the financial statements the effect of risk management activities. The provisions of this new standard will apply to financial statements beginning on or after January 1, 2018. Early adoption is permitted. Implementation of this standard is not expected to have a significant impact to the Partnership.

4. DEPOSITS HELD IN TRUST AND TENANT DEPOSITS

Tenant deposits consist of security deposits received by the Partnership from tenants at the time of property rental. Security deposits are held in trust in bank deposit accounts. The portion of the deposit refunded to the tenant is determined at the time the tenant vacates the property.

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS

(a) Overview

The following entities give rise to related party transactions:

(i) Prestigious Properties Kings Castle GP Inc., Prestigious Properties Kings Castle RRSP Inc., Prestigious Properties Kings Castle RRSP V Inc., Prestigious Investment & Management (PRISM) A LP ("PRISM A LP"), Prestigious Properties Canada Ltd., Prestigious Properties Three Canada Limited Partnership, Prestigious Properties Four Limited Partnership, Prestigious Properties Inc., Fireside Property Group Ltd., Ryan Capital Corp., Scotty Grubb & Associates Ltd. and Strategic Software Management Corp. are related through shared common management or a common director.

(ii) Related party transactions occurred in the normal course of operations and are recorded at the exchange amount which management believes to be at market rates under normal terms and conditions.

(b) Related party transactions

Prestigious Properties Kings Castle GP Inc.

Pursuant to the agreement dated March 4, 2010 between the Partnership and the General Partner, the Partnership has agreed:

(i) To pay the General Partner a commission equal to 6% of the gross proceeds of the subscription price for Class A Units issued by the Partnership where the General Partner has effected the sale of Class A Units to a subscriber. As subscriptions sales are no longer effected by the General Partner, the Partnership does not anticipate paying any commissions to the General Partner under this agreement;

(ii) To pay an annual asset management fee equal to 0.5% of the fair market value of the assets of the Partnership, paid quarterly in arrears. Asset management fees paid to the General Partner of \$134,675 (2013 - \$38,067) are included in asset management fees expense. Included in accounts payable and accrued liabilities as at year end is \$35,131 (2013 - \$20,676) owing to the General Partner;

(iii) To pay an acquisition fee equal to 1% of the purchase price of any real estate assets acquired by the Partnership or the principal balance of any mortgages acquired or granted by the Partnership. During the year, \$18,900 (2013 - \$106,500) in asset acquisition fees were paid to the General Partner and included in the cost of the related investment property;

(iv) To pay a refinancing fee of 0.7% of any mortgage refinancing acquired by the Partnership. During the year, refinance fees of \$70,376 (2013 - \$3,150) were paid to the General Partner by the Partnership and included in professional fees;

(v) To pay an administration fee equal to 1% of the gross proceeds of the subscription price for Class A Units issued by the Partnership. During the year no administration fees were paid (2013 - \$Nil);

(vi) The General Partner may within its discretion, pay some or all of the fees referred to above to parties other than the General Partner. At the end of the year, the Partnership owed the General Partner \$535 (2013 - \$420) relating to expenses paid by the General Partner. This amount is included in the due from related parties balance at year end; and

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS (continued)

(vii) The Partnership will reimburse the General Partner for all direct costs and expenses incurred by the General Partner prior to the formation of the Partnership and all direct costs and expenses incurred by the General Partner on behalf of or for the benefit of the Partnership (which costs and expenses are the Partnership's responsibility), including any general administrative costs of the General Partner. For greater certainty, such costs and expenses for which the General Partner is to be reimbursed include the Partnership's direct general and administrative expenses, including legal and accounting fees, limited partner formation costs, consulting and advisory fees incurred in connection with the Partnership's business or the evaluation of investment opportunities by the Partnership and expenses associated with the issuance of units. During the year the Partnership paid \$13,519 (2013 - \$9,427) of professional fees and \$116 (2013 - \$146) in administrative costs on behalf of the General Partner.

Prestigious Properties Kings Castle RRSP Inc.

(i) Included in subscriptions receivable at year end is \$Nil (2013 - \$75,000) owing from Prestigious Properties Kings Castle RRSP Inc.

(ii) Administrative fees of \$29,527 (2013 - \$21,171) were paid on behalf of Prestigious Properties Kings Castle RRSP Inc. by the Partnership during the year.

(iii) During the year, the Partnership paid \$Nil (2013 - \$12,075) in professional fees on behalf of Prestigious Properties Kings Castle RRSP Inc.

(iv) Issue costs in the amount of \$195,968 (2013 - \$205,042) were paid on behalf of Prestigious Properties Kings Castle RRSP Inc. and are included in issue costs within partners' capital. These costs will not be recovered from Prestigious Properties Kings Castle RRSP Inc. therefore they have been adjusted through partners' capital.

(v) The cumulative balance owed to the Partnership at year end is \$74,826 (2013 - \$45,299) which is included in the due from related parties balance at year end.

Prestigious Properties Kings Castle RRSP V Inc.

(i) Included in Partner's Capital at year end is \$510,000 (2013 - \$Nil) in Series 6 subscriptions, and \$35,000 (2013 - \$Nil) Series 5 subscriptions invested by third parties through Prestigious Properties Kings Castle RRSP V Inc.

(ii) Administrative fees of \$2,795 (2013 - \$Nil) were paid on behalf of Prestigious Properties Kings Castle RRSP V Inc. by the Partnership during the year. This amount is included in the due from related parties balance at year end.

(iii) During the year, the Partnership paid \$34,995 (2013 - \$Nil) in professional fees on behalf of Prestigious Properties Kings Castle RRSP Inc.

(iv) Issue costs in the amount of \$87,904 (2013 - \$Nil) were paid on behalf of Prestigious Properties Kings Castle RRSP V Inc. and are included in issue costs within partners' capital. These costs will not be recovered from Prestigious Properties Kings Castle RRSP V Inc. therefore they have been adjusted through partners' capital.

Prestigious Investment & Management (PRISM) A LP

During the year, the Partnership was issued a short-term loan totaling \$Nil (2013 - \$300,000) from PRISM A LP. Interest on the loan totaled \$Nil (2013 - \$5,985) which is included in finance costs.

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KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS (continued)

Prestigious Properties Inc.

Administrative costs of \$165,841 (2013 - \$76,856) were paid by the Partnership during the year on behalf of Prestigious Properties Inc. The total receivable amount at the end of the year was \$333,294 (2013 - \$167,453) which was included in the long-term due from related party balance at year end. The Partnership charges interest on the loan at a rate of 15% (2013 - 8%) per annum and the loan is payable on demand. During 2014, interest of \$37,536 (2013 - \$13,711) was charged on the loan and is included in interest income.

Prestigious Properties Canada Ltd.

(i) Administrative and bookkeeping and office expenses including accounting, legal, bookkeeping, travel, office, meetings and conventions and meals and entertainment of \$129,516 (2013 - \$119,542) were reimbursed to Prestigious Properties Canada Ltd. during the year.

(ii) Marketing issue costs of \$5,319 (2013 - \$2,484) were reimbursed to Prestigious Properties Canada Ltd. during the year and included in issue costs within partners' capital.

(iii) Included in accounts payable and accrued liabilities at year end is \$15,380 (2013 - \$14,137) payable to Prestigious Properties Canada Ltd. relating to office and administration costs.

Ryan Capital Corp.

(i) Marketing issue costs of \$625 (2013 - \$1,251) were reimbursed to Ryan Capital Corp. during the year and included in issue costs within partners' capital.

(ii) Asset management fees of \$Nil (2013 - \$35,046) were paid to Ryan Capital Corp. during the year. Included in accounts payable and accrued liabilities as at year end is \$Nil (2013 - \$15,588) in asset management fees owing.

(iii) Administrative expenses including acquisition document costs, travel, office, meetings and conventions, and meals and entertainment of \$9,877 (2013 - \$24,541) were reimbursed to Ryan Capital Corp. during the year. Included in accounts payable and accrued liabilities as at year end is \$1,681 (2013 - \$9,577) in administrative expenses owing.

Scotty Grubb & Associates Ltd.

(i) Marketing issue costs of \$8,264 (2013 - \$13,547) were reimbursed to Scotty Grubb & Associates Ltd. during the year and included in issue costs within partners' capital.

(ii) Asset management fees of \$Nil (2013 - \$8,581) were paid to Scotty Grubb & Associates Ltd. during the year. Included in accounts payable and accrued liabilities as at year end is \$Nil (2013 - \$6,137) in asset management fees owing.

(iii) Administrative expenses including travel, office, meetings and conventions and meals and entertainment of \$13,264 (2013 - \$7,071) were reimbursed to Scotty Grubb & Associates Ltd. during the year. Included in accounts payable and accrued liabilities as at year end is \$1,297 (2013 - \$226) in administrative expenses owing.

Strategic Software Management Corp.

Administration fees of \$22,772 (2013 - \$25,609) were paid to Strategic Software Management Corp. during the year and included in issue costs within partners' capital. Included in accounts payable and accrued liabilities as at year end is \$Nil (2013 - \$263).

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

5. RELATED PARTY TRANSACTIONS (continued)

Fireside Property Group Ltd.

During the year, the Partnership paid property management fees of \$57,621 (2013 - \$24,508) and office and administrative fees of \$3,659 (2013 - \$3,557) to Fireside Property Group Ltd. Of this amount, \$3,789 (2013 - \$2,883) remained in accounts payable and accrued liabilities at year end.

(c) Key management compensation

All management is provided by the General Partner, Ryan Capital Corp., Scotty Grubb & Associates Ltd., Strategic Software Management Corp., Fireside Property Group Ltd., and Prestigious Properties Canada Ltd. with compensation as described above.

6. LONG-TERM INVESTMENT

During 2011 the Partnership extended a loan of \$1,000,000 to Prestigious Properties Inc. (the "Company"). During 2012, the Partnership converted its loan and the related accrued interest of \$124,493 for 1,124,493 Class B common non-voting shares of Prestigious Properties Inc. at \$1 per share.

Prestigious Properties Inc., in which the Partnership has a 47.6325% interest, has an investment in land adjacent to Cold Lake, Alberta in the MD of Bonnyville.

The land held by Prestigious Properties Inc. was valued in July 2014 by an independent appraiser. The appraiser employs valuation professionals who are members of the Appraisal Institute of Canada and are licensed in the Province of Alberta as Members of the Real Estate Council of Alberta.

The Prestigious Properties Inc. land was appraised using the "Direct Comparison Approach", which involves the gathering, analysis and comparison of similar properties that have recently sold, or which have been offered for sale on the open market. Such assumptions and inputs were obtained through comparisons and discussions with realtors to allow an estimation of a price range for the various land lots. The Cost or Income Approach was not used as it is not typically used for unimproved land. Further inputs used were the listing price from Alberta Land Titles as well as real estate listings.

The fair value recorded by the Partnership is the fair value of the land and other assets of the Company less the related mortgage and other liabilities which represent the net assets of the Company. The calculation of the net assets is detailed below:

Calculation of Net Assets of Prestigious Properties Inc.

Appraised land value	\$ 6,817,000
Other assets	72,161
Mortgage	(2,000,000)
Performance incentive liability	(4,000,000)
Other liabilities	(678,949)
Total net assets of the Company	210,212
Percentage of shares owned of the Company	47.633 %
Total net assets attributable to the Partnership	\$ 100,129

The performance incentive liability of \$4,000,000 is a performance incentive in which \$40,000 will be paid as each lot in the planned subdivision on the land is sold, up to the first 100 lots sold to the purchaser. This payment of \$40,000 is postponed only when lots are sold to builders and it then becomes payable when they ultimately sell it to a purchaser.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

6. LONG-TERM INVESTMENT (continued)

The Company has filed a lawsuit in regards to a breach of contract relating to the purchase of the above property in the MD of Bonnyville. As a result of this lawsuit it is possible that the above mortgage and performance incentive liabilities may be reduced and/or eliminated. As of the date of these financial statements, there is no estimated outcome in regards to the claim.

As a result of the above appraisal, a fair value adjustment of \$1,024,364 (2013 - \$Nil) was made in the Partnership to reflect the Partnership's share of net assets of the Company. The adjustment is recorded through accumulated other comprehensive loss.

	2014	2013
Opening value	\$ 1,124,493	\$ 1,124,493
Fair value adjustment included in other comprehensive loss	(1,024,364)	-
	<u>\$ 100,129</u>	<u>\$ 1,124,493</u>

The prior year was recorded at cost due to no fair value being readily available.

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

7. INVESTMENTS IN JOINT OPERATION

Effective December 24, 2010, the Partnership acquired a 25% interest in Castlevue Park Apartments, a jointly controlled revenue producing rental property. Included in the financial statements are the following items that represent the Partnership's interest in the assets and liabilities, revenues and expenses of the joint venture:

	2014	2013
Share of the joint operation's financial position		
Current assets	\$ 69,537	\$ 47,440
Non-current assets	5,625,000	5,100,000
	<u>5,694,537</u>	<u>5,147,440</u>
Current liabilities	138,689	127,299
Non-current liabilities	2,606,951	2,706,418
	<u>2,745,640</u>	<u>2,833,717</u>
Net assets	<u>\$ 2,948,897</u>	<u>\$ 2,313,723</u>
	2014	2013
Share of the joint operation's comprehensive income		
Revenue	\$ 420,358	\$ 382,197
Expenses	(270,935)	(253,217)
Gain on revaluation of investment property	506,073	204,966
	<u>\$ 655,496</u>	<u>\$ 333,946</u>

The Partnership has not incurred any contingent liabilities in relation to its interest in the joint operation, nor does the joint operation itself have any contingent liabilities for which the Partnership is contingently liable.

With the exception of the limited guarantee on the mortgage payable (Note 9) the Partnership has not entered into any capital commitments in relation to its interest in the joint operation.

KINGS CASTLE LIMITED PARTNERSHIP**Notes to Financial Statements****Year Ended December 31, 2014****(Expressed in Canadian dollars)****8. INVESTMENT PROPERTIES**

	<u>2014</u>	<u>2013</u>
Castleview Park		
Opening valuation	\$ 5,100,000	\$ 4,825,000
Additions	18,927	70,034
Gain on fair value adjustment	506,073	204,966
Closing valuation	<u>5,625,000</u>	<u>5,100,000</u>
Hawkwood Manor		
Opening valuation	2,275,000	2,100,000
Additions	49,051	91,852
Gain on fair value adjustment	25,949	83,148
Closing valuation	<u>2,350,000</u>	<u>2,275,000</u>
Castle Harbour		
Opening valuation	10,695,000	-
Additions	99,176	10,825,406
Gain (loss) on fair value adjustment	730,824	(130,406)
Closing valuation	<u>11,525,000</u>	<u>10,695,000</u>
Spruce Vale Place		
Opening valuation	-	-
Additions	2,015,680	-
Gain on fair value adjustment	284,320	-
Closing valuation	<u>2,300,000</u>	<u>-</u>
Total	\$ 21,800,000	\$ 18,070,000

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

8. INVESTMENT PROPERTIES (continued)

Subsequent to initial recognition the investment properties are recorded at fair value in accordance with IAS 40. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The investment properties are valued on a highest and best use basis. For the December 31, 2014 year end, there have been no changes to the valuation technique.

The Castlevue Park, Hawkwood Manor and Spruce Vale Place investment properties were valued in February 2015 by an independent appraiser while the Castle Harbour property was valued in September 2014. The appraisers employ valuation professionals who are members of the Appraisal Institute of Canada and are licensed in the Province of Alberta as Members of the Real Estate Council of Alberta.

The valuation technique of the Partnership's investment properties utilized the "Income Approach" method which requires that rental income from current leases and key assumptions about rental income, vacancies and other factors are used to determine an income forecast for each property as well considering capital expenditures anticipated within the year. A Capitalization Rate was determined for each property based on market information related to similar buildings for sale in the investment properties geographical areas on arm's length terms. The capitalization rates used for the Castlevue Park, Hawkwood Manor, Spruce Vale Place and Castle Harbour investment properties are 5.00%, 5.75%, 5.75% and 5.75%, respectively.

Approximately 1% (2013 - 3%) of the rental units in the Castlevue Park and 2.2% (2013 - 3%) of the rental units in Castle Harbour investment properties were vacant during the year. Approximately 4.5% (2013 - 14%) of the rental units in the Hawkwood Manor investment property were vacant during the year due to renovations. Approximately 5.6% of the rental units in the Spruce Vale place investment property were vacant after the Partnership took ownership in January 2014.

The total gain on fair value adjustment for all properties during the year was \$1,547,165 (2013 - \$157,709). This has been recognized as a gain on fair value adjustment.

The long-term debt (Note 9) is secured by the investment properties.

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

9. LONG-TERM DEBT

	2014	2013
<p>TD Bank mortgage bearing interest at 4.14% per annum, repayable in monthly blended payments of \$13,427. The mortgage matures on January 1, 2016 and is secured by the Castlevue Park property. The Partnership has a 25% (2013 - 25%) undivided interest in the mortgage which has a total outstanding balance as at year end of \$9,082,799 (2013 - \$9,348,570). The Partnership has provided a limited corporate guarantee in the amount of \$10,065,000 for the full amortization period of the mortgage and has an indemnity agreement with PRISM A LP to save, indemnify and limit the other party from any liability in excess of its respective undivided interest in the lands. In the indemnity agreement, the Partnership has agreed to be liable up to a maximum of 25% of the debt under the bank mortgages despite the mortgages indicating otherwise.</p>	\$ 2,270,700	\$ 2,337,142
<p>People's Trust mortgage bearing interest at prime plus 1.5% per annum. The mortgage had monthly interest payments with no principal repayment until maturity. The mortgage was refinanced with Institutional Mortgage Servicing during the year as described below.</p>	-	1,250,000
<p>TD Bank mortgage bearing interest at 3.19% per annum, repayable in monthly blended payments of \$2,174. The mortgage matures on January 1, 2016 and is secured by the Castlevue Park property. The Partnership has a 25% undivided interest in the mortgage which has a total outstanding balance as at year end of \$1,747,872 (2013 - \$1,792,133). The Partnership has provided a limited corporate guarantee in the amount of \$1,800,000 for the full amortization period of the mortgage and has an indemnity agreement with PRISM A LP to save, indemnify and limit the other party from any liability in excess of its respective undivided interest in the lands. In the indemnity agreement, the Partnership has agreed to be liable up to a maximum of 25% of the debt under the bank mortgages despite the mortgages indicating otherwise.</p>	436,968	448,998
<p>First National Financial LP mortgage bearing interest at prime plus 2% per annum. The mortgage had monthly interest payments with no principal repayment until maturity. The mortgage was refinanced with Industrial Alliance Insurance and Financial Services Inc. during the year as described below.</p>	-	7,987,500
<p>Peoples Trust loan bearing interest at prime plus 2% per annum. The mortgage has monthly interest payments with no principal repayment until maturity. The loan matures on March 1, 2015 and is secured by the Spruce Vale property. It has a joint and several person guarantee by Kings Castle GP and Thomas Beyer.</p>	1,600,000	-
<p>Industrial Alliance Insurance and Financial Services Inc. mortgage bearing interest at 3.15% per annum, repayable in monthly blended payments of \$38,238. The mortgage matures on December 15, 2019 and is secured by the Castle Harbour property as well as being guaranteed by Thomas Beyer, Scotty Grubb and Mike Hammerlindl.</p>	7,950,000	-

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

9. LONG-TERM DEBT (continued)

	2014	2013
Institutional Mortgage Servicing mortgage bearing interest at 4.1% per annum, repayable in monthly blended payments of \$7,819. The loan matures on June 1, 2019 and is secured by the Hawkwood Manor property. The loan is guaranteed by the partnership.	1,603,888	-
	13,861,556	12,023,640
Deferred financing costs	(29,419)	(22,875)
	13,832,137	12,000,765
Current portion of long-term debt	(1,923,899)	(9,315,973)
Long-term debt, net of deferred financing costs	\$ 11,908,238	\$ 2,684,792

Principal repayment terms are approximately:

2015	\$ 1,923,899
2016	2,876,263
2017	258,472
2018	266,984
2019	8,535,938
	<u>\$ 13,861,556</u>

Interest on long-term debt in the amount of \$625,356 (2013 - \$251,902) and fees on long-term debt of \$38,244 (2013 - \$47,925) were included in "Finance Costs" during the year. The interest rates used approximate market interest rates at December 31, 2014.

Transaction costs of committing to a new Hawkwood Manor loan in the amount of \$13,750 (2013 - \$20,000) were capitalized as deferred financing costs in "Long-Term Debt" which will be expensed over the term of the loan on an effective interest rate basis. Transaction costs of committing to a new Castle Harbour loan in the amount of \$16,000 (2013 - \$Nil) were capitalized as deferred financing cost in "Long-Term Debt" which will be expensed over the term of the loan on an effective interest rate basis. Amortization expense has been charged to "Finance Costs" during the year in the amount of \$11,405 (2013 - \$7,125) with accumulated amortization in the amount of \$24,155 (2013 - \$12,750).

Transaction costs of committing to the Spruce Vale loan in the amount of \$16,000 (2013 - \$Nil) were expensed during the year as the term of the mortgage is one year.

Under the TD Bank loan agreement, the Partnership is required to maintain a minimum Debt Service Coverage Ratio ("DSC") of 120% for the Castleview property. Debt Service Coverage ratio is defined as earnings before interest, income taxes, depreciation and amortization divided by the sum of principal and interest. As at December 31, 2014, the Partnership was not in violation of this covenant.

Under the Industrial Alliance Insurance and Financial Services Inc. loan agreement, the Partnership is required to supply within 90 days of year end, financial statements prepared on a review engagement basis, in a form acceptable to the Lender. Should there be a default on the loan, such statements must be audited and certified by a certified accountant. As at the date of these statements, the Partnership was not in violation of this covenant.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

9. LONG-TERM DEBT *(continued)*

The Partnership's ability to continue operations as a going concern is dependent on its ability to renegotiate its mortgages when they mature. The maintenance of good working relationships with lenders, making mortgage payments on time and maintaining compliance with lending covenants is key to ensuring that mortgage capital is available to the Partnership.

10. EARNINGS PER UNIT

Until such time as Class A unit holders have received the cost of their units all earnings are allocated directly to Class A unit holders (Note 11).

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

11. PARTNERSHIP UNITS

Authorized:
3,134; as well as
units, as required,
in respect of the
distribution
reinvestment
income plan

Class A units authorized to be issued, the majority of which will be issued at \$5,000 per unit unless otherwise discounted as outlined in the Limited Partnership agreement. Class A units are entitled to 60% of the Partnership's income after the cost of the units have been returned to the unit holders. Once the Class A unit holders have received twice their initial investment, the Class A units are entitled to 40% of the income generated by the Partnership.

313,400

Class B units authorized to be issued at \$0.01 per unit. Class B unit holders are entitled to 40% of the Partnership's income once Class A unit holders have received their original capital contribution back. Once Class A unit holders have received twice their initial investment Class B unit holders are entitled to 60% of the income generated by the Partnership.

	2014		2013	
	Units	Amount	Units	Amount
Class A				
Units outstanding at the beginning of the year (including DRIP units issued)	1,959.51	\$ 9,428,416	1,406.15	\$ 6,707,633
Units issued	433.00	2,158,800	470.00	2,304,000
DRIP units issued	113.72	568,600	83.36	416,783
Units outstanding at the end of the year	2,506.23	\$ 12,155,816	1,959.51	\$ 9,428,416
	2014		2013	
	Units	Amount	Units	Amount
Class B				
Units outstanding at the beginning of the year	174,100	\$ 1,741	124,400	\$ 1,244
Units issued	45,300	453	49,700	497
Units outstanding at the end of the year	219,400	\$ 2,194	174,100	\$ 1,741

During the year, the Partnership issued 50 units on which discounts totaling \$6,200 were granted. The discounts represent 5% of the capital otherwise collectible from these units.

During the year, an investor redeemed their investment in the Partnership which was 5 total units, equal to 6.044 DRIP units. This balance was paid out less fees paid on behalf of the investor. The total proceeds to the investor was \$26,492.

The Partnership makes distributions to Class A Unit holders on a quarterly basis. Distributions made through the Distribution Reinvestment Plan ("DRIP") are paid at 6% of the outstanding units. Distributions made in cash are paid at 5% of the outstanding units. If all DRIP investors were to elect to receive cash distributions, the Partnership may have a liquidity issue in meeting the distribution requirements.

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

12. FAIR VALUE MEASUREMENT

As of December 31, 2014 the carrying value of accounts receivables, deposits held in trust, current related party loans, accounts payable and accrued liabilities and tenant deposits included in the statement of financial position approximate fair value due to the short-term nature of those instruments.

Level 1 Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted market prices. The carrying value of cash is measured based on this approach.

Level 2 Fair Value Measurements

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. The Partnership's long-term debt and long-term amount due from related party are measured under Level 2 on a non-recurring basis.

The long-term debt is initially recorded at fair market value based on agreements between the Partnership and the credible financial institution. Interest rates are based on market conditions as well as the assessed risk profile of the Partnership. The fair value of the long-term debt at December 31, 2014 approximates its carrying value of current credit rates.

The long-term amount due from related party is initially recorded at fair market value based on an agreement between the Partnership and the related party. The interest rate is based on market conditions as well as the assessed risk profile of the related party. The fair value of the long-term amount due from related party at December 31, 2014 approximates its carrying value as the interest rate is indicative of current rates for similar risk profiles.

Level 3 Fair Value Measurements

Level 3 fair value measurements are based on unobservable information. The Partnership's investment properties and long-term investment are measured under Level 3 on a recurring basis. The fair value techniques used for the investment properties and long-term investment are described in Notes 6 and 8.

The Partnership's policy is to recognize transfers between fair value hierarchy levels as of the date of the event or change in circumstances which caused the transfer. There were no transfers in or out of any levels fair value hierarchy during the year ended December 31, 2014.

13. FINANCIAL RISK MANAGEMENT

(a) Risk Management Overview

The Partnership's activities expose it to a variety of financial risks that arise as a result of its operating and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Partnership's exposure to each of the above risks, the Partnership's objectives, policies and processes for measuring and managing risk, and the Partnership's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Partnership employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Partnership's business objectives and risk tolerance levels. While the board of directors has the overall responsibility for the establishment and oversight of the Partnership's risk management framework, management has the responsibility to administer and monitor these risks.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

13. FINANCIAL RISK MANAGEMENT (continued)

Credit Risk

Credit risk arises from the possibility that third parties may default on their financial obligations.

The Partnership is exposed to credit risk from tenants, however, the Partnership has a significant number of tenants which minimizes concentration of credit risk and the terms and conditions prescribed in the leases include a requirement of rent due in advance. The Partnership did not have any tenants whose annual rent constituted more than 20% of gross rent revenues during the year ended December 31, 2014.

The Partnership does not have an allowance for doubtful accounts as at December 31, 2014 and did not provide for any doubtful accounts nor was it required to write-off any receivables during the year then ended. When determining whether past due accounts are collectible, the Partnership factors in the past credit history of the counterparties. The Partnership considers all amounts outstanding beyond dates stipulated in the lease agreements as past due.

The carrying amount of accounts receivable which is made up entirely of trade receivable as at December 31, 2014 was \$27,763 (2013 - \$16,453). The Partnership's accounts receivable comprise of \$Nil amounts greater than 90 days as at year end (2013 - \$Nil).

The Partnership's credit risk exposure on subscriptions receivable is minimized substantially by insuring that subscriptions receivable are held with a credible trust company. Management does not expect the counterparty to fail to meet its obligations.

The Partnership's credit risk exposure on cash is minimized substantially by ensuring that cash is held with credible financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Partnership manages credit risk on financial assets with related parties by entering into such transactions under normal commercial terms.

The carrying amount of cash, accounts receivable, amounts due from related parties and deposits held in trust represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they become due. The Partnership manages its liquidity by avoiding bank or other debt due on demand, monitoring cash flows from operating activities, managing maturity profiles of financial assets and liabilities and monitoring its risk management program. These activities assure sufficient funds are available to meet its financial obligations when due. All contractual maturities for financial liabilities as at December 31, 2014 mature within one year, except for long-term debt as per Note 9.

The Partnership's objectives, processes and policies for managing liquidity risk have not changed from the previous year.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian dollars)

13. FINANCIAL RISK MANAGEMENT (continued)

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Partnership's net earnings or the value of financial instruments. The objective of the Partnership is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Foreign Currency Risk Management

Currency risk is the risk that the value of financial instruments denominated in currencies other than the reporting currency of the Partnership will fluctuate due to changes in foreign exchange rates. The Partnership is not exposed to currency rate risk as all financial instruments are denominated in Canadian currency.

Interest Rate Risk Management

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Partnership is not exposed to interest rate risk as all of the long-term debt is recorded using a fixed rate of interest.

(b) Capital Management

The Partnership uses mortgage financing when real estate assets are purchased. Mortgage payments are funded and paid for by the property on a monthly basis. When the term of a mortgage is up and a renewal is required, multiple mortgage providers are usually asked to quote on rates to renew the mortgage. The different quotes are evaluated and the mortgage is renewed with the mortgage provider with the most favourable terms.

From time to time the Partnership may access or grant financing to and from related parties. Such financing is charged interest at rates appropriate for the risk profile and paid back as capital allows.

Capital management plays a key role in real estate. Properly managed mortgages ensure maximum return for the partners. Shorter term financing, often accessed from related parties, can play a key role in covering short term cash deficiencies.

Compliance with conditions set out in the debt facility (Note 9) is the key component of management's approach to capital management. The Partnership was not in violation of the debt facility covenants as at December 31, 2014.

14. SUBSEQUENT EVENTS

Subsequent to year end, the Partnership refinanced the Spruce Vale place investment property by obtaining a mortgage agreement with Industrial Alliance Insurance and Financial Services Inc. for a mortgage totaling \$1,700,000. The mortgage term is for 60 months with the interest rate on the mortgage being 3.0%. Monthly payments of \$8,045.17 include principal and interest. Monthly payments include principal and interest.

Subsequent to year end, the Partnership issued 301 Class A units and 30,100 Class B units for total proceeds of \$1,504,400.

Subsequent to year end, the Partnership purchased the Blackfalds investment property from PRISM A LP for total proceeds of \$1,542,000.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on May 6, 2015.

KINGS CASTLE LIMITED PARTNERSHIP
Financial Statements
Year Ended December 31, 2013

KINGS CASTLE LIMITED PARTNERSHIP

Index to Financial Statements

Year Ended December 31, 2013

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BUCHANAN BARRY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Unit holders of Kings Castle Limited Partnership

We have audited the accompanying financial statements of Kings Castle Limited Partnership, which comprise the statement of financial position as at December 31, 2013 and the statements of loss and comprehensive loss, partners' capital and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Kings Castle Limited Partnership as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Buchanan Barry LLP

Calgary, Alberta
April 17, 2014, except as to Note 14 and Note 16,
which are as of May 9, 2014

CHARTERED ACCOUNTANTS

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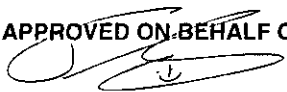
KINGS CASTLE LIMITED PARTNERSHIP

Statement of Financial Position

December 31, 2013

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 168,194	\$ 1,211,559
Accounts receivable	16,453	21,711
Holdback receivable	-	300
Prepaid expenses	51,300	16,116
Deposit on purchase of investment property	141,000	-
Deposits held in trust (Note 4)	77,043	34,036
Due from related parties (Note 5)	44,879	28,554
Subscriptions receivable	75,000	210,000
	573,869	1,522,276
DUE FROM RELATED PARTY (Note 5)	167,453	76,886
LONG-TERM INVESTMENT (Note 6)	1,124,493	1,124,493
INVESTMENT PROPERTIES (Note 8)	18,070,000	6,925,000
	\$ 19,935,815	\$ 9,648,655
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 240,237	\$ 138,622
Tenant deposits (Note 4)	77,043	34,036
Current portion of long-term debt (Note 9)	9,315,973	1,313,775
Deferred income	10,157	8,503
	9,643,410	1,494,936
LONG-TERM DEBT (Note 9)	2,684,792	2,327,143
	12,328,202	3,822,079
PARTNERS' CAPITAL		
PARTNERS' CAPITAL	7,607,613	5,826,576
	\$ 19,935,815	\$ 9,648,655
SUBSEQUENT EVENTS (Note 14)		

APPROVED ON BEHALF OF THE GENERAL PARTNER



Director

KINGS CASTLE LIMITED PARTNERSHIP
Statement of Loss and Comprehensive Loss
Year Ended December 31, 2013

	2013	2012
REVENUE		
Castle Harbour	\$ 182,036	\$ -
Castlevue Park Apartments	382,197	356,691
Hawkwood Manor	171,107	21,074
	<u>735,340</u>	<u>377,765</u>
OPERATING EXPENSES		
Castle Harbour operating costs	88,581	-
Castlevue Park operating costs	148,225	142,254
Hawkwood Manor operating costs	90,079	9,991
	<u>326,885</u>	<u>152,245</u>
GROSS PROFIT	<u>408,455</u>	<u>225,520</u>
EXPENSES		
Administrative and bookkeeping	80,134	64,886
Advertising and promotion	45,409	3,056
Asset management fees	81,694	39,189
Meals and entertainment	4,923	3,593
Meetings and conventions	-	209
Office	52,932	45,844
Professional fees	78,118	113,280
Travel	19,898	17,037
	<u>363,108</u>	<u>287,094</u>
INCOME (LOSS) FROM OPERATIONS	<u>45,347</u>	<u>(61,574)</u>
OTHER INCOME (LOSS)		
Interest from other sources	22,138	115,614
Finance costs (Note 9)	(312,936)	(109,490)
Gain on fair value adjustment (Note 8)	157,709	944,163
	<u>(133,089)</u>	<u>950,287</u>
NET INCOME (LOSS), BEING COMPREHENSIVE INCOME (LOSS)	<u>\$ (87,742)</u>	<u>\$ 888,713</u>
BASIC AND DILUTED EARNINGS (LOSS) PER CLASS A UNIT (Note 10)	<u>\$ (53.69)</u>	<u>\$ 755.83</u>
WEIGHT AVERAGE NUMBER OF CLASS A UNITS OUTSTANDING	<u>1,634</u>	<u>1,198</u>
BASIC AND DILUTED EARNINGS (LOSS) PER CLASS B UNIT (Note 10)	<u>\$ -</u>	<u>\$ -</u>
WEIGHTED AVERAGE NUMBER OF CLASS B UNITS OUTSTANDING	<u>145,313</u>	<u>111,686</u>

KINGS CASTLE LIMITED PARTNERSHIP**Statement of Partners' Capital****Year Ended December 31, 2013**

	2013	2012
PARTNERS' CAPITAL		
PARTNERS' CAPITAL - Beginning of year	\$ 5,826,576	\$ 3,837,806
NET INCOME (LOSS) FOR THE YEAR	(87,742)	888,713
	5,738,834	4,726,519
SUBSCRIPTIONS (Note 11)	2,721,280	1,667,115
ISSUE COSTS (Note 5)	(385,961)	(220,430)
DISTRIBUTION REINVESTMENT PLAN ("DRIP") (Note 11)	(416,783)	(316,877)
CASH DISTRIBUTIONS	(49,757)	(29,751)
PARTNERS' CAPITAL - End of year	\$ 7,607,613	\$ 5,826,576

KINGS CASTLE LIMITED PARTNERSHIP

Statement of Cash Flows

Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Net income (loss)	\$ (87,742)	\$ 888,713
Items not affecting cash:		
Finance costs	312,936	109,490
Accrued interest income (Note 5)	(13,712)	(69,918)
Gain on fair value adjustment	(157,709)	(944,163)
	<u>53,773</u>	<u>(15,878)</u>
Changes in non-cash working capital:		
Accounts receivable	5,258	(17,851)
Holdback receivable	300	(300)
Prepaid expenses	(35,184)	761
Deposits held in trust	(43,007)	(16,194)
Deposit on purchase of investment property	(141,000)	-
Accounts payable and accrued liabilities	101,618	44,316
Tenant deposits	43,007	16,194
Deferred income	1,654	7,116
	<u>(67,354)</u>	<u>34,042</u>
	<u>(13,581)</u>	<u>18,164</u>
INVESTING ACTIVITIES		
Additions to investment properties	(2,999,791)	(577,782)
Advances to related parties	(93,181)	(55,702)
Repayments of loans receivable from related parties	-	259,000
	<u>(3,092,972)</u>	<u>(374,484)</u>
FINANCING ACTIVITIES		
Cash distributions	(49,757)	(29,751)
Subscriptions, net of issue costs and DRIP	2,053,536	969,808
Repayment of long-term debt	(64,779)	(61,214)
Interest paid on long-term debt (Note 9)	(251,902)	(106,365)
Interest paid on related party loan (Note 5)	(5,985)	-
Fees paid on acquisition of long-term debt (Note 9)	(67,925)	-
Proceeds from long-term debt	450,000	-
	<u>2,063,188</u>	<u>772,478</u>
INCREASE (DECREASE) IN CASH	<u>(1,043,365)</u>	<u>416,158</u>
CASH - Beginning of year	<u>1,211,559</u>	<u>795,401</u>
CASH - End of year	<u>\$ 168,194</u>	<u>\$ 1,211,559</u>

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

1. NATURE OF OPERATIONS

The Kings Castle Limited Partnership (the "Partnership") Partnership Agreement was entered into by the initial limited partners and Prestigious Properties Kings Castle GP Inc. (the "General Partner") on March 4, 2010. The Partnership was formed as a limited partnership under the Partnership Act (Alberta) through the registration of a Certificate of Limited Partnership on March 22, 2010 and is domiciled in Canada. Prestigious Properties Kings Castle GP Inc. is the General Partner. With the exception of the General Partner, and any limited partner who participates in the management of the Partnership, the liability of the partners is restricted to their investment in the Partnership. The registered address for the Partnership is 912 - 743 Railway Avenue, Canmore, Alberta T1W 1P2.

The Partnership is in the business of acquiring real property, earning income from its rental operations and eventual disposal. It may also engage in lending surplus capital as further described in the Offering Memorandum.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements for the year ended December 31, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement and Preparation

The financial statements have been prepared on the historical cost basis except for the following:

- (i) Financial instruments at fair value through profit or loss, loans and receivables and other financial liabilities are measured at fair value financial instruments are measured at fair value;
and
- (ii) investment properties are measured at fair value with changes in fair value recorded in comprehensive income.

The methods used to measure fair values are discussed in Notes 3 and 12.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Partnership's functional currency. All financial information presented have been rounded to the nearest dollar except where indicated otherwise.

Use of Estimates, Judgments and Assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the year. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

2. BASIS OF PRESENTATION *(continued)*

Amounts used for impairment calculations are based on estimates of investment property values. By their nature, such estimates, including the estimates of future prices, costs, discount rates and the related future cash flows, are subject to measurement uncertainty. Accordingly, the impact to the financial statements in future periods could be material.

Other estimates and assumptions include the recoverability of accounts receivable and due from related parties and the estimated fair values of financial instruments resulting in financial assets and liabilities which, by their very nature, are subject to measurement uncertainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Partnership:

Cash

Cash consists of cash on hand and bank deposits. Highly liquid investments with maturities of three months or less at date of purchase are considered to be cash equivalents.

Investment properties

Investment properties are comprised of land, building and chattels. The Partnership applies the revaluation method to the investment properties whereby the properties are adjusted to their fair market value at each reporting period with the resulting gain or loss recorded in the statement of income (loss) and comprehensive income (loss). Fair market value is determined based on periodic valuations prepared by external independent valuers.

Long-term investments

The Partnership's long-term investment consists of common shares of a private entity which the Partnership does not control nor does it exercise significant influence. The investment's fair value cannot be reliably measured and therefore the investment is recorded at cost.

As of the year end, the Partnership did not have any investments in which it held significant influence.

Financial instruments

Financial instruments include cash, accounts receivable, deposits held in trust, subscriptions receivable, due from related parties, long-term investment, accounts payable and accrued liabilities, tenant deposits and long-term debt. Financial instruments are recognized initially at fair value net of any direct attributable transaction costs. Subsequent to initial recognition financial instruments are measured in one of the following categories: financial assets and financial liabilities measured at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or other financial liabilities.

Financial assets and liabilities at fair value through profit or loss

An instrument is classified at fair value through profit or loss ("FVTPL") if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Partnership manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Partnership's risk management strategy. Upon initial recognition related transaction costs are recognized in income when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized as income.

Financial assets at FVTPL include cash.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method if the time value of money is significant.

Accounts receivable, deposits held in trust, due from related parties and subscriptions receivable are classified as loans and receivables.

Other Financial Liabilities

All financial liabilities are carried at amortized cost using the effective interest method, except for financial liabilities at FVTPL.

Financial liabilities classified as other financial liabilities include accounts payable and accrued liabilities, tenant deposits, and long-term debt.

Deferred income

Deferred income represents payments received in advance from tenants for rents related to subsequent periods.

Investment in joint venture

Investment in economic activities subject to joint control are accounted for using the proportionate consolidation method.

The Partnership owns a 25% joint venture share of Castlevue Park apartments. The remaining 75% share is owned by Prestigious Investment & Management (PRISM) A LP ("PRISM A LP"), a party related by virtue of common management. The Partnership's pro-rata share of the assets, liabilities, revenue and expenses of the joint venture have been combined on a line-by-line basis with similar items of the Partnership.

Partnership units

Partnership units are classified as equity. Incremental costs directly attributable to the issuance of units are recognized as a deduction from equity.

Income taxes

No provision for income taxes has been made in these financial statements since the income of the Partnership is taxable only in the hands of the partners.

Revenue recognition

Rental revenue is recognized on an accrual basis as it is earned monthly. Interest income is recognized as it is earned.

The costs associated with the rental revenues, including operating, maintenance and property tax costs are recognized in the same period in which the related revenue is earned and recorded.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Earnings per partnership unit

The number of partnership units outstanding is the weighted average number of partnership units outstanding for each period. Partnership units issued during the period are included in the weighted average number of partnership units from the date consideration is receivable. The calculation of basic earnings per partnership unit is based on net income (loss) attributable to unitholders divided by the weighted average number of partnership units outstanding.

There are no dilutive units issued and outstanding.

Change in accounting policies

Effective January 1, 2013 the Partnership retrospectively adopted IFRS 11, "Joint Arrangements" whereby joint arrangements are classified as either joint operations or joint ventures. Joint operations are accounted for in a manner consistent with jointly controlled assets and operations whereby the Partnership's contractual share of the arrangement's assets, liabilities, revenues and expenses is included in the financial statements. IFRS 11 replaces the current IFRS standard whereby the Partnership has the option to account for any interests it has in joint arrangements using proportionate consolidation or equity accounting. The Partnership is currently accounting for their joint arrangement in a manner consistent with the requirements under IFRS 11. Therefore the adoption of this standard did not have an impact on the financial statements of the Partnership.

Effective January 1, 2013 the Partnership prospectively adopted IFRS 13, "Fair Value Measurement" which sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. Additional fair value disclosure is included in (Note 8) and (Note 12).

Effective January 1, 2013 the Partnership retrospectively adopted the amendments to IAS 28 "Investments in Associates and Joint Ventures", which provides additional guidance applicable to accounting for interest in joint ventures or associates when a portion of an interest is classified as held for sale or when the Partnership ceases to have joint control or significant influence over an associate or joint venture. The adoption of this standard did not have an impact on the financial statements of the Partnership.

Accounting standards issued not yet applied

IFRS 9 – Financial Instruments

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets and liabilities as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 replaces the multiple classification and measurement models for financial assets in IAS 39 with a single model that has only two classification categories: FVTPL and amortized cost. IFRS 9 does not change the basic accounting model for financial liabilities under IAS 39. The two measurement categories continue to exist: FVTPL and amortized cost. However, IFRS 9 requires gains and losses on financial liabilities designated as FVTPL to be split into the amount of change in fair value that is attributable to changes in the credit risk of the liability, which should be presented in other comprehensive income, and the remaining amount of change in the fair value of the liabilities which should be presented in profit or loss. IFRS 9 is effective for the Partnership on January 1, 2015 with required retrospective application and early adoption permitted. The Partnership intends to adopt IFRS 9 retrospectively in its financial statements for the annual period beginning on January 1, 2015. Implementation of this issued standard is not expected to have a significant impact to the Partnership.

4. DEPOSITS HELD IN TRUST AND TENANT DEPOSITS

Tenant deposits consist of security deposits received by the Partnership from tenants at the time of property rental. Security deposits are held in trust in bank deposit accounts. The portion of the deposit refunded to the tenant is determined at the time the tenant vacates the property.

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

5. RELATED PARTY TRANSACTIONS

(a) Overview

The following entities give rise to related party transactions:

(i) Prestigious Properties Kings Castle GP Inc., Prestigious Properties Kings Castle RRSP Inc., Prestigious Investment & Management (PRISM) A LP ("PRISM A LP"), Prestigious Properties Canada Ltd, Prestigious Properties Three Limited Partnership, Prestigious Properties Four Limited Partnership, Prestigious Properties Inc., Fireside Property Group, Ryan Capital Corp., Scotty Grubb & Associates and Strategic Software Management Corp. are related through shared common management or a common director.

(ii) The Partnership paid an aggregate of \$81,694 (2012 - \$39,189) in asset management fees to related parties during the year. The breakdown of the asset management fees paid to each related party is further described below.

(iii) Related party transactions occurred in the normal course of operations and are recorded at the exchange amount which management believes to be at market rates under normal terms and conditions.

(b) Related party transactions

Prestigious Properties Kings Castle GP Inc.

Pursuant to the agreement dated March 4, 2010 between the Partnership and the General Partner, the Partnership has agreed:

(i) To pay the General Partner a commission equal to 6% of the gross proceeds of the subscription price for Class A Units issued by the Partnership where the General Partner has effected the sale of Class A Units to a subscriber. As subscriptions sales are no longer effected by the General Partner, the Partnership does not anticipate paying any commissions to the General Partner under this agreement.

(ii) To pay an annual asset management fee equal to 0.5% of the fair market value of the assets of the Partnership, paid quarterly in arrears. Asset management fees paid to the General Partner of \$38,067 (2012 - \$19,006) are included in asset management fees expense. Included in accounts payable as at year end is \$20,676 (2012 - \$3,621) owing to the General Partner;

(iii) To pay an acquisition fee equal to 1% of the purchase price of any real estate assets acquired by the Partnership or the principal balance of any mortgages acquired or granted by the Partnership. During the year, \$106,500 (2012 - \$17,500) in asset acquisition fees were paid to the General Partner and included in the cost of the related investment property;

(iv) To pay a refinancing fee of 0.7% of any mortgage refinancing acquired by the Partnership. During the year, refinance fees of \$3,150 (2012 - \$Nil) were paid to the General Partner by the Partnership;

(v) To pay an administration fee equal to 1% of the gross proceeds of the subscription price for Class A Units issued by the Partnership. During the year no administration fees were paid (2012 - \$Nil);

(vi) The General Partner may within its discretion, pay some or all of the fees referred to above to parties other than the General Partner. At the end of the year, the Partnership owed the General Partner \$420 (2012 - \$274) relating to expenses paid by the General Partner. This amount is included in the due from related parties balance at year end; and

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

5. RELATED PARTY TRANSACTIONS *(continued)*

(vii) The Partnership will reimburse the General Partner for all direct costs and expenses incurred by the General Partner prior to the formation of the Partnership and all direct costs and expenses incurred by the General Partner on behalf of or for the benefit of the Partnership (which costs and expenses are the Partnership's responsibility), including any general administrative costs of the General Partner. For greater certainty, such costs and expenses for which the General Partner is to be reimbursed include the Partnership's direct general and administrative expenses, including legal and accounting fees, limited partner formation costs, consulting and advisory fees incurred in connection with the Partnership's business or the evaluation of investment opportunities by the Partnership and expenses associated with the issuance of units. During the year the Partnership paid \$9,427 (2012 - \$12,253) of professional fees and \$146 (2012 - 98) in administrative costs on behalf of the General Partner.

Prestigious Properties Kings Castle RRSP Inc.

(i) Included in subscriptions receivable at year end is \$75,000 (2012 - \$160,000) owing from Prestigious Properties Kings Castle RRSP Inc.

(ii) Administrative fees of \$21,171 (2012 - \$14,021) were paid on behalf of Prestigious Properties Kings Castle RRSP Inc. by the Partnership during the year.

(iii) During the year, the Partnership paid \$12,075 (2012 - \$18,428) in professional fees on behalf of Prestigious Properties Kings Castle RRSP Inc.

(iv) Issue costs in the amount of \$205,042 (2012 - \$133,954) were paid on behalf of Prestigious Properties Kings Castle RRSP Inc. and are included in issue costs within partners' capital. These costs will not be recovered from Prestigious Properties Kings Castle RRSP Inc. therefore they have been adjusted through partners' capital to retained earnings.

(v) The cumulative balance owed to the Partnership at year end is \$45,299 (2012 - \$24,128) which is included in the due from related parties balance at year end.

Prestigious Investment & Management (PRISM) A LP

(i) During the year, the Partnership issued a total of \$Nil (2012 - \$472,000) in short term loans to Prism A LP. Interest on these loans totaled \$Nil (2012 - \$8,961) which is included in interest from other sources.

(ii) At the end of the year, the Partnership's joint venture with Prism A LP, issued short term loans to properties owned by Prism A LP. The Partnership's portion of these loans is \$Nil (2012 - \$8,750) which is included in accounts receivable at year end.

(iii) During the year, funds that were due to the Partnership's joint venture with Prism A LP were issued directly to Prism A LP, the Partnership's portion of the funds was \$Nil (2012 - \$4,700), this amount is include in the due from related parties balance at year end.

(iv) During the year, the Partnership was issued a short-term loan totaling \$300,000 (2012 - \$Nil) from PRISM A LP. The amount was paid back by the Partnership before year end. Interest on the loan totaled \$5,984 (2012 - \$Nil) which is included in finance costs.

Prestigious Properties Three Limited Partnership

During the year, the Partnership extended loans of \$Nil (2012 - \$202,000) to Prestigious Properties Three Limited Partnership. These loans along with loans issued in the prior year were fully paid back during the year. The interest on the loans totaled \$Nil (2012 - \$23,984). Included in accounts receivable is \$Nil (2012 - \$2,500) advanced from Castlevue Property directly to Prestigious Properties Three Limited Partnership.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

5. RELATED PARTY TRANSACTIONS *(continued)*

Prestigious Properties Four Limited Partnership

During the year, the Partnership extended a loan of \$Nil (2012 - \$158,000) to Prestigious Properties Four Limited Partnership. These loans were along with loans issued in the prior year were fully paid back during the year. The interest on these loans totaled \$Nil (2012 - \$15,946) which is included in interest from other sources.

Prestigious Properties Inc.

Administrative costs of \$76,856 (2012 - \$37,080) were paid by the Partnership during the year on behalf of Prestigious Properties Inc. The total receivable amount at the end of the year was \$167,453 (2012 - \$76,886) which was included in the long-term due from related party balance at year end. The Partnership charges interest on the loan at a rate of 8% per annum and the loan is payable on demand. During 2013, interest of \$13,711 was charged on the loan and is included in interest from other sources.

Prestigious Properties Canada Ltd.

(i) Office and administrative expenses including accounting, legal, bookkeeping, travel, office, meetings and conventions and meals and entertainment of \$119,542 (2012 - \$86,152) were reimbursed to Prestigious Properties Canada during the year.

(ii) Marketing issue costs of \$2,484 (2012 - \$1,649) were reimbursed to Prestigious Properties Canada during the year and included in issue costs within partners' capital.

(iii) Included in accounts payable at year end is \$14,137 (2012 - \$5,740) payable to Prestigious Properties Canada Ltd. relating to office and administration costs.

Ryan Capital Corp.

(i) Marketing issue costs of \$1,251 (2012 - \$415) were reimbursed to Ryan Capital Corp. during the year and included in issue costs within partners' capital.

(ii) Asset management fees of \$35,046 (2012 - \$13,683) were paid to Ryan Capital Corp. during the year. Included in accounts payable as at year end is \$15,588 (2012 - \$3,185) in asset management fees owing.

(iii) Administrative expenses including acquisition document costs, travel, office, meetings and conventions, and meals and entertainment of \$24,541 (2012 - \$16,066) were reimbursed to Ryan Capital Corp. during the year. Included in accounts payable as at year end is \$9,577 (2012 - \$1,380) in administrative expenses owing.

Scotty Grubb & Associates

(i) Marketing issue costs of \$13,547 (2012 - \$16,006) were reimbursed to Scotty Grubb & Associates during the year and included in issue costs within partners' capital. Included in accounts payable as at year end is \$Nil (2012 - \$4,036) in marketing issue costs owing.

(ii) Asset management fees of \$8,581 (2012 - \$5,549) were paid to Scotty Grubb & Associates during the year. Included in accounts payable as at year end is \$6137 (2012 - \$630) in asset management fees owing.

(iii) Administrative expenses including travel, office, meetings and conventions and meals and entertainment of \$7,071 (2012 - \$12,532) were reimbursed to Scotty Grubb & Associates during the year. Included in accounts payable as at year end is \$226 (2012 - \$1,875) in administrative expenses owing.

Strategic Software Management Corp.

Administration fees of \$25,609 (2012 - \$12,495) were paid to Strategic Software Management Corp. during the year and included in issue costs within partners' capital. Included in accounts payable as at year end is \$263 (2012 - \$Nil).

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KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

5. RELATED PARTY TRANSACTIONS *(continued)*

Fireside Property Group

During the year, the Partnership paid property management fees of \$24,508 (2012 - \$15,620) and office and administrative fees of \$3,557 (2012 - \$Nil) to Fireside Property Group. Of this amount, \$2,883 (2012 - \$1,007) remained in accounts payable at year end.

(c) Key management compensation

All management is provided by the General Partner, Ryan Capital Corp., Scotty Grubb & Associates, Strategic Software Management Corp., Fireside Property Group, and Prestigious Properties Canada Ltd. with compensation as described above.

6. LONG-TERM INVESTMENT

During 2011 the Partnership extended a loan of \$1,000,000 to Prestigious Properties Inc. During 2012, the Partnership converted its loan and the related accrued interest of \$124,493 for 1,124,493 Class B common non-voting shares of Prestigious Properties Inc at \$1 per share.

7. INVESTMENTS IN JOINT VENTURES

Effective December 24, 2010, the Partnership acquired a 25% interest in Castlevue Property, a jointly controlled revenue producing rental property. Included in the financial statements are the following items that represent the Partnership's interest in the assets and liabilities, revenues and expenses of the joint venture:

	2013	2012
Share of the joint venture's financial position		
Current assets	\$ -	\$ 62,767
Non-current assets	5,100,000	4,825,000
	<u>5,100,000</u>	<u>4,887,767</u>
Current liabilities	127,299	109,955
Non-current liabilities	2,706,418	2,334,642
	<u>2,833,717</u>	<u>2,444,597</u>
Net assets	<u>\$ 2,266,283</u>	<u>\$ 2,443,170</u>
	2013	2012
Share of the joint venture's comprehensive income		
Revenue	\$ 382,197	\$ 356,691
Expenses	(253,217)	(243,243)
Gain on revaluation of investment property	204,966	639,024
	<u>\$ 333,946</u>	<u>\$ 752,472</u>

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

7. INVESTMENTS IN JOINT VENTURES *(continued)*

The Partnership has not incurred any contingent liabilities in relation to its interest in the joint venture, nor does the joint venture itself have any contingent liabilities for which the Partnership is contingently liable.

With the exception of the limited guarantee on the mortgage payable (Note 9) the Partnership has not entered into any capital commitments in relation to its interest in the joint venture.

8. INVESTMENT PROPERTIES

	Castleview	Hawkwood	Castle Harbour	Total
Year ended December 31, 2012				
Opening valuation	\$ 4,150,000	\$ -	\$ -	\$ 4,150,000
Additions	35,976	1,794,861	-	1,830,837
Gain on fair value adjustment	639,024	305,139	-	944,163
Closing valuation	\$ 4,825,000	\$ 2,100,000	\$ -	\$ 6,925,000
Year ended December 31, 2013				
Opening valuation	\$ 4,825,000	\$ 2,100,000	\$ -	\$ 6,925,000
Additions	70,034	91,852	10,825,406	10,987,292
Gain (loss) on fair value adjustment	204,966	83,148	(130,406)	157,708
Closing valuation	\$ 5,100,000	\$ 2,275,000	\$ 10,695,000	\$ 18,070,000

Subsequent to initial recognition the investment properties are recorded at fair value in accordance with IAS 40. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The investment properties are valued on a highest and best use basis. For the December 31, 2013 year end, there have been no changes to the valuation technique.

The Castleview Park and Hawkwood Manor investment properties were valued in January 2014 by an independent appraiser while the Castle Harbour property was valued in August 2013. The appraisers employ valuation professionals who are members of the Appraisal Institute of Canada and are licensed in the Province of Alberta as Members of the Real Estate Council of Alberta.

The valuation technique of the Partnership's investment properties utilized the "Income Approach" method which requires that rental income from current leases and key assumptions about rental income, vacancies and other factors are used to determine an income forecast for each property as well considering capital expenditures anticipated within the year. A Capitalization Rate was determined for each property based on market information related to similar buildings for sale in the investment properties geographical areas on arm's length terms. The capitalization rates used for the Castleview Park, Hawkwood Manor, and Castle Harbour investment properties are 5.00%, 6.00% and 5.00%, respectively.

Approximately 3% (2012 - 3%) of the rental units in the Castleview Park and Castle Harbour investment properties were vacant during the year. Approximately 14% (2012 - 3%) of the rental units in the Hawkwood Manor investment property were vacant during the year due to renovations.

The long-term debt (Note 9) is secured by the investment property.

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

9. LONG-TERM DEBT

TD Bank mortgage bearing interest at 4.14% per annum, repayable in monthly blended payments of \$13,427. The mortgage matures on January 1, 2016 and is secured by the Castlevue Park property. The Partnership has a 25% (2012 - 25%) undivided interest in the mortgage which has a total outstanding balance as at year end of \$9,348,570 (2012 - \$9,603,670). The Partnership has provided a limited corporate guarantee in the amount of \$10,065,000 for the full amortization period of the mortgage.

	2013	2012
	\$ 2,337,142	\$ 2,400,918

People's Trust mortgage bearing interest at prime plus 1.5% per annum. The mortgage has monthly interest payments with no principal repayment until maturity. The mortgage matured on December 31, 2013, and was paid through to February 1, 2014 after which a new loan was obtained (Note 14). The loan is secured by the Hawkwood Manor property. The mortgage has a joint and several personal guarantee by Thomas Beyer and all other individuals or companies owning any shares in the General Partnership.

1,250,000	1,250,000
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TD Bank mortgage bearing interest at 3.19% per annum, repayable in monthly blended payments of \$2,174. The mortgage matures on January 1, 2016 and is secured by the Castlevue Park property. The Partnership has a 25% undivided interest in the mortgage which has a total outstanding balance as at year end of \$1,792,133. The Partnership has provided a limited corporate guarantee in the amount of \$1,800,000 for the full amortization period of the mortgage.

448,998	-
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First National Financial LP mortgage bearing interest at prime plus 2% per annum. The mortgage has monthly interest payments with no principal repayment until maturity. The mortgage matures on November 1, 2014 and is secured by the Castle Harbour property. The Partnership has provided a guarantee and postponement of claim on the mortgage.

7,987,500	-
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12,023,640	3,650,918
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Deferred financing costs

(22,875)	(10,000)
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12,000,765	3,640,918
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Current portion of long-term debt

(9,315,973)	(1,313,775)
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Long-term debt, net of deferred financing costs

\$ 2,684,792	\$ 2,327,143
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Principal repayment terms are approximately:

2014	\$ 9,315,973
2015	81,639
2016	2,626,028
	<u>\$ 12,023,640</u>

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KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

9. LONG-TERM DEBT *(continued)*

Interest on long-term debt in the amount of \$251,902 (2012 - \$106,365) and fees on long-term debt of \$47,925 (2012 - \$Nil) were included in "Finance Costs" during the year. The interest rates used approximate market interest rates at December 31, 2013.

Transaction costs of committing to a new Hawkwood Manor loan in the amount of \$20,000 (2012 - \$9,375) were capitalized as deferred financing fees in "Long-Term Debt" which will be expensed over the term of the loan on an effective interest rate basis. Amortization expense has been charged to "Finance Costs" during the year in the amount of \$7,125 (2012 - \$3,125) with accumulated amortization in the amount of \$12,750 (2012 - \$5,625).

Under the TD Bank loan agreement, the Partnership is required to maintain a minimum Debt Service Coverage Ratio ("DSC") of 120% for the Castleview property. Debt Service Coverage ratio is defined as earnings before interest, income taxes, depreciation and amortization divided by the sum of principal and interest. As at December 31, 2013, the Partnership was not in violation of this covenant.

The Partnership's ability to continue operations as a going concern is dependent on its ability to renegotiate its mortgages when they mature. The maintenance of good working relationships with lenders, making mortgage payments on time and maintaining compliance with lending covenants is key to ensuring that mortgage capital is available to the Partnership.

10. EARNINGS PER UNIT

Until such time as Class A unit holders have received the cost of their units all earnings are allocated directly to Class A unit holders (Note 11).

11. PARTNERSHIP UNITS

Authorized:	
3,134; as well as	Class A units authorized to be issued, the majority of which will be issued at \$5,000 per unit unless otherwise discounted as outlined in the Limited Partnership agreement. Class A units are entitled to 60% of the Partnership's income after the cost of the units have been returned to the unit holders. Once the Class A unit holders have received twice their initial investment, the Class A units are entitled to 40% of the income generated by the Partnership.
units, as required,	
in respect of the	
distribution	
reinvestment	
income plan	
313,400	Class B units authorized to be issued at \$0.01 per unit. Class B unit holders are entitled to 40% of the Partnership's income once Class A unit holders have received their original capital contribution back. Once Class A unit holders have received twice their initial investment Class B unit holders are entitled to 60% of the income generated by the Partnership.

	2013		2012	
	Units	Amount	Units	Amount
Class A				
Units outstanding at the beginning of the year (including DRIP units issued)	1,406.15	\$ 6,707,633	1,072.77	\$ 5,040,756
Units issued	470.00	2,304,000	270.00	1,350,000
DRIP units issued	83.36	416,783	63.38	316,877
Units outstanding at the end of the year	1,959.51	\$ 9,428,416	1,406.15	\$ 6,707,633

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

11. PARTNERSHIP UNITS (continued)

	2013		2012	
	Units	Amount	Units	Amount
Class B				
Units outstanding at the beginning of the year	124,400	\$ 1,244	100,600	\$ 1,006
Units issued	49,700	497	23,800	238
Units outstanding at the end of the year	174,100	\$ 1,741	124,400	\$ 1,244

Included in subscriptions receivable is \$75,000 (2012 - \$210,000) which represents 15 Class A units (2012 - 42 Class A units).

During the year, the Partnership issued 179 units on which discounts totaling \$46,000 were granted. The discounts represent 5% of the capital otherwise collectible from these units.

The Partnership makes distributions to Class A Unit holders on a quarterly basis. Distributions made through the Distribution Reinvestment Plan ("DRIP") are paid at 6% of the outstanding units. Distributions made in cash are paid at 5% of the outstanding units. If all DRIP investors were to elect to receive cash distributions, the Partnership may have a liquidity issue in meeting the distribution requirements.

12. FAIR VALUE MEASUREMENT

As of December 31, 2013 the carrying value of cash, accounts receivables, deposits held in trust, subscriptions receivable, current and long-term related party loans, accounts payable and accrued liabilities and tenant deposits included in the statement of financial position approximate fair value due to the short-term nature of those instruments. The long-term investment is measured at cost due to the fact that the fair value of the investment cannot be reliably measured.

Level 1 Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted market prices. The Partnership has no financial instruments measured based on this approach.

Level 2 Fair Value Measurements

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. The Partnership's long-term debt and long-term amount due from related party are measured under Level 2 on a non-recurring basis.

The long-term debt is initially recorded at fair market value based on agreements between the Partnership and the credible financial institution. Interest rates are based on market conditions as well as the assessed risk profile of the Partnership. The fair value of the long-term debt at December 31, 2013 approximates its carrying value as the mortgage loans are subject to interest rates which at December 31, 2013 were indicative of current credit rates.

The long-term amount due from related party is initially recorded at fair market value based on an agreement between the Partnership and the related party. The interest rate is based on market conditions as well as the assessed risk profile of the related party. The fair value of the long-term amount due from related party at December 31, 2013 approximates its carrying value as the interest rate is indicative of current rates for similar risk profiles.

(continues)

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

12. FAIR VALUE MEASUREMENT *(continued)*

Level 3 Fair Value Measurements

Level 3 fair value measurements are based on unobservable information. The Partnership's investment properties are measured under Level 3 on a recurring basis. The fair value techniques used for the investment properties are described in (Note 7).

The Partnership's policy is to recognize transfers between fair value hierarchy levels as of the date of the event or change in circumstances which caused the transfer. There were no transfers in or out of the Level 2 or Level 3 fair value hierarchy during the year ended December 31, 2013.

13. FINANCIAL RISK MANAGEMENT

(a) Risk Management Overview

The Partnership's activities expose it to a variety of financial risks that arise as a result of its operating and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Partnership's exposure to each of the above risks, the Partnership's objectives, policies and processes for measuring and managing risk, and the Partnership's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Partnership employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Partnership's business objectives and risk tolerance levels. While the board of directors has the overall responsibility for the establishment and oversight of the Partnership's risk management framework, management has the responsibility to administer and monitor these risks.

Credit Risk

Credit risk arises from the possibility that third parties may default on their financial obligations.

The Partnership is exposed to credit risk from tenants, however, the Partnership has a significant number of tenants which minimizes concentration of credit risk and the terms and conditions prescribed in the leases include a requirement of rent due in advance. The Partnership did not have any tenants whose annual rent constituted more than 20% of gross rent revenues during the year ended December 31, 2013.

The Partnership does not have an allowance for doubtful accounts as at December 31, 2013 and did not provide for any doubtful accounts nor was it required to write-off any receivables during the year then ended. When determining whether past due accounts are collectible, the Partnership factors in the past credit history of the counterparties. The Partnership considers all amounts outstanding beyond dates stipulated in the lease agreements as past due.

The carrying amount of accounts receivable as at December 31, 2013 was \$16,453 (2012 - \$21,711). The Partnership's accounts receivables were comprised of rent receivable of \$Nil (2012 - \$49) and trade receivable of \$16,453 (2012 - \$21,662) as at year end. The Partnership's accounts receivable comprise of \$Nil amounts greater than 90 days as at year end (2012 - \$Nil).

The Partnership's credit risk exposure on subscriptions receivable is minimized substantially by insuring that subscriptions receivable are held with a credible trust company. Management does not expect the counterparty to fail to meet its obligations.

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KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

13. FINANCIAL RISK MANAGEMENT *(continued)*

The Partnership's credit risk exposure on cash is minimized substantially by ensuring that cash is held with credible financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Partnership manages credit risk on financial assets with related parties by entering into such transactions under normal commercial terms.

The carrying amount of cash, accounts receivable, amounts due from related parties, subscriptions receivable, and deposits held in trust represents the maximum credit exposure.

Liquidity Risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they become due. The Partnership manages its liquidity by avoiding bank or other debt due on demand, monitoring cash flows from operating activities, managing maturity profiles of financial assets and liabilities and monitoring its risk management program. These activities assure sufficient funds are available to meet its financial obligations when due. All contractual maturities for financial liabilities as at December 31, 2013 mature within one year, except for long-term debt as per Note 9.

The Partnership's objectives, processes and policies for managing liquidity risk have not changed from the previous year.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Partnership's net earnings or the value of financial instruments. The objective of the Partnership is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns.

Foreign Currency Risk Management

Currency risk is the risk that the value of financial instruments denominated in currencies other than the reporting currency of the Partnership will fluctuate due to changes in foreign exchange rates. The Partnership is not exposed to currency rate risk as all financial instruments are denominated in Canadian Currency.

Interest Rate Risk Management

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Partnership is exposed to interest rate risk to the extent that \$9,237,500 of long-term debt is at a floating rate of interest. For the year ended December 31, 2013, all else being equal, the increase or decrease in net earnings and cash flow for each 1% change in market interest rates would be \$92,375 (2012 - \$12,500).

(b) Capital Management

The Partnership uses mortgage financing when real estate assets are purchased. Mortgage payments are funded and paid for by the property on a monthly basis. When the term of a mortgage is up and a renewal is required, multiple mortgage providers are usually asked to quote on rates to renew the mortgage. The different quotes are evaluated and the mortgage is renewed with the mortgage provider with the most favourable terms.

From time to time the Partnership may access or grant financing to and from related parties. Such financing is charged interest at rates appropriate for the risk profile and paid back as capital allows.

Capital management plays a key role in real estate. Properly managed mortgages ensures maximum return for the partners. Shorter term financing, often accessed from related parties, can play a key role in covering short term cash deficiencies.

Compliance with conditions set out in the debt facility (Note 9) is the key component of management's approach to capital management. The Partnership was not in violation of the debt facility covenants as at December 31, 2013.

KINGS CASTLE LIMITED PARTNERSHIP

Notes to Financial Statements

Year Ended December 31, 2013

14. SUBSEQUENT EVENTS

Subsequent to year end, the Partnership purchased an investment property, Spruce Vale Apartments, for a total cost of \$1,890,000. The closing date of the purchase was January 15, 2014. The Partnership also obtained a mortgage related to the property for a total of \$1,600,000. Payments on the mortgage are interest only at prime plus 2% per annum and begin on March 1, 2014.

Subsequent to year end, the Partnership refinanced the Hawkwood Manor investment property by obtaining a mortgage agreement with Institutional Mortgage Capital for a mortgage totaling \$1,625,000. The mortgage term is for 5 years and 3 months with the interest rate on the mortgage being at a fixed rate of 4.1%, calculated semi-annually. Monthly payments include principal and interest.

Subsequent to year end, the Partnership issued 262 Class A units and 27,700 Class B units for total proceeds of \$1,305,800. Of the 262 Class A units, 30 units were issued with discounts totaling \$4,200. The discounts represent a range of 1-4% of the capital otherwise collectible from these units.

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

16. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on April 17, 2014, with certain updates to Note 14 being authorized and approved for issue on May 9, 2014.

12.2 Financial Statements of the General Partner

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Index to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

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BUCHANAN BARRY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Prestigious Properties Kings Castle GP Inc.

We have audited the accompanying financial statements of Prestigious Properties Kings Castle GP Inc., which comprise the statement of financial position as at December 31, 2014 and the statements of loss being comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Prestigious Properties Kings Castle GP Inc. as at December 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Buchanan Barry LLP

Calgary, Alberta
May 7, 2015

CHARTERED ACCOUNTANTS

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Serving Calgary since 1960,
with associated offices
across Canada and affiliated
internationally.



PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Statement of Financial Position

December 31, 2014

(Expressed in Canadian Dollars)

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 104	\$ 344
Accounts receivable	35,131	20,676
	35,235	21,020
NON-CURRENT		
Due from related party (Note 4)	535	420
	<u>\$ 35,770</u>	<u>\$ 21,440</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 35,131	\$ 20,676
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	10	10
RETAINED EARNINGS	629	754
	639	764
	<u>\$ 35,770</u>	<u>\$ 21,440</u>

APPROVED BY THE SOLE DIRECTOR

_____
Director

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Statement of Loss Being Comprehensive Loss

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

	2014	2013
REVENUE		
Asset acquisition fees	\$ 18,900	\$ 106,500
Asset management fees	128,262	36,255
Refinance fees	67,025	3,150
	<u>214,187</u>	<u>145,905</u>
EXPENSES		
Asset acquisition fees	18,900	106,500
Asset management fees	128,262	36,255
Refinance fees	67,025	3,150
	<u>214,187</u>	<u>145,905</u>
INCOME BEFORE INCOME TAXES	-	-
INCOME TAXES (RECOVERED)	<u>125</u>	<u>(33)</u>
NET INCOME (LOSS) BEING COMPREHENSIVE INCOME (LOSS)	<u>\$ (125)</u>	<u>\$ 33</u>
BASIC AND DILUTED NET INCOME (LOSS) PER SHARE	<u>\$ (1.25)</u>	<u>\$ 0.33</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>100</u>	<u>100</u>

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Statement of Changes in Equity

Year Ended December 31, 2014

(Expressed in Canadian dollars)

	2014	2013
RETAINED EARNINGS - Beginning of year	\$ 754	\$ 721
NET INCOME (LOSS) BEING COMPREHENSIVE INCOME (LOSS)	(125)	33
RETAINED EARNINGS - End of year	\$ 629	\$ 754

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Statement of Cash Flows

Year Ended December 31, 2014

(Expressed in Canadian dollars)

	2014	2013
OPERATING ACTIVITIES		
Net income (loss) being comprehensive income (loss)	\$ (125)	\$ 33
Changes in non-cash working capital:		
Accounts receivable	(14,455)	(17,055)
Accounts payable and accrued liabilities	14,455	17,491
Income taxes payable	-	(117)
Goods and services tax payable	-	(299)
	-	20
	(125)	53
INVESTING ACTIVITY		
Advances to related party	(115)	(146)
DECREASE IN CASH	(240)	(93)
CASH - Beginning of year	344	437
CASH - End of year	\$ 104	\$ 344

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

1. DESCRIPTION OF BUSINESS

Prestigious Properties Kings Castle GP Inc. (the "Company" or the "General Partner") is a private Company incorporated January 14, 2010 under the provisions of the Alberta Corporations Act. The Company's registered address is 912-743 Railway Avenue, Canmore, Alberta, T1W 1P2. The Company is appointed as the General Partner of the Kings Castle Limited Partnership (the "Partnership" or "Limited Partnership") and has full and exclusive power and authority to administer, manage, control and operate the Partnership's business and affairs at all times on behalf of, and without further authority from, the Partnership.

The Company, in its capacity as General Partner, holds title to the Partnership's assets in trust for the use and benefit of the Partnership. The Company specifically acknowledges this trust and the fiduciary obligations arising from it. The Company also has unlimited liability for the Partnership's debts, liabilities, losses, and obligations.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements for the year ended December 31, 2014 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement and Preparation

The financial statements have been prepared on the historical cost basis except for the following:

- (i) derivative financial instruments are measured at fair value; and
- (ii) held for trading financial assets are measured at fair value with changes in fair value recorded in income.

The methods used to measure fair values are discussed in Notes 3 and 6.

The financial statements comprise only the assets, liabilities and results of operations of the Company as at and for the year ended December 31, 2014 and comparative periods as the Company does not control any other entities.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented have been rounded to the nearest dollar except where indicated otherwise.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION *(continued)*

Use of Estimates, Judgments and Assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates and assumptions include the recoverability of accounts receivable and the estimated fair values of financial instruments resulting in financial assets and liabilities which, by their very nature, are subject to measurement uncertainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Company:

Cash and cash equivalents

Cash consists of cash on hand and bank deposits. Highly liquid investments with maturities of three months or less at date of purchase are considered to be cash equivalents.

Financial instruments

Financial instruments include cash, accounts receivable, due from related party and accounts payable and accrued liabilities. Financial instruments are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured in one of the following categories: financial assets and financial liabilities measured at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or other financial liabilities.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets and liabilities at fair value through profit or loss

An instrument is classified at fair value through profit or loss ("FVTPL") if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition related transaction costs are recognized in income when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized as income or loss.

Financial assets at FVTPL include cash.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method if the time value of money is significant.

Financial assets classified as loans and receivables include accounts receivable and due from related party.

Other financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities at FVTPL.

Financial liabilities classified as other financial liabilities include accounts payable and accrued liabilities.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effects.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the statement of loss being comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is measured using the 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. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable net income will be available against the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses that can be utilized. Deferred tax relating to items recognized directly in equity, including other comprehensive income, are recognized in income.

Deferred tax assets and liabilities are recognized at expected tax rates in effect in the year when the asset is expected to be realized or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The effect of a change to the tax rate on the future tax assets and liabilities is recognized in net income when substantively enacted. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Asset acquisition fees, asset management fees and refinance fees are recognized on an accrual basis, once the related services have been performed and collection is reasonably assured.

Net income per share

The number of common shares outstanding is the weighted average number of shares outstanding for each period. Shares issued during the year are included in the weighted average number of shares from the date consideration is receivable. The calculation of basic net income per share is based on net income attributable to shareholders divided by the weighted average number of shares outstanding.

There are no dilutive shares issued and outstanding.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards issued not yet applied

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 - Revenue from Contracts with Customers which replaces the previous revenue Standards: IAS 18 - Revenue and IAS 11 - Construction Contracts and the related Interpretations on revenue recognition: IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC-31 - Revenue - Barter Transactions Involving Advertising Services. The new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the new framework is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Areas that will be affected from the existing practice include practices such as incidental obligations and sales incentives, contingent revenue cap, no observable selling price, licences, timing of revenue recognition, estimates of variable consideration, significant financing components, and disclosure. IFRS 15 includes a comprehensive set of disclosure requirements that require a company to disclose qualitative and quantitative information about its contracts with customers to help investors understand the nature, amount, timing, and uncertainty of revenue. The provisions of this new standard will apply to financial statements beginning on or after January 1, 2017. Early adoption is permitted. Implementation of this standard is not expected to have a significant impact to the Company.

IFRS 9 - Financial Instruments

In July 2014, the IASB published the final version of IFRS 9 - *Financial Instruments* which replaces the provisions of IAS 39 - *Financial Instruments: Recognition and Measurement*. It requires financial assets to be measured at amortized cost or at fair value on the basis of the entity's business model for managing assets. It also changes the accounting for financial liabilities measured using the fair value option. Also, this standard proposes a new accounting model related to the recognition of the expected credit losses. It requires the entity to recognize expected credit losses on financial assets using current estimates of expected shortfalls in cash flows on those instruments as at the reporting date. Recognition of credit losses would no longer be dependent on the entity first identifying credit loss events. The standard modifies the hedge accounting model, which aims to present in the financial statements the effect of risk management activities. The provisions of this new standard will apply to financial statements beginning on or after January 1, 2018. Implementation of this issued standard is not expected to have a significant impact to the Company.

4. RELATED PARTY TRANSACTIONS

Overview

The Company has entered into contracts with the following entities which are related to the Company by way of common management.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

4. RELATED PARTY TRANSACTIONS *(continued)*

Kings Castle Limited Partnership

Pursuant to the agreement dated March 4, 2010 between the Limited Partnership and the Company, the Limited Partnership has agreed:

- a) To pay the Company a commission equal to 6% of the gross proceeds of the subscription price for Class A Units issued by the Limited Partnership where the General Partner has effected the sale of Class A Units to a subscriber. As subscription sales are no longer effected by the Company, the Company does not anticipate receiving any commissions from the Partnership under this agreement;
- b) To pay an asset management fee on a quarterly basis equal to 0.5% of the fair market value of the assets of the Limited Partnership in arrears. Asset management fees of \$128,262 (2013 - \$36,255) were paid by the Limited Partnership to the Company and are included in asset management fee revenue at year end. Included in accounts receivable of the Company as at year end is \$35,131 (2013 - \$20,676) due from the Limited Partnership in relation to these fees;
- c) To pay an acquisition fee equal to 1% of the purchase price of any real estate assets acquired by the Limited Partnership or the principal balance of any mortgages acquired or granted by the Limited Partnership. During the fiscal year, the Limited Partnership purchased a property, which resulted in an asset acquisition fee of \$18,900 (2013 - \$106,500) being paid to the Company by the Limited Partnership and is included in asset acquisition fee revenue at year end;
- d) To pay a refinancing fee of 0.7% of any mortgage refinancing acquired by the Partnership. During the year, refinance fees of \$67,025 (2013 - \$3,150) were paid to the Company by the Limited Partnership and are included in refinance fee revenue at year end;
- e) To pay an administration fee equal to 1% of the gross proceeds of the subscription price for Class A Units issued by the Limited Partnership. No administration fees were paid to the Company by the Limited Partnership during the year;
- f) The General Partner may within its discretion, pay some or all of the fees referred to above to parties other than the Company; and

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

4. RELATED PARTY TRANSACTIONS *(continued)*

- g) The Limited Partnership will reimburse the Company for all direct costs and expenses incurred by the General Partner prior to the formation of the Limited Partnership and all direct costs and expenses incurred by the Company on behalf of, or for the benefit of, the Limited Partnership (which costs and expenses are the Limited Partnership's responsibility), including any general administrative costs of the Company. For greater certainty, such costs and expenses for which the Company is to be reimbursed include the Limited Partnership's direct general and administrative expenses, including legal and accounting fees, Limited Partner information costs, consulting and advisory fees incurred in connection with the Limited Partnership's business or the evaluation of investment opportunities by the Limited Partnership and expenses associated with the issuance of units.

Expenses paid by the Company in the year ending December 31, 2014 result in the amount of \$535 (2013 - \$420) due from the Limited Partnership at year end. During the year the Limited Partnership paid \$13,519 (2013 - \$9,427) of professional fees and \$116 (2013 - \$146) in administrative costs on behalf of the Company. Of the \$13,519 paid in professional fees, \$7,455 remains as a payable by the Limited Partnership.

Prestigious Properties Canada Ltd.

Asset management fees of \$57,077 (2013 - \$36,255) were paid to Prestigious Properties Canada Ltd. by the Company during the year.

Unpaid amounts included in accounts payable and accrued liabilities as at year end were \$15,633 (2013 - \$20,676).

Ryan Capital Corp.

Asset acquisition fees of \$15,120 (2013 - \$85,200) were paid to Ryan Capital Corp. by the Company during the year.

Refinance fees of \$40,215 (2013 - \$1,890) were paid to Ryan Capital Corp. by the Company during the year.

Unpaid amounts included in accounts payable and accrued liabilities as at year end were \$15,633 (2013 - \$Nil).

Strategic Software Management Corp.

Asset acquisition fees of \$3,780 (2013 - \$21,300) were paid to Strategic Software Management Corp. by the Company during the year.

Refinance fees of \$19,437 (2013 - \$914) were paid to Strategic Software Management Corp. by the Company during the year.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

4. RELATED PARTY TRANSACTIONS *(continued)*

Scotty Grubb & Associates Ltd.

Refinance fees of \$7,373 (2013 - \$346) were paid to Scotty Grubb & Associates Ltd. by the Company during the year.

Unpaid amounts included in accounts payable and accrued liabilities as at year end were \$3,864 (2013 - \$Nil).

Key Management Compensation

All management is provided by Ryan Capital Corp., Scotty Grubb & Associates Ltd., Strategic Software Management Corp. and Prestigious Properties Canada Ltd. with compensation as described above.

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

5. SHARE CAPITAL

Authorized:

Unlimited Class A Common voting shares
Unlimited Class B Common non-voting shares
Unlimited First Preferred shares, to be issued from time to time in one or more series, with rights, privileges, restrictions and conditions attaching to that series to be determined by the board of directors on issuance

		2014	2013
Issued:			
100	Class A shares	\$ 10	\$ 10

All common shares issued are fully paid.

6. FAIR VALUE MEASUREMENT

As of December 31, 2014, the carrying value of accounts receivable, and accounts payable and accrued liabilities, included in the statement of financial position approximate fair value due to the short term nature of those instruments.

Level 1 Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted market prices. The carrying value of cash is measured based on this approach.

Level 2 Fair Value Measurements

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. The long-term amount due from related party is initially recorded at fair market value based on the agreement between the Company and the related party.

Level 3 Fair Value Measurements

Level 3 fair value measurements are based on unobservable information. The Company has no financial instruments measured based on this approach.

The Company's policy is to recognize transfers between fair value hierarchy levels as the date of event or change in circumstances which caused the transfer. There were no transfers in or out of any levels of the fair value hierarchy during the year.

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS

(a) Risk Management Overview

The Company's activities expose it to a variety of financial risks that arise as a result of its operating and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework, management has the responsibility to administer and monitor these risks.

Credit risk

The Company is exposed to credit risk resulting from the possibility that parties may default on their financial obligations.

The carrying amount of accounts receivable as at year end was \$35,131 (2013 - \$20,676). Accounts receivable was comprised of asset management fees due from a related party under common management. There are no amounts over 90 days included in accounts receivable at year end (2013 - \$Nil).

The Company does not have an allowance for doubtful accounts as at the year end (2013 - \$Nil) and did not provide for any doubtful accounts nor was it required to write-off any receivables during the year (2013 - none). When determining whether past due accounts are collectible, the Company factors in the past credit history of the counterparties.

The Company's credit risk exposure on cash is minimized substantially by ensuring that cash is held with credible financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations. The Company manages credit risk on financial assets with related parties by entering into such transactions under normal commercial terms.

The carrying amounts of cash and accounts receivable represents the maximum credit exposure.

The Company is exposed to credit risk on the balance due from related party should there be a default on its obligations. The risk is minimized as management has assessed that there is currently no indication that the related party will default on its obligations.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2014

(Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS *(continued)*

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 manages its liquidity by avoiding bank or other debt due on demand, monitoring cash flows from operating activities and monitoring its risk management program. These activities assure sufficient funds are available to meet its financial obligations when due. All contractual maturities for financial liabilities as at December 31, 2014 mature within one year.

The Company's objectives, processes and policies for managing liquidity risk have not changed from the previous year.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's net income or the value of financial instruments. The Company is not currently exposed to significant market risk.

Foreign Currency Risk Management

Currency risk is the risk that the value of financial instruments denominated in currencies other than the reporting currency of the Company will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency rate risk as all financial instruments are denominated in Canadian currency.

Interest Rate Risk Management

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Company is not exposed to interest rate risk as it has no outstanding interest-bearing debt.

(b) Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company defines capital as its net assets. The Company manages capital by monitoring cash flows and obtains capital where needed from its shareholders.

8. ECONOMIC DEPENDENCE

The Company earns 100% of its revenue in the provision of management services, asset acquisition advice and commissions related to the issuance of the units of Kings Castle Limited Partnership. Should the Partnership substantially change its dealings with the Company, management is of the opinion that continued viable operations would be doubtful.

9. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on May 6, 2015.

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

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Year Ended December 31, 2013

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BUCHANAN BARRY LLP
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Prestigious Properties Kings Castle GP Inc.

We have audited the accompanying financial statements of Prestigious Properties Kings Castle GP Inc., which comprise the statement of financial position as at December 31, 2013 and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Prestigious Properties Kings Castle GP Inc. as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Buchanan Barry LLP

Calgary, Alberta
April 17, 2014

CHARTERED ACCOUNTANTS

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Serving Calgary since 1960,
with associated offices
across Canada and affiliated
internationally.




PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Statement of Financial Position

December 31, 2013

	2013	2012
ASSETS		
CURRENT		
Cash	\$ 344	\$ 437
Accounts receivable	20,676	3,621
	21,020	4,058
DUE FROM RELATED PARTIES (Note 4)	420	274
	<u>\$ 21,440</u>	<u>\$ 4,332</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 20,676	\$ 3,185
Income taxes payable	-	117
Goods and services tax payable	-	299
	20,676	3,601
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	10	10
RETAINED EARNINGS	754	721
	764	731
	<u>\$ 21,440</u>	<u>\$ 4,332</u>

APPROVED BY THE SOLE DIRECTOR


Director

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Statement of Income and Comprehensive Income

Year Ended December 31, 2013

	2013	2012
REVENUE		
Asset acquisition fees	\$ 106,500	\$ 17,500
Asset management fees	36,255	19,006
Refinance fees	3,150	-
	145,905	36,506
EXPENSES		
Asset acquisition fees	106,500	17,500
Asset management fees	36,255	13,032
Refinance fees	3,150	-
	145,905	30,532
INCOME BEFORE INCOME TAXES	-	5,974
INCOME TAXES (RECOVERED)		
Current	(33)	117
Deferred	-	719
	(33)	836
NET INCOME AND COMPREHENSIVE INCOME	\$ 33	\$ 5,138
BASIC & DILUTED INCOME PER SHARE	\$ 0.33	\$ 51.38
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	100	100

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Statement of Changes in Equity

Year Ended December 31, 2013

	2013	2012
RETAINED EARNINGS (DEFICIT) - Beginning of year	\$ 721	\$ (4,417)
NET INCOME AND COMPREHENSIVE INCOME	33	5,138
RETAINED EARNINGS - End of year	\$ 754	\$ 721

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
OPERATING ACTIVITIES		
Net income and comprehensive income (loss)	\$ 33	\$ 5,138
Item not affecting cash:		
Future income taxes	-	719
	<u>33</u>	<u>5,857</u>
Changes in non-cash working capital:		
Accounts receivable	(17,055)	(2,816)
Accounts payable	17,491	(11,251)
Income taxes payable	(117)	117
Goods and services tax payable	(299)	125
	<u>20</u>	<u>(13,825)</u>
	<u>53</u>	<u>(7,968)</u>
FINANCING ACTIVITY		
Advances to related parties	(146)	(99)
DECREASE IN CASH	<u>(93)</u>	<u>(8,067)</u>
CASH - Beginning of year	<u>437</u>	<u>8,504</u>
CASH - End of year	<u>\$ 344</u>	<u>\$ 437</u>

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2013

1. DESCRIPTION OF BUSINESS

Prestigious Properties Kings Castle GP Inc. (the "Company" or the "General Partner") is a private Company incorporated January 14, 2010 under the provisions of the Alberta Corporations Act. The Company's registered address is 912-743 Railway Avenue, Canmore, Alberta, T1W 1P2. The Company is appointed as the General Partner of the Kings Castle Limited Partnership (the "Partnership" or "Limited Partnership") and has full and exclusive power and authority to administer, manage, control and operate the Partnership's business and affairs at all times on behalf of, and without further authority from, the Partnership.

The Company, in its capacity as General Partner, holds title to the Partnership's assets in trust for the use and benefit of the Partnership. The Company specifically acknowledges this trust and the fiduciary obligations arising from it. The Company also has unlimited liability for the Partnership's debts, liabilities, losses, and obligations.

2. BASIS OF PRESENTATION

Statement of Compliance

The financial statements for the year ended December 31, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Measurement and Preparation

The financial statements have been prepared on the historical cost basis except for the following:

- (i) derivative financial instruments are measured at fair value; and
- (ii) held for trading financial assets are measured at fair value with changes in fair value recorded in income.

The methods used to measure fair values are discussed in Notes 3 and 6.

The financial statements comprise only the assets, liabilities and results of operations of the Company as at and for the year ended December 31, 2013 and comparative periods as the Company does not control any other entities.

Functional and Presentation Currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented have been rounded to the nearest dollar except where indicated otherwise.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2013

2. BASIS OF PRESENTATION *(continued)*

Use of Estimates, Judgments and Assumptions

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions regarding the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the period. By their nature, estimates are subject to measurement uncertainty and changes in such estimates in future periods could require a material change in the financial statements. Accordingly, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Estimates and assumptions include the recoverability of accounts receivable and the estimated fair values of financial instruments resulting in financial assets and liabilities which, by their very nature, are subject to measurement uncertainty.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently to the periods presented in these financial statements, and have been applied consistently by the Company:

Cash and cash equivalents

Cash consists of cash on hand and bank deposits. Highly liquid investments with maturities of three months or less at date of purchase are considered to be cash equivalents.

Financial instruments

Financial instruments include cash, accounts receivable and accounts payable. Financial instruments are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition financial instruments are measured in one of the following categories: financial assets and financial liabilities measured at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or other financial liabilities.

Financial assets and liabilities at fair value through profit or loss

An instrument is classified at fair value through profit or loss ("FVTPL") if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition related transaction costs are recognized in income when incurred. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized as income or loss.

Financial assets at FVTPL include cash.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method if the time value of money is significant.

Financial assets classified as loans and receivables include accounts receivable.

Other financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method, except for financial liabilities at FVTPL.

Financial liabilities classified as other financial liabilities include accounts payable.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognized as a deduction from equity, net of any tax effects.

Income taxes

Income tax expense is comprised of current and deferred tax. Income tax expense is recognized in the statement of income and comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is measured using the 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. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable net income will be available against the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses that can be utilized. Deferred tax relating to items recognized directly in equity, including other comprehensive income, are recognized in income.

Deferred tax assets and liabilities are recognized at expected tax rates in effect in the year when the asset is expected to be realized or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The effect of a change to the tax rate on the future tax assets and liabilities is recognized in net income when substantively enacted. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Asset acquisition fees, asset management fees and refinance fees are recognized on an accrual basis, once the related services have been performed and collection is reasonably assured.

Change in accounting policies

Effective January 1, 2013 the Company prospectively adopted IFRS 13, "Fair Value Measurement" which sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. There was no impact on the financial statements as a result of the implementation of this standard. Further information on fair value measurement can be found in Note 6.

Accounting standards issued not yet applied

IFRS 9 – Financial Instruments

In November 2009, the IASB published IFRS 9, "Financial Instruments", which covers the classification and measurement of financial assets and liabilities as part of its project to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 replaces the multiple classification and measurement models for financial assets in IAS 39 with a single model that has only two classification categories: FVTPL and amortized cost. IFRS 9 does not change the basic accounting model for financial liabilities under IAS 39. The two measurement categories continue to exist: FVTPL and amortized cost. However, IFRS 9 requires gains and losses on financial liabilities designated as FVTPL to be split into the amount of change in fair value that is attributable to changes in the credit risk of the liability, which should be presented in other comprehensive income, and the remaining amount of change in the fair value of the liabilities which should be presented in profit or loss. IFRS 9 is effective for the Company on January 1, 2015 with required retrospective application and early adoption permitted. The Company intends to adopt IFRS 9 retrospectively in its financial statements for the annual period beginning on January 1, 2015. Implementation of this issued standard is not expected to have a significant impact to the Company.

4. RELATED PARTY TRANSACTIONS

Overview

The Company has entered into contracts with the following entities which are related to the Company by way of common management.

Kings Castle Limited Partnership

Pursuant to the agreement dated March 4, 2010 between the Limited Partnership and the Company, the Limited Partnership has agreed:

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2013

4. RELATED PARTY TRANSACTIONS *(continued)*

- a) To pay the Company a commission equal to 6% of the gross proceeds of the subscription price for Class A Units issued by the Limited Partnership where the General Partner has effected the sale of Class A Units to a subscriber. As subscription sales are no longer effected by the Company, the Company does not anticipate receiving any commissions from the Partnership under this agreement.
- b) To pay an asset management fee on a quarterly basis equal to 0.5% of the fair market value of the assets of the Limited Partnership in arrears. Asset management fees of \$36,255 (2012 - \$19,006) were paid by the Limited Partnership to the Company and are included in asset management fee revenue during the period. Included in accounts receivable of the Company as at year end is \$20,676 (2012 - \$3,621) due from the Limited Partnership in relation to these fees;
- c) To pay an acquisition fee equal to 1% of the purchase price of any real estate assets acquired by the Limited Partnership or the principal balance of any mortgages acquired or granted by the Limited Partnership. During the fiscal year, the Limited Partnership purchased a property, which resulted in a \$106,500 (2012 - \$17,500) asset acquisition fee paid to the Company by the Limited Partnership;
- d) To pay a refinancing fee of 0.7% of any mortgage refinancing acquired by the Partnership. During the year, refinance fees of \$3,150 (2012 - \$Nil) were paid to the Company by the Limited Partnership;
- e) To pay an administration fee equal to 1% of the gross proceeds of the subscription price for Class A Units issued by the Limited Partnership. No administration fees were paid to the Company by the Limited Partnership during the period;
- f) The General Partner may within its discretion, pay some or all of the fees referred to above to parties other than the Company; and
- g) The Limited Partnership will reimburse the Company for all direct costs and expenses incurred by the General Partner prior to the formation of the Limited Partnership and all direct costs and expenses incurred by the Company on behalf of, or for the benefit of, the Limited Partnership (which costs and expenses are the Limited Partnership's responsibility), including any general administrative costs of the Company. For greater certainty, such costs and expenses for which the Company is to be reimbursed include the Limited Partnership's direct general and administrative expenses, including legal and accounting fees, Limited Partner information costs, consulting and advisory fees incurred in connection with the Limited Partnership's business or the evaluation of investment opportunities by the Limited Partnership and expenses associated with the issuance of units.

Expenses paid by the Company in the year ending December 31, 2013 result in the amount of \$420 (2012 - \$274) due from the Limited Partnership at year end. During the year the Limited Partnership paid \$9,427 (2012 - \$12,253) of professional fees and \$146 (2012 - \$98) in administrative costs on behalf of the Company.

Prestigious Properties Canada Ltd.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2013

4. RELATED PARTY TRANSACTIONS *(continued)*

Asset management fees of \$36,255 (2012 - \$13,032) were paid to Prestigious Properties Canada Ltd. by the Company during the year.

Included in accounts payable as at year end were asset management fees charged by Prestigious Properties Canada Ltd to the Company in the amount of \$20,676 (2012 - \$3,185).

Ryan Capital Corp.

Asset acquisition fees of \$85,200 (2012 - \$14,000) were paid to Ryan Capital Corp. by the Company during the year.

Refinance fees of \$1,890 (2012 - \$Nil) were paid to Ryan Capital Corp. by the Company during the year.

Strategic Software Management Corp.

Asset acquisition fees of \$21,300 (2012 - \$3,500) were paid to Strategic Software Management Corp. by the Company during the year.

Refinance fees of \$914 (2012 - \$Nil) were paid to Strategic Software Management Corp. by the Company during the year.

Scotty Grubb & Associates Ltd.

Refinance fees of \$346 (2012 - \$Nil) were paid to Scotty Grubb & Associates Ltd. by the Company during the year.

These transactions occurred in the normal course of operations and are recorded at the exchange amount which management believes to be at market rates under normal terms and conditions.

Key Management Compensation

All management is provided by Ryan Capital Corp., Scotty Grubb & Associates, Strategic Software Management Corp. and Prestigious Properties Canada Ltd. with compensation as described above.

5. SHARE CAPITAL

Authorized:

Unlimited	Class A Common voting shares
Unlimited	Class B Common non-voting shares
Unlimited	First Preferred shares, to be issued from time to time in one or more series, with rights, privileges, restrictions and conditions attaching to that series to be determine by the board of directors on issuance

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2013

5. SHARE CAPITAL *(continued)*

	2013	2012
Issued:		
100 Class A shares	\$ 10	\$ 10

All Common shares issued are fully paid.

6. FAIR VALUE MEASUREMENT

As of December 31, 2013 and December 31, 2012 the carrying value of cash, accounts receivables and accounts payable included in the statement of financial position approximate fair value due to the short term nature of those instruments.

Level 1 Fair Value Measurements

Level 1 fair value measurements are based on unadjusted quoted market prices. The Company has no financial instruments measured based on this approach.

Level 2 Fair Value Measurements

Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices. The Company has no financial instruments measured based on this approach.

Level 3 Fair Value Measurements

Level 3 fair value measurements are based on unobservable information. The Company has no financial instruments measured based on this approach.

7. FINANCIAL INSTRUMENTS

(a) Risk Management Overview

The Company's activities expose it to a variety of financial risks that arise as a result of its operating and financing activities such as:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework, management has the responsibility to administer and monitor these risks.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2013

7. FINANCIAL INSTRUMENTS *(continued)*

Credit risk

The Company is exposed to credit risk resulting from the possibility that parties may default on their financial obligations.

The carrying amount of accounts receivable as at year end was \$20,676 (2012 - \$3,621). Accounts receivable was comprised of asset management fees due from a related party under common management. The Company's accounts receivable comprise \$Nil amounts greater than 90 days overdue as at year end (2012 - \$Nil).

The Company does not have an allowance for doubtful accounts as at the year end (2012 - \$Nil) and did not provide for any doubtful accounts nor was it required to write-off any receivables during the year (2012 - none). When determining whether past due accounts are collectible, the Company factors in the past credit history of the counterparties.

The Company's credit risk exposure on cash is minimized substantially by ensuring that cash is held with credible financial institutions with high credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations. The Company manages credit risk on financial assets with related parties by entering into such transactions under normal commercial terms.

The carrying amounts of cash and accounts receivable represents the maximum credit exposure.

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 manages its liquidity by avoiding bank or other debt due on demand, monitoring cash flows from operating activities and monitoring its risk management program. These activities assure sufficient funds are available to meet its financial obligations when due. All contractual maturities for financial liabilities as at December 31, 2013 mature within one year.

The Company's objectives, processes and policies for managing liquidity risk have not changed from the previous year.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's net income or the value of financial instruments. The Company is not currently exposed to significant market risk.

Foreign Currency Risk Management

Currency risk is the risk that the value of financial instruments denominated in currencies other than the reporting currency of the Company will fluctuate due to changes in foreign exchange rates. The Company is not exposed to currency rate risk as all financial instruments are denominated in Canadian Currency.

(continues)

PRESTIGIOUS PROPERTIES KINGS CASTLE GP INC.

Notes to Financial Statements

Year Ended December 31, 2013

7. FINANCIAL INSTRUMENTS *(continued)*

Interest Rate Risk Management

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Company is not exposed to interest rate risk as it has no outstanding debt.

(b) Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. The Company defines capital as its net assets. The Company manages capital by monitoring cash flows and obtains capital where needed from its shareholders.

8. ECONOMIC DEPENDENCE

The Company earns 100% of its revenue in the provision of management services, asset acquisition advice and commissions related to the issuance of the units of Kings Castle Limited Partnership. Should the Partnership substantially change its dealings with the Company, management is of the opinion that continued viable operations would be doubtful.

9. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on April 17, 2014.

ITEM 13 - Certificate

Dated: May 27, 2015

This Offering Memorandum does not contain a misrepresentation.

**On behalf of Prestigious Properties Kings Castle GP Inc.
as General Partner of the Partnership**

SIGNED "THOMAS BEYER"

Thomas Beyer
Director, President and CEO

On behalf of the Promoters of this Offering

SIGNED "THOMAS BEYER"

Thomas Beyer

SIGNED "RONALD DAVID (SCOTTY) GRUBB"

Ronald David (Scotty) Grubb

SIGNED "MIKE HAMMERLINDL"

Mike Hammerlindl