

**PRIVATE PLACEMENT CONFIDENTIAL OFFERING MEMORANDUM MAY 25, 2017**  
**GVEST PRIVATE EQUITY LIMITED PARTNERSHIP**  
**(THE "PARTNERSHIP")**

10840 - 27th Street SE, Calgary, Alberta, Canada T2Z 3R6  
Phone: (403) 570-5168 / Email: [cpelletier@gracorpcapital.com](mailto:cpelletier@gracorpcapital.com)  
Phone: (403) 570-5104 / Email: [akhulbe@gracorpcapital.com](mailto:akhulbe@gracorpcapital.com)  
Fax : (403) 570-5040

**OFFERING OF UP TO:**  
**\$20.0 Million of Limited Partnership Units**

**Currently listed or quoted:** No.      **Reporting issuer:** No.      **SEDAR filer:** No.  
**These securities are not transferable and do not trade on any exchange or market.**

**THE OFFERING**

<b>Securities Offered:</b>	The Partnership, a limited partnership formed under the laws of the Province of Alberta, will issue convertible securities referred to as "blocks" and denominated in \$1,000 increments (" <b>Blocks</b> "), each of which will grant the Partnership the right to require a Subscriber to purchase \$1,000 worth of units of the Partnership (" <b>Units</b> ") at a later date and in accordance with the terms of the Blocks. See " <i>Description of Securities Offered</i> ".
<b>Price per Security:</b>	Blocks will be issued at no cost to the Subscriber. The price of each Unit to be purchased by a Subscriber on demand by the Partnership will be its Net Asset Value (as defined in and calculated pursuant to the limited partnership agreement of the Partnership, dated December 3, 2009, as amended (the " <b>LPA</b> ")). The Net Asset Value per Unit is currently \$11.24. For the purposes of the Closings pursuant to a Capital Call (as defined below), the Net Asset Value per Unit will be the value set by the board of directors of the General Partner on the date of each Closing. See " <i>Description of Securities Offered</i> " and " <i>Material Agreements – Limited Partnership Agreement – Limited Partner Additional Capital Contributions</i> ".
<b>Minimum Offering:</b>	<b>There is no minimum offering. You may be the only purchaser.</b>
<b>Maximum Offering:</b>	\$20,000,000 (the " <b>Maximum Offering</b> "), including proceeds of a concurrent offering of securities by GVEST Private Equity Ltd. (the " <b>Corporation</b> "). It is not known at this time what portion of this aggregate amount will be raised through the issuance of Units and what portion will be raised through the issuance of securities of the Corporation. <b>Funds available under this Offering may not be sufficient to accomplish our proposed objectives.</b>
<b>Minimum Subscription Amount:</b>	The minimum subscription amount is \$5,000 and subscriptions for Blocks must be made in \$1,000 increments.
<b>Payment Terms:</b>	Each subscriber of Blocks (a " <b>Subscriber</b> ") will execute a Subscription Agreement, pursuant to which, the Subscriber will make a capital commitment to the Partnership (in \$1,000 increments and at a minimum of \$5,000) (the " <b>Capital Commitment</b> "). For each \$1,000 of Capital Commitment, the Subscriber agrees to purchase, on demand by the Partnership, that number of Units calculated by dividing \$1,000 by the Net Asset Value per Unit (a " <b>Capital Call</b> "). The General Partner will give notice to Subscribers of a Capital Call and the Subscribers will be required to purchase Units pursuant to the terms of the Blocks and the Capital Call.
<b>Proposed Closing Dates:</b>	The initial issuance of Blocks under this Offering is intended to occur on, or about June 16, 2017 (the " <b>Initial Closing Date</b> "). The Initial Closing Date may be extended at the discretion of the General Partner. The Offering may also remain open, and additional closing dates may be set, at the General Partner's discretion. The issuance of Units pursuant to a Capital Call will occur from time to time and pursuant to the terms of each Capital Call Notice (" <b>Closings</b> "). Payment for Units will be payable by certified cheque or bank draft or such other manner as is acceptable to the General Partner, acting reasonably. Units will be issued at each Closing upon receipt of funds from a Subscriber.
<b>Income Tax Consequences:</b>	There are important tax consequences to making an investment in these securities. See " <i>Income Tax Consequences</i> ".
<b>Selling Agent:</b>	Gracorp Capital Advisors Ltd. (the " <b>Manager</b> ") is an exempt market dealer and may act as selling agent, or may appoint sub-agents, in connection with the Offering. A description of the fee payable to the Manager is set out under the heading " <i>Compensation Paid to Sellers and Finders</i> ".

**Resale Restrictions**

**The Blocks, Units and any beneficial interest therein are not transferable. You will be restricted from selling the Units for an indefinite period. See "*Resale Restrictions*".**

**Purchaser's Rights**

You have two business days to cancel your agreement to acquire the Blocks. If there is a misrepresentation in this Offering Memorandum, you have the right to either sue for damages or to cancel the agreement. See "*Purchaser's Rights*".

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

## DISCLAIMERS

Subscriptions for the Blocks offered pursuant to the Offering will be received subject to rejection or allotment in whole or in part and the Partnership reserves the right to close the subscription books at any time without notice.

Neither the Blocks, nor the Units have been approved or disapproved by any securities regulatory authority in Canada, the United States Securities and Exchange Commission or by the securities regulatory authority of any state, province or any other jurisdiction, nor has any such securities regulatory authority or commission passed upon the accuracy or adequacy of this Offering Memorandum. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or an advertisement for a public offering of the securities referred to herein.

This Offering Memorandum and the information contained herein must be treated in a confidential manner and may not be reproduced or used, in whole or in part, for any other purpose, nor may the Offering Memorandum or such information be disclosed without the prior written consent of the Partnership and the general partner of the Partnership, GVest PE Ltd. (the "**General Partner**"), and both the Partnership and the General Partner reserve the right to modify any of the terms of this Offering Memorandum and the securities described herein prior to the issuance thereof and to revise and reissue this Offering Memorandum. This Offering Memorandum and the securities offered herein are qualified entirely by the Partnership's constating documents, including the LPA and the terms of the securities offered herein.

## Forward-Looking Statements

Certain statements in this Offering Memorandum may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Partnership to be materially different from any future results or performance. Forward-looking statements have been identified by such words as "may", "will", "expect", "believe", "plan", "anticipate", "intend", "estimate" and other similar terminology. These statements reflect the Partnership's current expectations regarding future events and operating performance and speak only as of the date of this document. In particular, this Offering Memorandum contains forward-looking statements relating to: (i) the anticipated use of the net proceeds of the Offering; (ii) the anticipated date of closing of the Offering; and (iii) the business plan of the Partnership. Forward-looking statements respecting the anticipated use of the net proceeds of the Offering are based upon various assumptions and factors, including that there will be no material changes to the Partnership's business or operating conditions. Such forward-looking statements are subject to the risk that a material change in the Partnership's business or operating conditions will necessitate a reallocation of the net proceeds of the Offering. Forward-looking statements respecting the anticipated date of closing of the Offering are based upon various assumptions and factors, including that all corporate approvals will be received in a timely manner and that the Offering will not be terminated prior to such anticipated date. Forward-looking statements respecting the business plan of the Partnership are based upon various assumptions and factors, including: (i) that the sources of funding which the Partnership has relied upon in the past will continue to be available to the Partnership on acceptable terms; (ii) the absence of material changes in economic and operating conditions; (iii) no material changes in currency exchange rates or interest rates; and (iv) the continued ability of the Partnership to generate internal cash flow. Such forward-looking statements are subject to certain risks, including uncertainty in credit and equity markets and the inability to access capital, the default of contractual obligations by third parties, industry conditions, the loss of key management personnel and fluctuations in currency exchange rates. The Partnership and the General Partner expressly disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking conditions or circumstances on which any statement is based except as required by applicable law.

## Marketing Material

All written communication from the Partnership delivered to a prospective Subscriber in advance of the date hereof, and during the course of the Offering, which contains material facts relating to the Partnership, the Blocks, the Units or the Offering is hereby included by reference and is deemed to form part of this Offering Memorandum.

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## 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:

**"Advisory Committee"** means the advisory committee established pursuant to the LPA comprised of members Don Douglas and Paul Kennedy or as otherwise constituted from time to time. See *"Material Agreements – Limited Partnership Agreement – Advisory Committee"*;

**"Blocks"** has the meaning ascribed thereto on the cover page on this Offering Memorandum;

**"Capital Call Notice"** means the issuance of a notice to Limited Partners by the General Partner, at least 10 days prior to the applicable Closing when Capital Commitments are required, specifying the capital contribution to be made to the Partnership by way of a redemption of outstanding Blocks. Such capital contribution shall be made on a *pro rata* basis by all Subscribers and Limited Partners based upon the proportion that their respective remaining Blocks bears to the aggregate remaining Blocks of all Limited Partners (regardless of when such Blocks were actually issued);

**"Capital Commitment"** has the meaning ascribed thereto on the cover page of this Offering Memorandum;

**"CC&L GWest Fund"** means Connor Clark & Lunn GWest Traditional Infrastructure Limited Partnership, the Manager's second sponsored fund. See *"Business of the Partnership, the General Partner and the Manager – Structure – The Manager"*;

**"Closings"** has the meaning ascribed thereto on the cover page of this Offering Memorandum;

**"Core Business"** means the core business of the Partnership, being: (i) the development, construction, financing or acquisition of real estate properties and private businesses, whether directly, in whole or in part, or by investing in equity, debt, or other instruments issued by entities that are involved therein; (ii) investments in financial instruments, whether or not publicly traded; and (iii) investments in publicly traded securities; all of which may be based or located in Canada and/or the United States;

**"Corporation"** has the meaning ascribed thereto on the cover page of this Offering Memorandum;

**"Corporation Offering"** means the concurrent offering of debentures and preferred shares of the Corporation for gross proceeds of up to \$20,000,000;

**"General Partner"** has the meaning ascribed thereto on the cover page of this Offering Memorandum;

**"Graham"** means Graham Group Ltd., the parent corporation of the Manager;

**"GWest Fund 1"** means GWest Infrastructure and Development Fund I, the Manager's first sponsored fund. See *"Business of the Partnership, the General Partner and the Manager – Structure – The Manager"*;

**"Initial Closing Date"** has the meaning ascribed thereto on the cover page of this Offering Memorandum;

**"Limited Partners"** means the unitholders of the Partnership;

**"LPA"** has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**Manager**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**Management Fee**" means the management fee paid to the General Partner by the Partnership and described in "*Material Agreements – Limited Partnership Agreement – Management Fee*". The General Partner has assigned the Management Fee to the Manager;

"**Maximum Offering**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**Net Asset Value**" means the net asset value of each Unit of the Partnership, as at the date of issuance or as calculated from time to time pursuant to the terms of the LPA, and overseen by the Advisory Committee. See "*Description of Securities Offered – Unit Pricing*";

"**Offering**" means the offering of up to \$20,000,000 worth of Units of the Partnership;

"**Partnership Investment**" means an investment in the Core Business, and includes all of the Partnership's current investments listed under the heading "*The Partnership's Investments*";

"**Payee**" means the recipient of the Service Fee payable to either the Manager or a Sub Agent in connection with the sale of Units pursuant to the Offering;

"**Performance Incentive Adjustment**" has the meaning defined in the section "*Material Agreements – Limited Partnership Agreement*";

"**Prospective Investment**" means a potential investment in the Core Business of the Partnership, and includes the investments listed under the heading "*The Partnership's Prospective Investments*";

"**Services Agreement**" means the services agreement, dated December 3, 2009, as the same may be amended from time to time, as between the General Partner, the Partnership and the Manager, pursuant to which the Manager has agreed to provide a range of services on behalf of the General Partner and the Partnership, for the account of the Partnership. See "*Material Agreements – Services Agreement*";

"**Service Fee**" means the fee payable to the Manager or a Sub Agent in connection with the sale of Units pursuant to the Offering;

"**Sub Agent**" means a sub-agent appointed by the Manager to provide certain services for the benefit of the Subscriber including, without limitation: (i) identifying and introducing to the Subscriber the opportunity to invest in the Partnership; (ii) meeting with the Subscriber as required during each calendar year to provide the Subscriber with insight into the development and progress of the Partnership's investment activities; (iii) providing the Subscriber with all reports and financial statements of the Partnership which may be relevant to the Subscriber's investment in the Units; and (iv) performing such additional services as may from time to time be mutually agreed between the Manager and/or the Sub Agent;

"**Subscriber**" has the meaning ascribed thereto on the cover page of this Offering Memorandum;

"**Subscription Agreement**" means the subscription agreement of the Partnership, and all exhibits thereto, to be executed by a Subscriber being issued Blocks, and committing to purchase Units, under this Offering. See "*Description of Securities Offered – Subscription Procedure*"; and

"**Unit**" has the meaning ascribed thereto on the cover page of this Offering Memorandum.

## ITEM 1 – USE OF AVAILABLE FUNDS

### Net Proceeds Available to the Partnership

The following table sets forth the estimated net proceeds of the Offering that will be available to the Partnership after completion of the Maximum Offering and assuming all outstanding Blocks are converted to Units on demand by the Partnership. There is no minimum offering size.

	Assuming Minimum Offering	Assuming Maximum Offering <sup>(1)</sup>
A Amount to be raised by this Offering	\$0	\$20,000,000
B Selling Commissions and Fees <sup>(2)</sup>	\$0	\$650,000
C Estimated Offering costs (e.g. legal, accounting, audit, etc.)	\$0	\$50,000
D Available Funds: $D = A - (B+C)$	\$0	\$19,300,000
E Additional Sources of Funding Required	\$0	\$0
F Working Capital Deficiency	\$0	\$0
G Net proceeds: $G = (D+E) - F$	\$0	\$19,300,000

#### Notes:

- (1) The Maximum Offering includes proceeds of the Corporation Offering. It is not known at this time what portion of the aggregate offering amount will be raised through the Offering and what portion will be raised through the Corporation Offering. The proceeds of the Corporation Offering will be used by the Corporation to acquire Units on substantially the same terms as set out herein.
- (2) This is the maximum possible fee payable on this Offering. See "*Compensation Paid to Sellers and Finders*".

### Sources and Uses of Net Proceeds from the Offering

Concurrent with the Offering, the Corporation is completing the Corporation Offering. Units issued by the Partnership and equity securities issued by the Corporation will have an indirect ownership interest in a portfolio of investments as noted in the sections "*The Partnership's Investments*" and "*The Partnership's Prospective Investments*". The Corporation has and will continue to invest solely in Units of the Partnership. The approximate sources and projected uses of proceeds are noted below.

SOURCES	
Partnership Offering	\$0 to \$20,000,000
Corporation Offering	\$0 to \$20,000,000
<b>Total – maximum combined amount raised</b>	<b>\$20,000,000</b>

It is not known at this time what portion of the aggregate amount will be raised through the issuance of Units of the Partnership and what portion will be raised through the issuance of equity and debt securities by the Corporation.

From the net proceeds raised through the issuance and conversion of Blocks, the Partnership expects the net proceeds to be used after the completion of the Offering to be set forth as below.

<b>Description of Intended use of Net Proceeds Listed in Order of Priority<sup>(1)</sup></b>	<b>Assuming Minimum Offering</b>	<b>Assuming Maximum Offering</b>
West Campus University Building Project	\$0	\$10,000,000
Poplar Centre Medical Office Project	\$0	\$6,200,000
825 Tache Residential Project	\$0	\$2,400,000
Other Projects & General Corporate Purposes	\$0	\$700,000
<b>Total</b>	<b>\$0</b>	<b>\$19,300,000</b>

**Notes:**

(1) See "*The Partnership's Prospective Investments*" for a description of some of the potential investment opportunities for the Partnership.

The Service Fee for this Offering is dependent on the nature and amount of the subscriptions. Assuming the Partnership raises the Maximum Offering of \$20 million, the maximum possible Service Fee would be \$650,000. See the "*Compensation Paid to Sellers and Finders*".

**The Partnership intends to invest the available funds as stated. It will reallocate funds only for sound business reasons, at the discretion of the General Partner.**

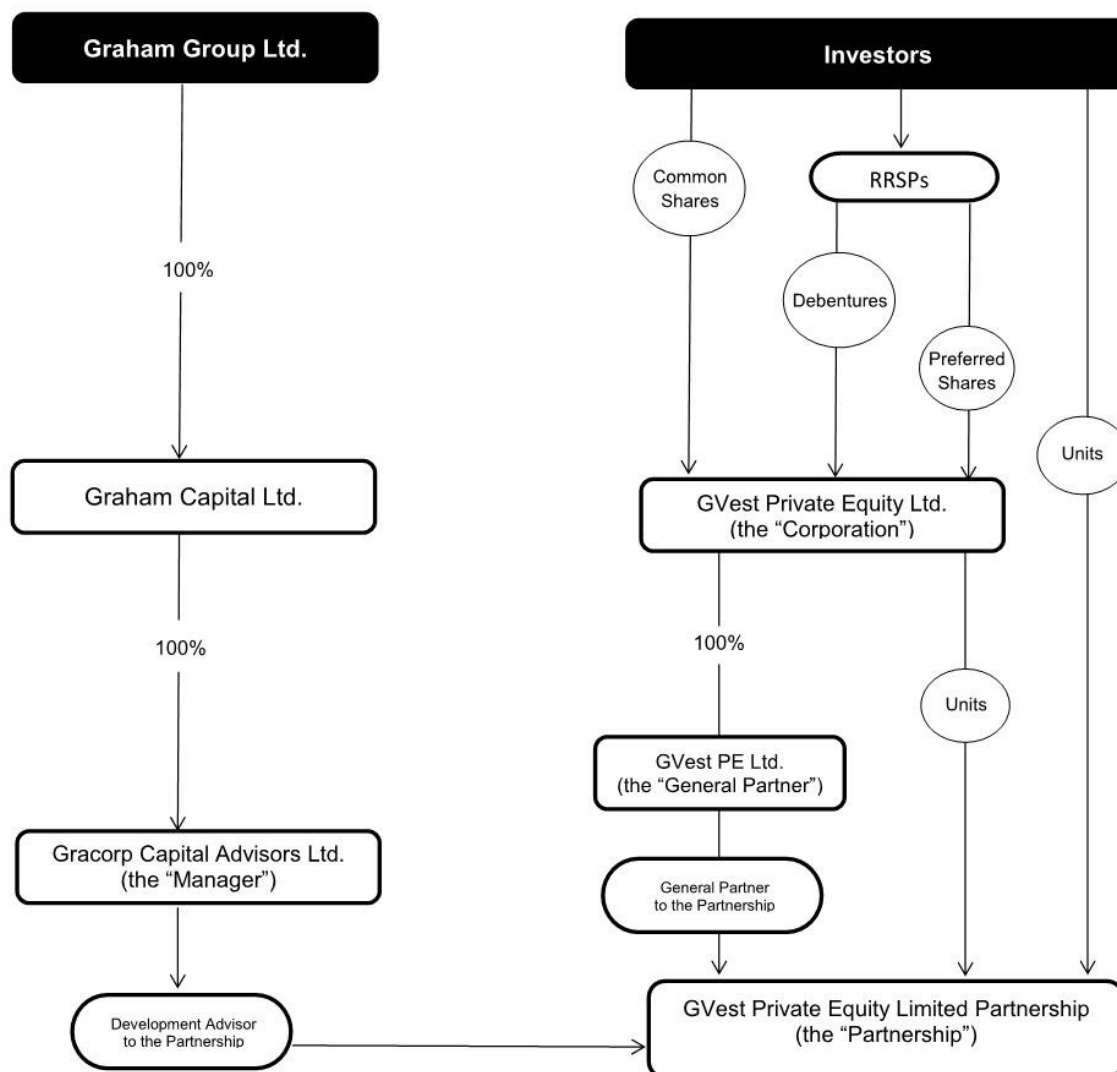


## ITEM 2 – BUSINESS OF THE PARTNERSHIP, THE GENERAL PARTNER AND THE MANAGER

### Structure

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The following organization chart shows the relationships between the Partnership, the General Partner, the Manager and its related entities:



### Partnership

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The Partnership, the Manager's third sponsored fund, is an open-ended limited partnership formed on December 3, 2009 with approximately \$33.25 million in Capital Commitments, of which 100% has been cash called as of the date hereof. The Partnership has made 12 investments since inception and has liquidated four of those investments. The objective of the Partnership is to invest, either directly or through affiliates, into joint ventures, limited partnerships, equity or preferred equity positions, interest-bearing securities and other investment vehicles primarily involving real estate properties, private equity investments and publicly-traded securities in Canada and the United States. Since its inception, the Partnership has distributed approximately \$13.65 million to its investors.

Partnership subscriptions to date:

<b>Date</b>	<b>Amount of Subscription Commitments in the Partnership</b>
January 2010	\$3,165,000
June 2010	\$9,160,000
June 2011	\$835,000
July 2011	\$5,290,000
November 2011	\$3,024,000
August 2013	\$6,765,000
September 2014	\$1,000,000
December 2014	\$1,010,000
February 2015	\$200,000
June 2015	\$450,000
July 2015	\$692,000
May 2016	\$935,000
June 2016	\$420,000
July 2016	\$150,000
November 2016	\$150,000
<b>Total Subscription Commitments in the Partnership</b>	<b>\$33,246,000</b>

As of the date hereof, the Corporation owns approximately 52.45% of the issued and outstanding Units of the Partnership and 100% of the Partnership Capital Commitments to date have been cash called. Current and former employees of Graham constitute the majority of the investors in the Corporation and the majority of investors, other than the Corporation, in the Partnership.

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#### ***General Partner***

The General Partner was incorporated under the laws of the Province of Alberta on April 1, 2009. The General Partner is a wholly-owned subsidiary of the Corporation.

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#### ***The Manager***

The Manager is registered as an exempt market dealer with the securities regulatory authorities in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario. The Manager is a wholly-owned subsidiary of Graham, and its head office is located in Calgary, Alberta, Canada.

The Manager is also a developer of real estate assets and provides development management, asset and investment administration services.

The Manager is led by Tim Heavenor (President and CEO of the Manager and CFO of Graham), and a group of investment and management professionals with collectively over 130 years of experience in real estate, construction, private equity and banking. The Manager currently provides services to the Corporation, two investment funds (including the Partnership) and 14 other limited partnerships and trusts. See "*Material Agreements – Services Agreement*".

The Partnership and the General Partner have entered into a Services Agreement with the Manager, which provides for the management of the affairs of the Partnership and the General Partner by the Manager. The Partnership's investment opportunities will continue to be originated and managed by the Manager.

The Manager's first sponsored fund, GWest Fund 1, was a closed-end fund with approximately \$18 million in capital commitments and a mandate to sell its investments and return capital and profit to investors within a ten-year period. GWest Fund 1 has sold all four of its investments and returned invested capital and earnings back to investors. The table below illustrates the returns made for the GWest Fund 1. As a whole, GWest Fund 1 generated a gross internal rate of return of approximately 20% per annum from its portfolio and a 12.4% internal rate of return after deducting management fees and performance incentive fees.

GWest Fund 1					
Investments	Investment Cost	Income from Investment	Proceeds on Investment	Earn out	Gross IRR
BBPP Alberta Schools Ltd.	\$5,000,000	\$525,000	\$7,900,000	N/A	21.7%
B2L Partnership ("ASAP II")	\$2,780,000	Nil	\$3,500,000	\$275,000	32.7%
Shoppers Drug Mart, Vancouver	\$2,500,000	Nil	\$3,900,000	N/A	22.2%
Calgary Marriott Hotel Mezzanine Loan	\$3,850,000	\$680,000	\$4,000,000	N/A	19.0%

**There can be no assurances that the Partnership's future financial results will meet or exceed the historic returns on investment of the Manager's other sponsored funds.**

The Manager's second sponsored fund, CC&L GWest Fund, is jointly sponsored and managed by the Manager and Connor Clark & Lunn Infrastructure Ltd., an affiliate of Connor Clark & Lunn Financial Group ("CC&L FG"), which is one of Canada's leading asset management firms with approximately \$60 billion under management. The following list provides a project overview the CC&L GWest Fund.

- The CC&L GWest Fund has liquidated its initial investment, the ASAP II project, realizing a return in excess of 20% after deducting management fees and performance fees.
- The CC&L GWest Fund made a second investment in June 2014 into the North Island Hospitals Public Private Partnership Project ("**NIH Project**"). The NIH Project is a \$606.2 million healthcare infrastructure project which will see new hospitals built in Campbell River and Comox Valley on Vancouver Island, British Columbia.
- The CC&L GWest Fund made a third investment in August 2015 into the Regina Bypass Public Private Partnership Project ("**RBP Project**"). The RBP Project is a \$1 billion highway project in and around Regina, Saskatchewan.
- The CC&L GWest Fund made a fourth investment in July 2016 into the Southwest Calgary Ring Road Project ("**SWCRR Project**"). The SWCRR Project is a \$1.42 billion highway project in and around Calgary, Alberta.

## ***Graham Group Ltd.***

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The Partnership expects to continue to leverage its relationship with Graham. Graham is a leading Canadian general contractor with 14 locations in Canada and the northern United States. Formed in 1926, Graham became employee owned in 1985. Revenues were approximately \$2.2 billion in 2016. Graham is an industry-leading group of companies offering general contracting, project management, design-build and construction services from offices across Canada and the Central and Pacific Northwest United States. Graham has over 1,200 employees.

Graham has a number of subsidiaries and affiliates with whom the Partnership may have business relationships and which may give rise to a conflict of interest. The Partnership has policies and procedures in place for identifying and minimizing the conflicts of interest arising from business activities and the business relationships the Partnership may have with other subsidiaries or affiliates of Graham. See "*Risk Factors – Related Party Risk*" and "*Material Agreements – Limited Partnership Agreement – Conflicts of Interest*".

## **Our Business**

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### ***Purpose***

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The Partnership was formed to invest, directly or indirectly through the formation of, or investment in, joint ventures, limited partnerships, corporations or any other form of entity, in: (i) the development, construction, financing or acquisition of real estate properties and private businesses whether directly, in whole or in part, or by investing in equity, debt, or other instruments issued by entities that are involved therein; (ii) financial instruments, whether or not publicly-traded; and (iii) publicly traded securities; all of which may be based or located in Canada and/or the United States (all such investment activities collectively called the "**Core Business**"). Any such investment, in the Core Business or otherwise, made by the Partnership is called a Partnership Investment.

A Partnership Investment may include the following:

- a) short term investments where the Manager can create value by: (i) accepting and managing development and construction risks; (ii) restructuring debt and capital structures of the investments; (iii) increasing revenues or decreasing expenses so that investor income improves; and (iv) creating turnaround and exit strategies to assist in monetizing returns over the near and medium terms;
- b) long term investments that, through the injection of new capital and development efforts, are structured in a fashion to provide transaction returns or ongoing cash flow that can be distributed to investors; and
- c) private placements into public entities, financial instruments or private transactions wherein return expectations are comparable to private equity investment opportunities and where the Manager has governance and control over management.

The Manager maintains an active investment philosophy where it can utilize its strategic relationships and its management's relationships, experience and capabilities to create value.

## The Partnership's Investments

The following table summarizes the Partnership's investments at December 31, 2016.

	Investment	Description	Size	Start Date	Exit Date	Type of Investment	Estimated Fair Market Value	Ownership % <sup>(1)</sup>
<b>COMPLETED</b>	GVest SDM LP	Shoppers Drug Mart Vancouver, BC	17,500 sq. ft.	Q1 2010	Q2 2012	Equity	Net Proceeds of \$2.1 MM Annualized return of 22.55%	100.00%
	Marriott Residence Inn	Marriott Hotel Calgary, AB	6 stories, 329 rooms	Q2 2010	Q4 2012	Mezzanine debt	Net Proceeds of \$7.7 MM Annualized return of 10.50%	n/a
	Gracorp Capital Ltd.	Alberta Schools PPP project Calgary & Edmonton, AB	625,000 sq. ft.	Q2 2011	Q3 2014	Equity	Net Proceeds of \$1.1 MM Annualized return of 23.22%	38.92%
	GVest Yesler Investment Corp	"Anthem" apartment building Seattle, WA	124,000 sq. ft.	Q4 2012	Q3 2016	Equity	Net Proceeds of \$14.1 MM Annualized return of 23.92%	90.84%
<b>LATE DEV.</b>	GVest Eagle Landing Limited Partnership	Retail shopping centre Chilliwack, BC	360,000 sq. ft.	Q3 2010	n/a	Equity	\$7,259,389	25.00%
	GVest 12 <sup>th</sup> & Alder Investment LP	"Decibel" apartment building Seattle, WA	68,000 sq. ft.	Q4 2013	n/a	Equity	\$3,741,627	38.87%
	GVest 11 <sup>th</sup> & Alder Investment LP	"Reverb" apartment building Seattle, WA	74,000 sq. ft.	Q4 2013	n/a	Equity	\$1,123,115	11.66%
<b>MID DEV.</b>	Edmonton SW Lands Limited Partnership	Commercial & residential development Edmonton, AB	171 acres commercial, 518 acres residential	Q1 2012	n/a	Equity	\$5,620,665	15.70%
	GVest Tsawwassen Power Centre Limited Partnership	Retail shopping centre Tsawwassen, BC	544,060 sq. ft.	Q4 2011	n/a	Equity	\$5,514,067	8.65%
<b>EARLY DEV.</b>	Marine & Kerr	Residential Apartments and Townhouses Vancouver, BC	80,000 sq. ft.	Q4 2016	n/a	Equity	\$9,054,060	100.00%
<b>RESALE</b>	St. Albert Re-Development Lands	Office building development St. Albert, AB	30,280 sq. ft.	Q2 2012	n/a	Vendor Takeback Mortgage	\$375,000	100.00%
						<b>TOTAL<sup>(2)</sup></b>	<b>\$32,687,923</b>	

### Notes:

(1) Percentage ownership is shown as the Partnership's indirect interest in the project.

(2) This table only presents values on a per project basis. See "Financial Statements" for the full reported value of the Partnership.

The following briefly describes the Partnership's current investments.

***GWest Eagle Landing Limited Partnership (Chilliwack, BC)***

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In late-2010, the Partnership acquired a 25% interest in the development of a 360,000 sq. ft. retail shopping centre located in Chilliwack, BC known as Eagle Landing (the "**Eagle Landing Project**"). Construction for the 54-acre phased Eagle Landing Project was completed in late-2014 and management is currently in discussion with the other owners regarding a sale of the asset.

The Eagle Landing Project consists of three parcels of land: the South, East and North sites. Excluding the Walmart, together the sites have a total of approximately 232,000 sq. ft. of leasable area.

<b>Anchor Tenants</b>	Walmart, Home Depot and Cineplex Entertainment Corp
<b>Key Tenants</b>	Starbucks, Subway, A&W, Bank of Montreal, Original Joe's, Swiss Chalet, Shell, Jiffy Lube, Tim Hortons, PetSmart, Kal Tire, Dollar Tree, Booster Juice, Taco Del Mar, Bell, Papa John's Pizza, Five Guys Burgers and Fries, Citi Financial, Lifelabs, GNC, The Source, Browns Socialhouse, Oxygen Yoga Carl's Jr., Glam & Glow and SushiCo.



The Partnership co-developed the Eagle Landing Project with two other partners including the Squiala First Nation, who is the original land owner and retains a 50% ownership in the project, and a limited partnership sponsored by League Assets Corp. ("**League**"). In October 2013, League and a number of related entities sought protection under the Companies' Creditors Arrangement Act (Canada) (the "**CCAA**"). The Eagle Landing Project was specifically excluded from the CCAA application, therefore the filing did not affect the project.

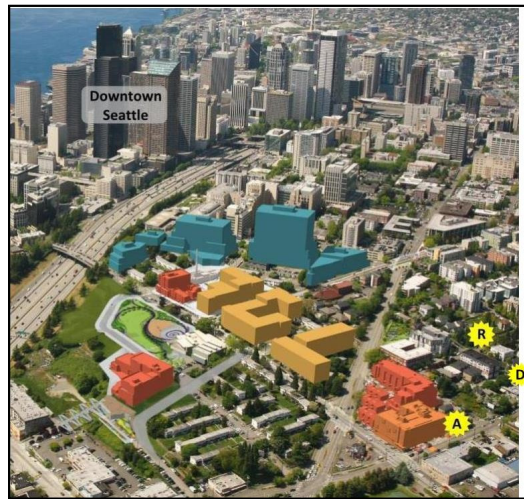
The Eagle Landing Project was approximately 93% leased as of the first quarter of 2017 and the leasing brokers continue to work with a number of smaller tenants who are evaluating the lease opportunities on the remaining available locations. The Eagle Landing Project is cash flow positive and excess monthly cash is being distributed to the three investment partners. The Partnership received distributions of approximately \$400,000 in 2016.

The Manager has also initiated the process of monetizing its interest in the Eagle Landing Project.

### *Seattle Apartment Projects (Seattle, WA)*

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The Partnership is currently invested in two Seattle, Washington based apartment / retail mixed use projects in close proximity to the Seattle downtown core as indicated in the following illustration:



The Seattle Apartment projects represent a group of urban, transit-oriented buildings located in the First Hill area of Seattle comprising approximately 160 apartments. The current Seattle Apartment projects (as shown in the image above) consist of Reverb (**R**) and Decibel (**D**). The Anthem (**A**) project was completed and sold in 2016. The projects are ideally located on the southern slope of First Hill adjacent to and within walking distance of downtown Seattle, Harborview Medical Center, Swedish Hospital, Virginia Mason Hospital, the International District and Seattle University.

The Seattle Apartment projects are targeted towards the Millennial Generation (Gen Y). These projects are primarily market rate apartments, though 20% of the apartments are income restricted for middle income wage earners. The demographics of the areas surrounding the Seattle Apartment projects are rapidly improving and ongoing leasing demand is expected to benefit from having over 12,000 employees working in the three nearby hospitals as well as the growth in head office space (e.g Amazon.com at 3 million sq. ft.) in downtown Seattle. The Seattle Apartment projects are also located three blocks from Seattle University which has over 30,000 students.

In 2013, the Seattle Housing Authority ("**SHA**") began the redevelopment of an adjacent 30-acre parcel into a landmark mixed-use project (part of the blue and orange buildings in the image above) which is expected to be developed over the next 10 to 15 years. The SHA land redevelopment is expected to provide:

- 4.3 million sq. ft. (5,000 units) of housing;
- 900,000 sq. ft. of office space;
- 65,000 sq. ft. of neighbourhood services, including the existing Yesler Community Center;
- 88,000 sq. ft. of neighbourhood retail space;
- 15.9 acres of parks and semi-private open space; and
- 5,100 parking spaces to serve the residential, office and neighbourhood retail uses.

One of Seattle's largest real estate developers, Vulcan, Inc., is currently involved in the development of key components of the SHA lands.

## Decibel Apartments at 12<sup>th</sup> and Alder

The Partnership acquired a 38.87% equity partnership in a multi-family residential apartment project situated at 12th Avenue and Alder Street in Seattle, Washington (“**Decibel**” or the “**12th and Alder Project**”) in September 2014. This 68,000 sq. ft. project consists of 75 apartment units and 2,600 sq. ft. of commercial space on the ground floor and is located three blocks north of the Anthem project.

<b>Apartment Mix</b>	Studio, one-bedroom and two-bedroom apartments
<b>Building Amenities</b>	Roof top deck with a fire pit and barbecues, lounge area, dog run, bike storage and repair station, fitness centre, controlled-access parking, community room, and future retail space

Decibel is targeting LEED Silver certification for incorporating green building strategies in its design and has achieved a walkability score in excess of 95.

Construction of Decibel was completed in the second quarter of 2016. As of March 31, 2017, Decibel was approximately 96% leased with the suites being physically occupied by tenants. The leasing agents are continuing to negotiate with several prospective tenants to lease the commercial space on the ground floor of Decibel.

The following images shows a rendering and the completed front entrance of the Decibel project.



Financing has been provided by PNC Real Estate under the federally insured Housing and Urban Development loan program. Following construction, the loan automatically converted to a fixed interest rate of 3.36% over a 40-year amortization and term.

The Decibel project’s website is located at: [www.decibel12.com](http://www.decibel12.com).



## Reverb Apartments at 11th and Alder

The Partnership acquired a 11.66% equity partnership in a multi-family residential apartment project situated at 11th Avenue and Alder Street in Seattle, Washington (“**Reverb**” or the “**11th and Alder Project**”) in December 2014. This 74,000 sq. ft. project consists of 85 apartment units and is located three blocks north of the Anthem project and one block west of the Decibel project.

<b>Apartment Mix</b>	Studio, one-bedroom and two-bedroom apartments
<b>Building Amenities</b>	Roof top deck with a fire pit and barbecues, lounge area, dog run, bike storage and repair station, fitness centre and controlled-access parking

Reverb is targeting LEED Gold certification and has achieved a walkability score in excess of 95.

Construction of Reverb was completed in the fourth quarter of 2016. As of March 31, 2017, Reverb was approximately 75% leased with 62% of the suites being physically occupied by tenants. The lease-up of Reverb is currently on schedule.

The following image shows a rendering of the Reverb project.



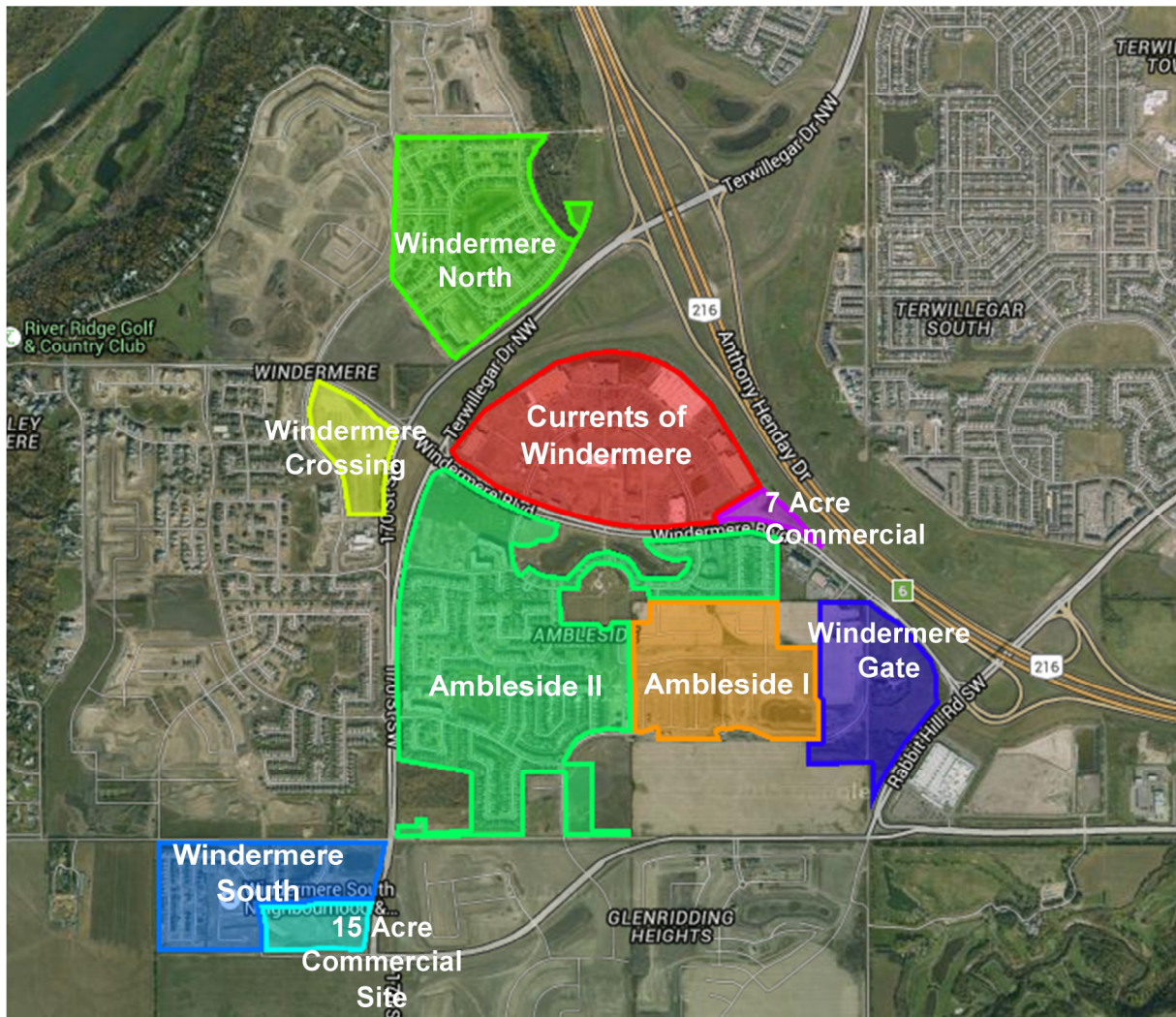
Financing has been provided by PNC Real Estate under the federally insured HUD loan program. Following construction, the loan automatically converted to a fixed interest rate of 3.43% over a 40-year amortization and term.

The Reverb project’s website is located at: [www.reverb11.com](http://www.reverb11.com).

***Edmonton Southwest Lands Limited Partnership (Edmonton, AB)***

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In early 2012, the Partnership acquired a 15.7% interest in the Edmonton Southwest Lands Limited Partnership (the "ESWL-LP"). The ESWL-LP was formed in 2004 and includes a series of projects in partnership with other developers such as Cameron Development Corporation, Harvard Developments and Delcon Development Group Ltd. The ESWL-LP owns an interest in a variety of assets in southwest Edmonton, Alberta, including the Currents of Windermere shopping centre, Windermere Crossing shopping centre, Windermere Gate Business Park, residential subdivisions and commercial development land as further described below.



## Currents of Windermere

ESWL-LP holds a 26.7% interest in the Currents of Windermere project which is located on a 106-acre site and is considered to be one of Edmonton's largest shopping centres. The Currents of Windermere project is comprised of approximately 1.13 million sq. ft. of retail space.

<b>Anchor Tenants</b>	Home Depot, Walmart, Cabela's and Canadian Tire
<b>Key Tenants</b>	Cineplex Odeon Cinemas, Safeway, London Drugs, Dollarama, Winners, HomeSense, Staples, Mark's, Petland, Swiss Chalet, Montana's, Quizno's, Opa!, Edo Japan, CIBC, HSBC, Liquor Depot, ATB Financial, Royal Bank of Canada, Shell, TD Canada Trust, Five Guys Burgers and Fries, Jugo Juice, Tim Hortons, Scotiabank, Boston Pizza, The Keg, McDonald's, Marble Slab Creamery, Red Robin, Cora, Tommy Gun's Original Barbershop, Bell, Carter's OshKosh, Browns Socialhouse and Chili's Texas Grill, Believe Fit, Contours Oral Surgery, Lola, Starbucks



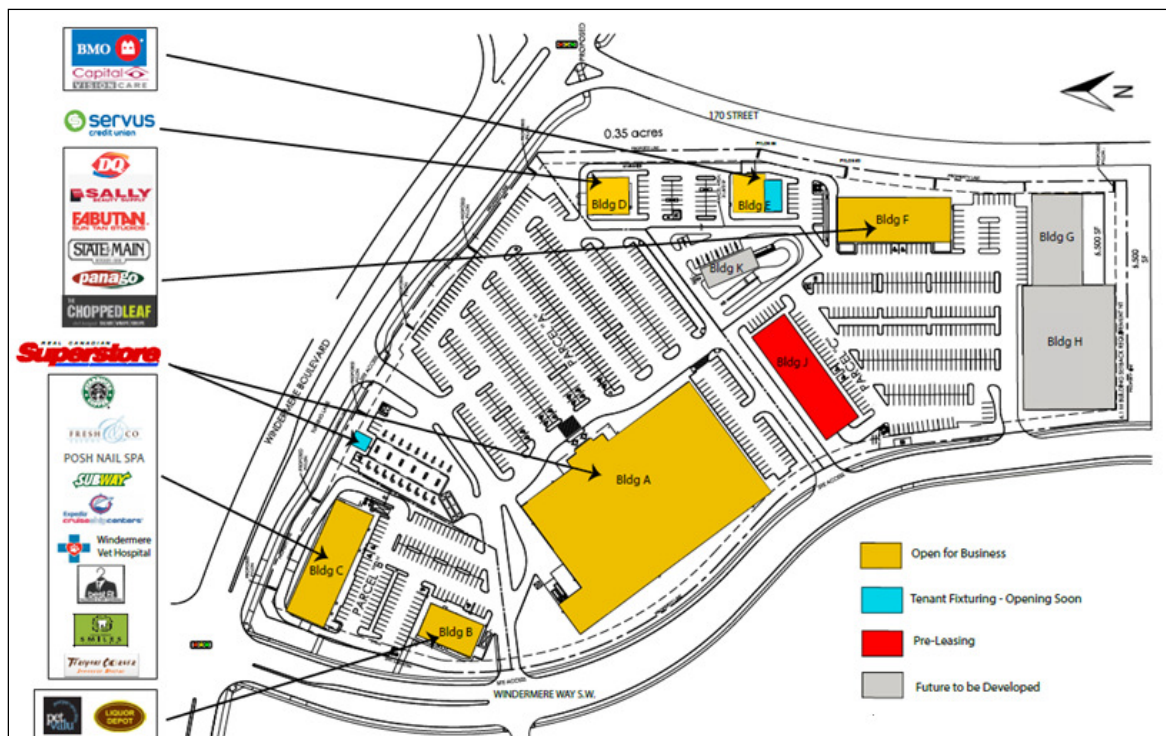
Leasing expectations for the Currents of Windermere is on schedule and as of March 31, 2017, approximately 1,000,000 sq. ft. of space was occupied with 78 tenants paying rent. The total site build-out is 92% complete and the project is progressing as planned.



## Windermere Crossing

ESWL-LP holds a 26.7% interest in the Windermere Crossing project which is located on a 20-acre site and is a shopping centre adjacent to the Currents of Windermere. The Windermere Crossing project has a gross leasable area of 191,830 sq. ft.

<b>Anchor Tenants</b>	Real Canadian Superstore
<b>Key Tenants</b>	Starbucks, Subway, DQ, Fabutan, Liquor Depot, Expedia, Servus, Dairy Queen, Panago, BMO and State and Main



Development of Windermere Crossing continues at a significant pace. As of March 31, 2017 there were 20 tenants occupying space and paying rent. The total site build-out is approximately 74% and development is continuing.

## 7-Acre Commercial Site

ESWL-LP holds a 26.7% interest in this 7-acre commercial site which is located east of the Currents of Windermere. Management is currently evaluating development opportunities on this site.

## Windermere South Commercial Site

ESWL-LP holds a 26.7% interest in this 15-acre commercial site which is located in the neighbourhood of Windermere South and is expected to be comprised of nearly 120,000 sq. ft. of leasable area at full build-out. It is estimated that construction could start as early as Fall 2017. The first phase may include a 14,000 sq. ft. daycare facility and a 15,000 sq. ft. multi-tenant retail building and gas bar. Management of ESWL-LP is currently evaluating pre-leasing activity before committing to a construction start.

## Residential Lands

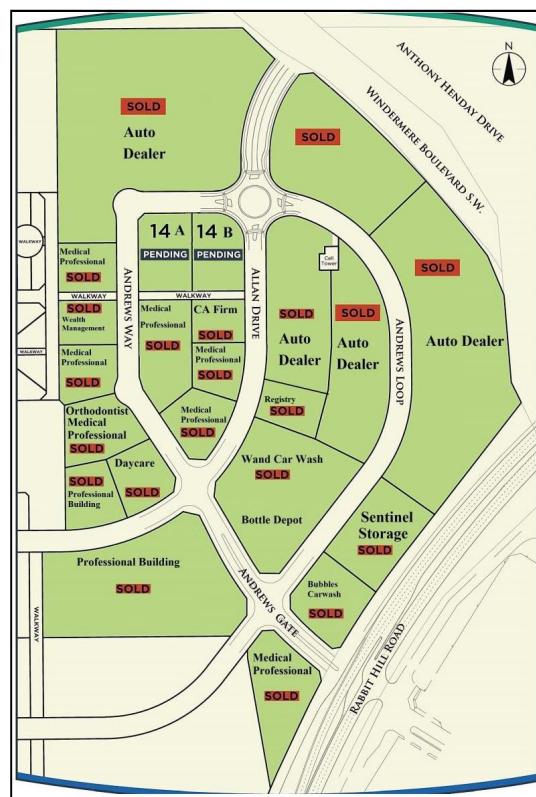
ESWL-LP holds a 10.0% interest in 518-acres of residential lands. These residential lands consist of the following residential subdivisions:

1. Windermere North – 103 acres, 245 lots – 100% sold
2. Windermere South – 65 acres, 379 lots – 100% sold
3. Ambleside I – 280 acres, 301 lots – 100% sold
4. Ambleside II – 70 acres, 454 lots – 96% sold as of March 31, 2017

The residential subdivisions began development in 2005 and have made significant distributions to the ESWL-LP over time. Going forward, additional distributions to ESWL-LP are expected to occur; however, as the residential subdivisions are nearly sold out, these distributions will materially diminish compared to the previous distributions received.

## Windermere Gate Business Park

ESWL-LP owns a 10% share of Windermere Gate, a 22.5 acre, mixed-use business park. As of March 31, 2017 all but one lot in this mixed use commercial/industrial subdivision were sold.



The Manager believes the assets held by ESWL-LP represent an attractive investment for the Partnership due to the lower risk profile as the project has been under development since 2005 and significant progress has been made in building out, leasing and selling the sites. Furthermore, these assets are currently providing periodic distributions from cash flow and in certain cases, the cash flow is being used as equity for further construction.

### ***Tsawwassen Commons (Tsawwassen, BC)***

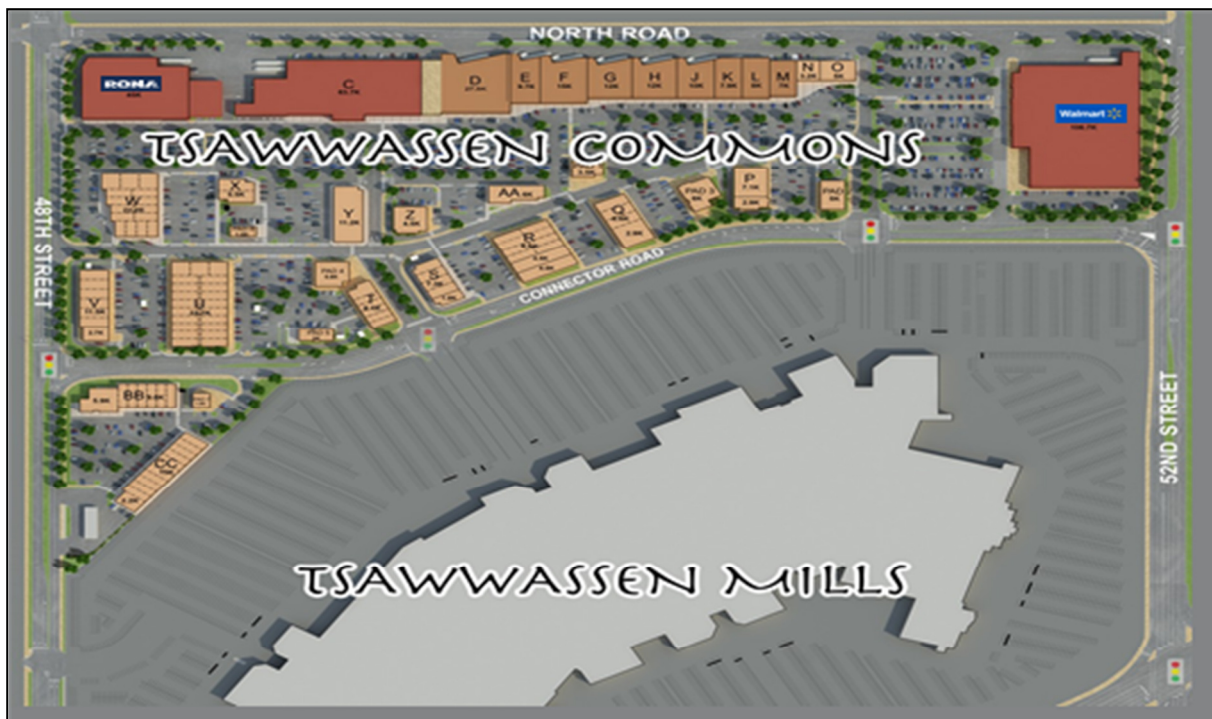
Tsawwassen Commons is a new major retail shopping centre being developed on lands leased from the Tsawwassen First Nations (“TFN”) in Tsawwassen, British Columbia (the “**Project**”).

Tsawwassen Commons is anticipated to be a 549,343 sq. ft. development leased to some of the leading retailers in Canada. The Project will include “big box” and “mid-box” retailers, commercial retail units, and banks and restaurants.

The Tsawwassen Commons lands (the “**Lands**”) are part of a 1,000+ acre master-planned community that includes commercial, industrial, residential, office and natural park areas. The Lands are next to, and easily accessible from, Highway 17, which is the main roadway that links Metro Vancouver to the Tsawwassen Ferry Terminal.

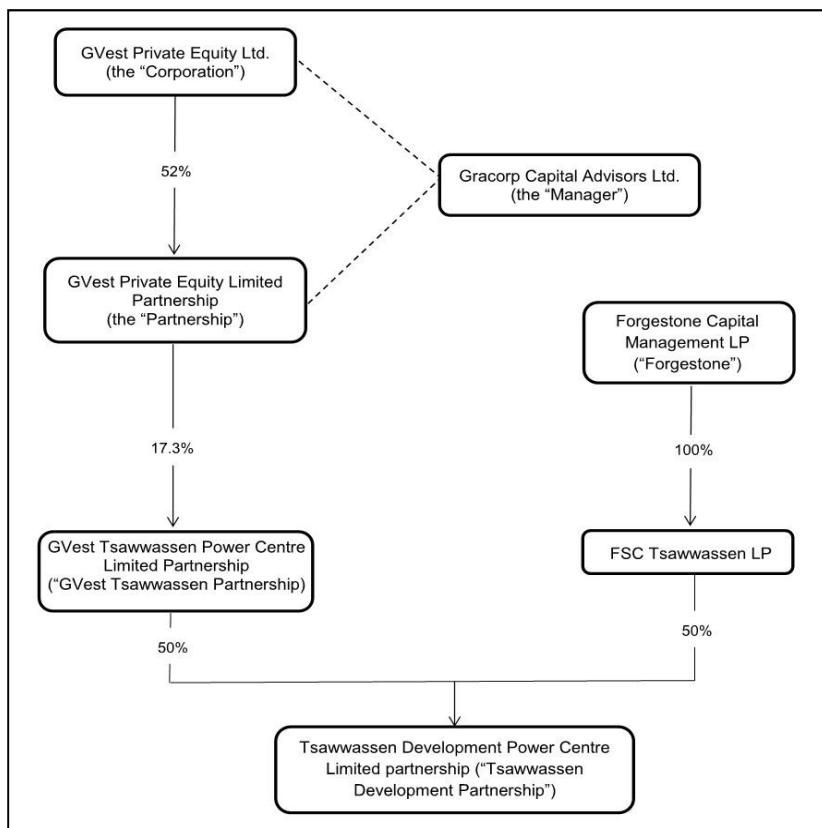
Ivanhoe Cambridge developed a 1,200,000 sq. ft. enclosed shopping mall named Tsawwassen Mills (the “**Mills Project**”) on a parcel of land adjacent to Tsawwassen Commons. The two centres are expected to attract complementary but distinct tenants as the Mills Project is an enclosed mall oriented to clothing and fashion with 16 anchor tenants, while Tsawwassen Commons is a “power centre” suited for big box, mid-box and service-oriented tenants. The Mills Project officially opened and began operating in the fourth quarter of 2016.

<b>Anchor Tenants</b>	Walmart, Canadian Tire and Rona
<b>Key Tenants</b>	HomeSense, PetSmart, Mark’s, Dollarama, Staples, Shell, Quizno’s, Triple O’s, Subway, A&W, Tim Hortons, Nando’s, Wings Tap House, TacoTime, Menchie’s, Wendy’s, Cobs Bread, Uncle Fatih’s Pizza, Booster Juice, Johnston Meier Insurance Agencies Group, Kin’s Market, Arby’s, Simply Pho, Orange Theory, Metro Liquor, Starbucks and Kal-Tire



## Financing

On September 5, 2014, the Manager and GVest Tsawwassen Power Centre Limited Partnership (the “**GVest Tsawwassen Partnership**”) brought in a 50% equity partner to the Tsawwassen Commons Power Centre (“**Tsawwassen Commons**”). Forgestone Capital Management LP (“**Forgestone**”), through a limited partnership called FSC Tsawwassen LP, invested \$8.9 million in the project entity called Tsawwassen Development Power Centre Limited Partnership (“**Project LP**”) as part of a commitment to fund half of the required equity commitments of the project. Forgestone is a Toronto-based fund that manages capital on behalf of several Ontario and Quebec-based pension funds. Since September 2014, both investors have been contributing equity equally to the project. The project ownership structure is indicated in the organization chart below.



## Senior Loan

On November 2, 2015, the Project LP and its bare trustee, PDG Tsawwassen Holdings Ltd., as co-borrowers, entered into a senior loan (the "**Senior Loan**") with a syndicate of lenders led by Otéra Capital Inc. The Senior Loan is structured as non-revolving term construction and non-revolving letter of credit facilities in the aggregate principal amount of \$116,750,000. The construction credit facility is divided into four tranches which are released as the Project reaches leasing and net operating income benchmarks.

To supplement the Project's internal leasing efforts conducted by the Property Development Group ("PDG"), the Manager and Forgestone engaged Colliers International Canada in August, 2016. On September 28, 2016 the Project LP amended the conditions related to accessing the second tranche ("**Tranche 2**") of the Senior Loan. The amendment modified the leasing and net operating income threshold required in order to allow funding under Tranche 2 to be accessed.

The Manager and Forgestone are currently in discussions with Otéra to amend and extend the Senior Loan past its initial term expiration of November 1, 2017.

## Equity Bridge Loans and Mezzanine Debt

As of December 31, 2016 the GWest Tsawwassen Partnership had the following Bridge Loans outstanding:

Loan	Principal Amount	Current Principal Outstanding	Expiry
Equity Bridge Loan I <sup>(1)</sup>	\$2.49M	\$2.49M	May 8, 2018
Equity Bridge Loan II <sup>(1)</sup>	\$0.75M	\$0.75M	Jan. 19, 2017
GWest Private Equity LP Subordinated Promissory Note <sup>(2)</sup>	\$4.60M	\$1.91M	Aug. 1, 2017
<b>TOTALS</b>	<b>\$7.84M</b>	<b>\$5.15M</b>	

### Notes:

- (1) The equity bridge loans were issued on May 7<sup>th</sup>, 2015 and January 20<sup>th</sup> 2016, respectively to a syndicate of private investors for an initial 9 month term and 90 day extension and bear interest at 9% per annum during the initial term and 11% per annum during the extension period. Equity Bridge Loan I was amended on May 8<sup>th</sup>, 2016 extending the term for an additional two years and setting the interest rate at 8% per annum.
- (2) The Partnership agreed to loan up to \$0.6 million to the GWest Tsawwassen Partnership on May 3, 2016 for a 7 month term bearing interest at 8% per annum. The maximum loan amount was increased to \$2.6 million on May 16<sup>th</sup>, 2016 and to \$4.6 million on September 15<sup>th</sup>, 2016. The expiry date was extended to May 1, 2017 on September 15, 2016 and to August 1, 2017 on April 26<sup>th</sup>, 2017.

The Equity Bridge Loan II was subsequently paid out in full on January 19, 2017.

The Manager, on behalf of GWest Tsawwassen Partnership, is currently in final negotiations on a \$15.4 million mezzanine debt facility. The GWest Tsawwassen Partnership plans to use this facility to repay the Equity Bridge Loan I and the Partnership Subordinated Promissory Note. The new mezzanine debt facility should help to correct the under-leverage at the project level while providing a secure source of capital that can be drawn on as required.

## Budget

As of March 31, 2017 the Project has been funded with \$62.5 million of equity and \$64.0 million of debt drawn from the Senior Loan. The Project is facing budget pressures due to:

- steadily increasing construction labour costs in the highly competitive Metro Vancouver market;
- unfavourable currency exchange rates for construction materials purchased in the United States;
- additional site servicing scope and delays due to the slower than anticipated subdivision and permitting process with the TFN;
- additional highway and electrical power infrastructure design criteria added by the Ministry of Transportation and Infrastructure and BC Hydro, respectively; and
- additional design and consultant fees associated with the additional scope, phasing and permitting delays.

The Manager intends to address any budget pressures through the upcoming amended and extended Senior Loan and the new mezzanine loan financing.

## Construction



During the fourth quarter of 2016, store openings were completed for Canadian Tire, Petsmart, Dollarama and Nando's, and each of these tenants is currently operating. Wal-Mart and Rona opened in January 2017 while Mark's and HomeSense opened in April 2017. Staples is scheduled to open in Q3 of 2017.

The Mills Project opened in the fourth quarter of 2016 to significant traffic.

Installation of the underground services and the Phase 1 site finishes (paving, lighting, landscaping, etc.) is also complete. The Project has submitted its Phase 2 and 3 development permit and building permit applications and these permits are expected to be released in the second quarter of 2017.

The following image shows the state of the Project site on April 21, 2017. The Project is located in the foreground of the photo and the Mills Project is located in the background.



## Leasing

The total gross leasable area of Tsawwassen Commons is 549,343 sq. ft. As of March 31, 2017, the Project has experienced the following leasing progress.

- Space Leased: 339,747 sq. ft. (63% of the leasable area)
- Space Under Conditional Offer to Lease: 15,456 sq. ft.
- Space Under Negotiation to Lease: 40,015 sq. ft.

Leasing is expected to progress sequentially through the phases of negotiation as the second and third phases of the Project commence construction. The Project's goal is to be substantially leased by the end of 2019.

## *Marine & Kerr, (Vancouver, BC)*

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The Partnership acquired a 1.14 acre parcel of land located on Marine Drive in South Vancouver in December 2016. The Partnership plans to develop the site into an 80,000 sq. ft. multi-family residential complex consisting of townhomes and a condominium building ("**Marine & Kerr**").

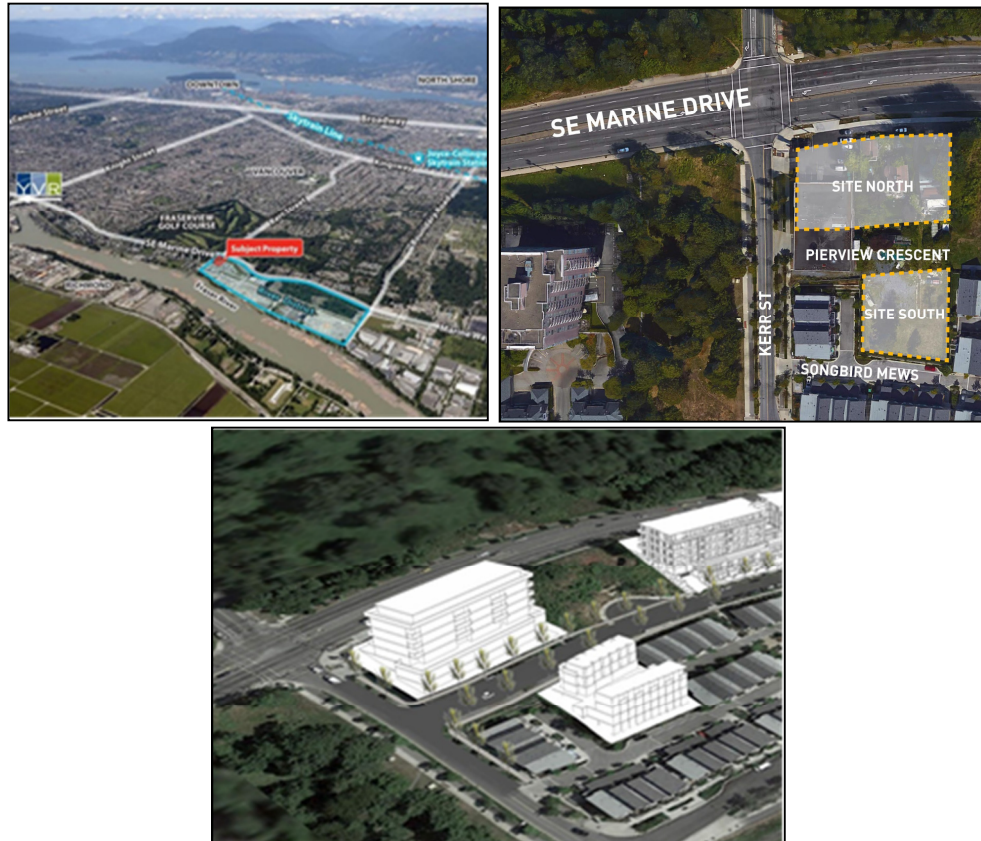
The land is located on one of the last remaining undeveloped parcels in the Vancouver River District which has already been extensively developed by Vancouver-based Wesgroup and Polygon into multi-

family housing similar to the type proposed for Marine & Kerr. Marine & Kerr adheres to the design and massing that was set out in the Official Development Plan (“ODP”) for the River District.

A roadway is planned for the site and will be dedicated to the City of Vancouver. This roadway divides the site into a north and south parcel and these parcels will include the following developments:

- South Parcel: 20,000 sq. ft. townhome complex with 12 three-and-a-half storey townhomes.
- North Parcel: 60,000 sq. ft. 5 storey multi-family building with 8 two storey townhomes, approximately 60 condominium units, and approximately 100 underground parking stalls.

The following images show the location of Marine & Kerr as well as the planned project developments.



The Partnership submitted a Letter of Enquiry to the City of Vancouver in December, 2016 as the first stage in the entitlement process. Initial comments on the scheme were received in March, 2017 and are currently being addressed. The Partnership is progressing the drawings, construction pricing, entitlement negotiations and refining the building unit layouts in order to submit its rezoning application in late summer, 2017.

#### ***St. Albert Re-Development Lands, (St Albert, AB)***

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In December, 2016, the Partnership sold its interest in a downtown city lot that is part of a contiguous three-lot land assembly located in St. Albert, Alberta. The property was sold (at a small premium to book value) to a third-party for \$703,496. Of the total proceeds, \$375,000 is a vendor takeback mortgage for a one year term with a 7.0% per annum interest rate that is payable on a monthly basis.



## **The Partnership's Prospective Investments**

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The Manager reviews a considerable number of project opportunities that are presented through industry contacts and its relationship to Graham. At present, the Manager has a greater number of viable opportunities than could be pursued in relation to available resources. The Manager intends to responsibly and diligently review these opportunities to select the best possible projects for the Partnership to undertake. From time to time, the Manager may sponsor and manage separate investment vehicles that invest directly into prospective opportunities and/or alongside investments by the Partnership.

Currently, the Manager is involved in various stages of due diligence or procurement on numerous prospective projects including:

### **West Campus University Building (Calgary, AB)**

The Manager is currently in late-stage negotiations with respect to developing a project block (the “**West Campus Building**”) on a greenfield site at the University of Calgary’s West Campus lands (the “**West Campus**”). The West Campus Development Trust (“**WCDT**”) is responsible for master planning the West Campus in a manner similar to the UBC Properties Trust or the SFU Properties Trust. This master-planned community, adjacent to the University of Calgary, is expected to accommodate over 6,000 housing units, 1.2 million sq. ft. of commercial and office space, a hotel and seniors housing once it is fully built out.

The West Campus Building is the gateway site that leads into the West Campus. The project will consist of an approximate 245,000 sq. ft. five storey rental apartment building over approximately 63,500 sq. ft. of main floor commercial space. Plans call for two levels of underground parking with approximately 542 stalls servicing both the apartment and commercial uses.

The West Campus is situated within walking distance of Alberta Children’s Hospital, the University Research Park, Foothills Hospital and the future Tom Baker Cancer Center. Together, these facilities employ over 21,000 health care and university workers. The University of Calgary is also home to over 40,000 students.

The following image shows a current rendering of the West Campus Building.



### **Poplar Centre Medical Office (Calgary, AB)**

The Manager is currently in late-stage negotiations to partner with an experienced medical office developer with respect to developing an approximate 72,000 sq. ft. medical office and retail building located along Macleod Trail in south-west Calgary (the “**Poplar Centre**”). The Poplar Centre project is a three storey development comprised of approximately 47,000 sq. ft. of medical office space, 22,000 sq. ft. of ground floor retail space, 250 underground and surface parking stalls and a 1,650 sq. ft. stand-alone retail/food service unit facing Macleod Trail.

The Poplar Centre project is located north of the Chinook Centre shopping mall with direct access, frontage and exposure to Macleod Trail. This area is considered to be a strong commercial location with average weekday traffic of approximately 49,000 vehicles. The site is situated just south of Downtown Calgary with proximity to LRT and bus transit, established residential communities and complementary commercial developments. There are also a broad range of amenities nearby.

The following image shows a current rendering of the Poplar Centre project.



### **825 Tache (Winnipeg, MB)**

The Manager is pursuing a 50% interest, in partnership with an experienced local developer, for the development of an approximate 88,000 sq. ft. multifamily development project in Winnipeg (the “**825 Tache**”). The 825 Tache project consists of a seven storey residential condominium building containing 78 units along the Red River, a pair of two storey mixed-use buildings each containing one mixed-use unit and one residential unit (live-work units), a duplex building containing two residential units, and 90 parking stalls (50 underground and 40 surface stalls).

The 825 Tache project is located in the North St. Boniface neighbourhood of Winnipeg directly on the banks of the Red River. Along with its access to river views, the location also provides direct links to the

parks and trails along the waterfront and easy connectivity to downtown Winnipeg. The target market is expected to include young professionals, empty nesters and downsizers.

The project is in its early entitlement phase and land close is expected in September 2017.

The following image shows a current rendering of the 825 Tache project.



### **Other Prospective Projects**

The Partnership regularly considers other prospective investment opportunities and may invest in additional projects that have not been specifically identified as a Prospective Investment. The Prospective Investments noted herein may change in layout and scope as analysis and planning progress, or the Partnership may choose not to proceed at all.

### **Previous Partnership Investments**

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The following briefly describes the Partnership's liquidated investments:

#### **Shoppers Drug Mart (Vancouver, BC)**

In January 2010, an investor group, which included the Partnership and GWest Fund 1, facilitated the development of a two-storey Shoppers Drug Mart with an underground parkade situated at Granville Street and 13<sup>th</sup> Avenue in Vancouver, BC. The store consists of 17,500 square feet of net rentable space, two elevators and a 20-stall parkade. The Granville/Broadway market is one of the most desired retail areas in Vancouver with a limited supply of developable sites. In April 2012, the Shoppers Drug Mart store was sold to a local investor, resulting in a 22.55% internal rate of return on the Partnership's investment.

#### **Marriott Hotels (Calgary, AB)**

The Partnership entered into a loan agreement for \$6.5 million to provide a participating mezzanine loan to facilitate the development of a 158-room Residence Inn and a 171-room Courtyard by Marriott Hotel. The six-storey hotels are connected and share common amenities like a fitness centre, indoor swimming pool, whirlpool and back-of-house facilities. They are part of an 11.5-acre, multi-phase development

situated at Barlow Trail and 48th Avenue NE in Calgary near the Calgary International Airport. The Residence Inn provides the service and room configuration that appeal to the extended-stay market while the Courtyard by Marriott targets the focused-service segment. The hotels share management and operations departments, contributing to operational and financial efficiencies.

The hotels opened in February 2012 and the mezzanine loan was repaid. The gross annualized return of this investment was approximately 10.55%.

#### **Anthem Apartments at 12th and Yesler (Seattle, WA)**

The Partnership held a 91.0% equity interest in a 120 unit multi-family residential apartment project situated on 12th Avenue and Yesler Way in Seattle, Washington ("**Anthem**"). The 124,000 sq. ft. project consisted of 120 apartments and 4,000 sq. ft. of commercial space on the ground floor. The apartment mix was comprised of studio, one-bedroom and two-bedroom apartments. Building amenities included a roof top deck with barbecues, a lounge area, a dog run, a bike storage and repair station, a fitness centre, controlled-access parking, a community room with kitchen facilities, and future restaurant and retail space.

Construction on Anthem started in the spring of 2014 and the project achieved 95% occupancy of the residential suites in the fourth quarter of 2015. In September 2016, Anthem was sold to buyer based out of Austin, Texas, resulting in an annualized return to the Partnership of 23.92%.

#### **Gracorp Capital Ltd.**

The Partnership made investments in debentures of \$452,900 and preferred shares of \$194,100 of Gracorp Capital Ltd. The debentures were repaid along with interest of \$213,804 in 2013. The preferred shares were redeemed and a dividend of \$164,328 was received in 2014. The Partnership realized a 23.22% internal rate of return on its investment.

**There can be no assurances that the Partnership's future financial results will meet or exceed historic returns on investment.**



## Long Term Objectives

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The Partnership's long term objectives are to invest in a portfolio of projects throughout the development spectrum and to monetize each investment once it is fully operational. Specifically, the Partnership intends to:

- monetize the investment in Eagle Landing;
- manage the operations of the Decibel project with a view to monetizing the investment in the mid-term;
- progress the lease-up of the Reverb project with a view to monetizing the investment in the mid-term;
- progress the development of both the ESWL-LP and Tsawwassen Commons projects, including the leasing and construction activities;
- progress the entitlement process, project design and development efforts of the Marine and Kerr project; and
- continue to conduct due diligence on the project opportunities including the opportunities described above in "*The Partnership's Prospective Investments*" section. Upon selection of a suitable investment opportunity, it is the Partnership's intention to fund the project and, in conjunction with Graham, participate in the development, finance, design, construction and operations of such project with a view to monetizing the investment in a three to five-year timeframe.

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

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The following table sets out our objectives over the next 12 months:

What the Corporation must do and how it will do it:	Target Completion Date	Our Cost to Complete:
Complete the Offering of Capital Commitments and invest in West Campus University Building and Poplar Centre	1-6 months	Up to \$16,200,000
Complete the Offering of Capital Commitments and invest in 825 Tache	6-24 months	Up to \$2,400,000
Invest in other prospective projects in target market areas, working capital, administrative expenses and other	Ongoing	Up to \$700,000

## Insufficient Funds

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The funds available as a result of the Offering either may not or will not be sufficient to accomplish all of the Partnership's proposed objectives and there is no assurance that alternative financing will be available. See "*Risk Factors*".

## **Material Agreements**

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### ***Limited Partnership Agreement***

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#### ***Purpose, Business and Powers***

The Partnership was formed to invest, directly or indirectly through the formation of, or investment in, joint ventures, limited partnerships, corporations or any other form of entity, in its Core Business. The Partnership may engage in such activities as the General Partner deems necessary or advisable, convenient or incidental in order to achieve the foregoing investment objectives, whether or not in furtherance of its Core Business, including partnering with other developers to develop or acquire assets.

#### ***Partnership Units***

The interest of the Limited Partners in the Partnership is divided into and represented by an unlimited number of Units.

#### ***Admission of Additional Limited Partners***

Additional holders of Units (the "**Limited Partners**") may be admitted to the Partnership upon acceptance by the General Partner and all Limited Partners will be deemed to consent to such admission.

#### ***Limited Partner Additional Capital Contributions***

The General Partner may require Limited Partners to make capital contributions from time to time on one or more offerings for the purpose of making Partnership Investments, to pay expenses or other liabilities of the Partnership or for the purposes of permitting the Partnership to place deposits or other prepayments associated with future or potential Partnership Investments. The aggregate capital contributions required by the General Partner in connection with any anticipated Partnership Investment may be any amount that is determined by the General Partner in its discretion, acting reasonably, to be necessary in connection with any Partnership Investment.

The General Partner will establish a date for a Closing and call for capital contributions by providing each Limited Partner with a Capital Call Notice. Each Capital Call Notice provided to Subscribers under this offering shall bear reference to Blocks issued to the Subscriber pursuant to this Offering and the amount of Capital Commitment then outstanding by each Subscriber. Upon receipt of a Capital Call Notice, each Subscriber shall then provide the capital contribution set out in the Capital Call Notice and purchase Units at the Net Asset Value per Unit at the date of such Closing.

Capital contributions will be used to purchase additional Units, which entitle the holder thereof to participate in the income and losses of the Partnership, to participate in the distribution of the net assets of the Partnership upon a liquidation or winding-up of the Partnership and certain other rights.

#### ***Distributions and Reinvestment of Capital***

The Partnership maintains a capital account for all partners comprised of a number of sub accounts, being the "**General Partner's Capital Account**" and a separate Limited Partners' capital account for each series of Units, each being a "**Series Capital Account**". Any distribution of income or capital made by the Partnership, other than on a redemption of Units by a Limited Partner as approved by the General Partner or a redemption of the General Partner's interest, will be made, as between the General Partner and Limited Partners, in proportion to the General Partner's Capital Account and each Series Capital Account as at the date of the relevant distribution, and as among the Limited Partners holding Units of a particular series, as at that date, *pro rata* in accordance with the number of Units of that series held by them on that



date. Pursuant to the LPA, the General Partner may elect, if it deems to be in the best interests of the Partnership, to reinvest capital recovered from existing investments into new Partnership investments.

### ***Allocation of Income and Loss***

Twenty-five percent of any taxable income of the Partnership for a fiscal year ("**Fiscal Year**"), meaning the fiscal period of the Partnership commencing on January 1 and ending on December 31 of a given year, will be allocated to partners at the end of each fiscal quarter ("**Fiscal Quarter**"), meaning one of the four quarters of a Fiscal Year, with the amount in respect of each such Fiscal Quarter being allocated between the General Partner and the Limited Partners in proportion to the General Partner's Capital Account and each Series Capital Account as at the end of that Fiscal Quarter and as among the Limited Partners holding Units of a particular series on that date, *pro rata* in accordance with the number of Units of that series held by them on that date.

Twenty-five percent of any tax loss of the Partnership for a Fiscal Year will be allocated to the partners at the end of each Fiscal Quarter with the amount in respect of each such Fiscal Quarter being allocated between the General Partner and the Limited Partners in proportion to the General Partner's Capital Account and each Series Capital Account as at the end of that Fiscal Quarter and as amongst the Limited Partners holding Units of a particular series as at that date, *pro rata* in accordance with the number of Units of that series held by them on that date.

Notwithstanding the foregoing, the Tax Income (as defined in the LPA) and tax loss of the Partnership for a Fiscal Year may, in the discretion of the General Partner, be allocated in a manner that varies from the strict formula set out in the preceding paragraphs when it is reasonable or appropriate to do so in all the circumstances having regard to, among other things, the extent to which the economic benefit of the Tax Income or the economic burden of the Tax Loss accrued to, or was borne by, the partners.

### ***General Partner***

Subject to certain provisions of the LPA and to any applicable limitations set forth in the *Partnership Act* (Alberta) (the "**Act**"), the General Partner has: (a) unlimited liability for the debts, obligations and liabilities of the Partnership; (b) the full and exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of the Partnership; and (c) the full and exclusive right, power and authority to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document necessary for or incidental to carrying out the business of the Partnership for and on behalf of and in the name of the Partnership.

The General Partner is required to act in utmost fairness and good faith toward the Limited Partners in carrying out its obligations under the LPA. The LPA provides that the General Partner will not be liable to a Limited Partner for any loss suffered by the Limited Partner arising out of any act, omission or error in judgment other than an act, omission or error in judgment by the General Partner which results in a loss of limited liability or otherwise exposes the Limited Partner to unlimited liability. These are certain restrictions imposed on the General Partner under the LPA and certain actions may not be taken by it without the approval of the partners by Special Resolution (as defined in the LPA).

Any action taken by the General Partner on behalf of the Partnership will be deemed to be the act of the Partnership and will bind the Partnership.

### ***Advisory Committee***

The LPA provides for the establishment of an advisory committee (the "**Advisory Committee**") for the purposes (i) of reviewing matters of conflict or potential conflict of interest; (ii) establishing and reviewing the valuation principles, policies and procedures to be used to determine the Net Asset Value;

(iii) reviewing and commenting on each determination of Net Asset Value made by the General Partner and supervising each determination of Net Asset Value made by an independent valuator, and other valuation issues, as provided in the LPA; (iv) reviewing and approving any proposed asset transfer of Partnership Investments to a non-Arm's length transferee or a potential merger arrangement with a non-arm's length party; (v) reviewing and approving of development fees proposed by the General Partner to be paid to the Manager pursuant to the Service Agreement; and (vi) any other such other functions expressly provided for in the LPA. The Advisory Committee is comprised of Donald Douglas and Paul Kennedy.

### ***Management Fee***

The Partnership will pay to the General Partner a management fee (the "**Management Fee**"), calculated and payable quarterly in advance, in an amount equal to 0.3125% of the Net Asset Value determined as provided in the LPA (as most recently calculated prior to the date of calculation of the Management Fee). Where there is not sufficient cash available, or otherwise at the option of the General Partner, the Management Fee will be paid in whole or in part in the form of Units issued at a price equal to the then Net Asset Value per Unit. The General Partner has assigned the Management Fee to the Manager.

### ***Performance Incentive Adjustment***

On each day that a determination of Net Asset Value is made, an adjustment will be made to the General Partner's Capital Account equal to 20% of the amount by which the return for a particular series of Units exceeds the benchmark return of 8% per annum or 2% per quarter. The Partnership will make the adjustment (the "**Performance Incentive Adjustment**"), up or down, to the General Partner's Capital Account of an amount equal to the above amount. For example, if a series of Units earned 5% in the quarter the General Partner would receive a performance incentive adjustment of 0.6% (5% actual return less 2% benchmark return multiplied by adjustment factor of 20%). The calculation of the Performance Incentive Adjustment will be calculated separately for each series of Units and there shall be no aggregation or netting amount across each series of Units. The General Partner has assigned the Performance Incentive Adjustment amount to the Manager.

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

Units may not be transferred or assigned, but may be redeemed as provided in, and subject to the terms and conditions of, the LPA. Notwithstanding the foregoing and subject at all time to applicable securities legislation, the General Partner reserves the right, in its sole discretion, to permit specific transfers of Units, but only by way of a form of transfer and on such terms as are approved by the General Partner, to a party who makes the same representations as those set out in the LPA, and provided that as a condition to such transfer, such transferee agrees in writing, to the satisfaction of the General Partner, to be bound by the provisions thereof to the same extent and in the same manner as the transferor is bound thereby. Where the transfer complies with the provisions of the LPA, the General Partner will be authorized to admit the transferee to the Partnership as a Limited Partner and the Limited Partners thereby consent to the admission of, and will admit, the transferee to the Partnership as a Limited Partner, without further act of the Limited Partners. No transferee will become a Limited Partner until the transfer has been recorded on the record of Limited Partners.

### ***Redemption of Units***

Previously, the LPA had required that on December 31 following the fifth anniversary of the issuance of any Unit (the "**Lock-up Date**"), a Limited Partner may request that the Partnership redeem such Unit by notice to the Partnership given between January 1 and January 15 of any year after the Lock-Up Date. The concept of a Lock-up Date has been deleted from the LPA. The LPA has now been amended such that a Limited Partner may request that the Partnership redeem such Unit by notice to the Partnership given between January 1 and January 15 of any year. The redemption price per Unit will be the Net Asset

Value per Unit, less a liquidity discount of three percent (3%) of such price, and after taking into account the payment of the Management Fee to the General Partner, capital account adjustments to account for performance incentives earned by the General Partner, and allocations for income, losses and expenses. The Partnership will use commercially reasonable efforts to redeem Units submitted for redemption subject to the General Partner determining in its sole discretion that sufficient funds are available to the Partnership for the purposes of redemption. The General Partner will not be required to sell or redeem Partnership Investments or to borrow money in order to procure sufficient funds to redeem Units.

### ***Conflicts of Interest***

Certain directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the Partnership. Accordingly, situations may arise where some or all of the directors, officers, insiders and promoters will be in direct competition with the Partnership. Conflicts, if any, are governed by the terms of the LPA.

As of the date hereof, Tim Heavenor is a director and officer and Bruce Black, Barry Poffenroth and Ashish Khulbe are officers of the General Partner, the General Partner's parent company and the Manager. Tim Heavenor and the officers of the General Partner, the General Partner's parent company and the Manager are investors in the entity that controls Graham and the Manager.

The directors and officers of the General Partner have business interests outside of the Partnership and the General Partner. The Directors and Officers may independently hold interests in businesses that the Partnership provides services to or that may offer to sell securities to the Partnership. The directors and officers may engage in business activities which the Partnership has no interest in and which may compete with the Partnership.

The LPA provides for an Advisory Committee review process for any conflicts of interest. The LPA also states that Graham may act as builder, contractor, project manager and provide any type of construction and engineering services for any Person, including in connection with the Partnership's Prospective Investments, and that any such activities of Graham will not, and do not, constitute a conflict of interest for the General Partner.

### ***Accounting and Reporting***

According to the LPA, the General Partner is required to keep on behalf of the Partnership, books of proper and complete accounts, records and registers of the business and affairs of the Partnership. Such books, records and registers are available for inspection and audit by a Limited Partner or its authorized representative at such Limited Partner's expense, and on reasonable notice to the General Partner, during normal business hours at the office of the General Partner, but a Limited Partner may not have access to any information of the Partnership which, in the reasonable opinion of the General Partner, should be kept confidential in the interests of the Partnership.

According to the LPA, the General Partner is to send, not later than 60 days after each Fiscal Quarter in each year of the term of the Partnership, to each person who was a partner at the end of each Fiscal Quarter ending on such date: (a) a report describing the status of each investment of the Partnership as at the end of such Fiscal Quarter; (b) a summary of the financial performance of each investment of the Partnership during the Fiscal Quarter; (c) a statement of the Net Asset Value of the Partnership; (d) for each of the first three Fiscal Quarters of a Fiscal Year, quarterly unaudited financial statements of the Partnership as at the end of the Fiscal Quarter; (e) a report on allocations and distributions to partners in respect of the Fiscal Quarter; and (f) for any Fiscal Quarter, such other information in respect of the particular Fiscal Quarter or Fiscal Year as, in the opinion of the General Partner, is material to the business of the Partnership.

In addition, within 120 days of the end of each Fiscal Year, the General Partner will send to each person who was a partner at the end of the Fiscal Year: (a) audited financial statements for the Fiscal Year, prepared in accordance with the provisions of the LPA, with comparative financial statements as at the end of and for the immediately preceding Fiscal Year; (b) the report of the auditor on such financial statements; (c) a report on allocations and distributions to Partners in respect of the Fiscal Year; and (d) information concerning the amount of net income or net loss and tax income or tax loss for the Fiscal Year (including details of all taxable capital gains and allowable capital losses), the allocation thereof among the Limited Partners as a group and the General Partner, and the allocation thereof per Unit.

On or before March 31 of the year following each Fiscal Year of the Partnership, the General Partner is to send to the partners all income tax reporting information necessary to enable each partner to file an income tax return with respect to such partner's participation in the Partnership in such Fiscal Year and the General Partner is to file all information returns relating to the Partnership required to be filed in respect of Partnership matters.

### ***Meetings***

The LPA provides that meetings of the Limited Partners may be called by the General Partner at such time and place as it deems appropriate in its absolute discretion for the purpose of considering any matter set forth in the notice of meeting. In addition, where Limited Partners holding not less than 10% of the outstanding Partnership Units in number (the "**Requisitioning Partners**") give notice signed by each of them to the General Partner requesting a meeting of the Partners, the General Partner will, within 21 days of receipt of such notice, convene such meeting, and if it fails to do so, any Requisitioning Partner may convene such meeting by giving notice in accordance with the LPA. Every meeting of Limited Partners, however convened, must be conducted in accordance with the LPA.

All meetings are to be held at the offices of the Limited Partnership or at a place in Calgary, Alberta or at such other reasonable location in Canada as designated by the General Partner (or any Requisitioning Partner).

A quorum consists of three or more Limited Partners present in person or represented by proxy of not less than 50% Units outstanding. If a meeting is adjourned for lack of a quorum, the meeting: (a) if called by or on the requisition of Limited Partners, will be terminated; and (b) if called by the General Partner, will be held at the same time and place on the day which is 14 days later (or if that date is not a business day, the first business day after that date). The General Partner will give three days' notice to all Limited Partners of the date of the reconvening of the adjourned meeting and at such reconvened meeting the quorum will consist of the Partners then present in person or represented by proxy.

Except as otherwise specified in the LPA, each Unit carries the right to one vote in respect of each matter to be decided upon by all of the Partners.

Any officer or director of the General Partner, legal counsel for the General Partner and the Partnership and representatives of the Partnership's auditor may attend any meeting of Limited Partners. The General Partner may authorize the presence of any person at a meeting regardless of whether the person is a Partner. The General Partner may permit that person to address the meeting.

### ***Dissolution of the Partnership***

Subject to the terms and conditions of the LPA, the dissolution of the Partnership is to occur upon the earliest of any of the following events or dates: (a) the date which is 50 years after the date the Partnership was formed (the "**Termination Date**"), or such other date as is specified in a special resolution; (b) the General Partner, at any time after the Lock-up Date, declaring the Partnership to be dissolved by notice in writing to all of the Limited Partners; (c) the removal of the General Partner as provided in Section 9.18 of the LPA, unless the General Partner is replaced; or (d) the Limited Partners, by special resolution,

electing to terminate the Partnership, in which case such termination will be effective as at the date specified in such resolution, which will not be less than 60 days nor more than 120 days following the date of the meeting of Limited Partners at which such special resolution was passed or the date upon which the written resolution was signed. Limited Partners are not entitled to propose termination of the Partnership as stated in (d) above more than once in any twelve (12) month period.

The Partnership will not come to an end by reason of the death, bankruptcy, insolvency, mental incompetency or other disability of any Limited Partner.

### ***Liability of Partners***

Subject to the provisions of the Act, the liability of each Limited Partner for the debts, liabilities and obligations of the Partnership will be limited to its Capital Commitment, plus its *pro rata* share of any undistributed income of the Partnership. Where Limited Partners have received the return of all or part of their capital contribution or where the Partnership is dissolved, the Limited Partners will be liable to the Partnership's creditors for any amount, not in excess of the amount returned with interest, necessary to discharge the liabilities of the Partnership to all creditors who extended credit or whose claims otherwise arose before the return of the capital contribution. Following payment of a capital contribution with interest, a Limited Partner will not be liable for any further claims or assessments or be required to make further contributions to the Partnership. The General Partner will use all commercially reasonable efforts to ensure that the limited liability of the Limited Partners is maintained in accordance with the LPA, provided that, for each Limited Partner, if its limited liability is lost by reason of an act or omission of that Limited Partner, then, to the extent that such loss of limited liability is caused by an act or omission of such Limited Partner, that Limited Partner will be responsible for all claims arising from assertions that its liability is not limited as intended by the LPA.

### ***Partner Representations***

According to the LPA, each Limited Partner represents, warrants, covenants and agrees with each other partner that such Limited Partner:

- (a) has the capacity and competence and, if a corporation, the necessary corporate authority, to enter into the LPA;
- (b) is not a non-resident of Canada for the purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"), or a non-Canadian for the purposes of the *Investment Canada Act* (Canada);
- (c) is not a partnership (other than a Canadian partnership for the purposes of the Tax Act);
- (d) is not a "financial institution" as such term is defined in Section 142.2(1) of the Tax Act, or any replacement of such definition; or
- (e) is not a person, an interest in which would be a "tax shelter investment" (as defined in the Tax Act) or which is acquiring a Unit as a "tax shelter investment"; and
- (f) has not financed, and will not finance, its acquisition of Units with a borrowing or other indebtedness for which recourse is limited within the meaning of the Tax Act and, for the purpose of this representation, warranty and covenant, limited recourse indebtedness includes:
  - (i) indebtedness on which interest is not payable, at least annually, at a rate equal to or greater than the lesser of the rate prescribed under the Tax Act at the time the indebtedness arose and the prescribed rate that is applicable from time to time during the term of the indebtedness;

- (ii) indebtedness in respect of which bona fide written agreements were not made, at the time the indebtedness was incurred, for repayment of all principal and interest within a reasonable time not exceeding 10 years; and
- (iii) indebtedness in respect of which such interest is not paid by the debtor within 60 days of the end of the debtor's tax year.

### ***Services Agreement***

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The Partnership, the General Partner and the Manager have entered into a services agreement dated effective December 3, 2009 (the "**Services Agreement**") pursuant to which the Manager has agreed to provide a range of services on behalf of the General Partner and the Partnership, for the account of the Partnership, including but not limited to, book-keeping, accounting, tax, financial management (including management of cash and liquid investments), performance attribution, quarterly and annual performance reporting, the arranging of insurance, and any other administrative services that are delegated to it from time to time by the General Partner and for which it agrees to assume responsibility (the "**Administrative Services**"). Further, if requested by the General Partner and subject to applicable law, the Manager will assist the Partnership to procure capital commitments from time to time as contemplated by the LPA ("**Capital Raising Services**"). The Manager is entitled to reimbursement of the cost of eligible Administrative Services and Capital Raising Services.

The Services Agreement has since been amended November 4, 2010 to further expand the duties of the Manager to include opening and managing bank accounts in the name of the Partnership; spending the capital of the Partnership; managing and developing all activities of the Partnership; taking all appropriate measures for the Partnership; incurring all costs and expenses in connection with the Partnership; entering into further administrative contracts with any person; investing cash assets not immediately required for the business of the Partnership; filing returns or other documents required by government authorities; retaining legal counsel, experts and consultants; or anything in furtherance of or incidental to the business of the Partnership. In compensation for the services rendered by the Manager as mentioned above, the General Partner has assigned the Management Fee and the value of the Performance Incentive Adjustment to the Manager. A resolution of the board of directors to renew the Services Agreement dated December 3, 2009 was recorded at the April 30, 2015 board of directors meeting for GVest PE Ltd., the General Partner for the Partnership.

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

### ***Compensation and Securities Held***

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The directors of the General Partner are Donald Douglas, Tim Heavenor, Paul Kennedy and Michael Wytrykush. Messrs. Douglas, Kennedy and Wytrykush are considered to be independent. The independent directors receive a fee of \$6,000 per quarter as compensation for their services as directors of the General Partner.

The officers of the General Partner are not compensated directly by the General Partner, but through their employment with the Manager. The amount paid by the Manager to their employees will be variable. The Manager provides management and advisory services to a number of entities throughout the year, including to the Partnership in exchange for the Management Fee. The Management Fee payable to the Manager for 2017 will be 0.3125 of the Net Asset Value of the Partnership. Based on the current Net Asset Value of the Partnership that fee would be \$480,000 per year, however the Net Asset Value will increase with concurrent with subscriptions under this Offering, and therefore the fee will increase

slightly as well. The following table sets out the compensation paid and expected to be paid to such directors and officers by the Manager.

Name and municipality of principal residence	Position held and date of obtaining that position	Compensation paid by the Partnership, the General Partner and the Manager in the most recently completed financial year / expected to be paid during the current financial year	Number, type and percentage of securities of the Partnership held after completion of the Maximum Offering <sup>(1)(5)(7)(8)</sup>
Tim H. Heavenor Cochrane, Alberta	Director of the General Partner March 2009	\$0 / \$0 <sup>(2)</sup>	44,376.50 Units (0.87%) <sup>(3)</sup>
Donald Douglas Calgary, Alberta	Director of the General Partner July 2009	\$24,000 / \$24,000 <sup>(2)</sup>	0 Units (0%)
Paul Kennedy Calgary, Alberta	Director of the General Partner July 2009	\$24,000 / \$24,000 <sup>(2)</sup>	5,690.55 Units (0.11%) <sup>(4)</sup>
Michael Wytrykush Calgary, Alberta	Director of the General Partner March 2009	\$0 / \$0 <sup>(2)(6)</sup>	0 Units (0%)
Bruce Black Vancouver, BC	Vice President of the Manager, June 2014	\$0 / \$0 <sup>(2)</sup>	2,866.97 Units (0.06%)
Barry Poffenroth Calgary, Alberta	Director of the Manager, October 2008	\$0 / \$0 <sup>(2)</sup>	0 Units (0%)
Ashish Khulbe Calgary, Alberta	Manager of Finance of the Manager March 2014	\$0 / \$0 <sup>(2)</sup>	0 Units (0%)

**Notes:**

- (1) On a *pro forma* basis assuming: (i) the Maximum Offering closes on or about June 16, 2017 and (ii) there are no further issuances of Units during the year.
- (2) Employees and Directors of the Manager are compensated by a related party to the Manager. No direct compensation is paid to employees of the Manager by Partnership or the Corporation, except for director's fees as noted above for Directors of the General Partner.
- (3) Heavenor Holdings Ltd., of which Mr. Heavenor is a controlling shareholder, owns 37,980 Units (0.74%) and Mr. Heavenor owns 2,216 Units personally. Additionally, Mr. Heavenor owns 5,717 12% \$7 debentures, 20,000 10% debentures and 31,276 Preferred Shares of the Corporation. Mr. Heavenor's wife owns 4,180 Units personally.
- (4) Pickens Holdings Ltd, of which Mr. Kennedy is a controlling shareholder, owns 5,691 Units (0.11%).
- (5) No person directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of the Partnership.
- (6) Mr. Wytrykush does not own any securities other than noted however Mr. Wytrykush's wife owns 25,000 12% \$7 debentures and 17,865 Preferred Shares of the Corporation.
- (7) As at the date hereof, and prior to completion Offering, the directors and officers of the General Partner as a group own, directly or indirectly, or exercise control over an aggregate of 52,934 Units representing approximately 1.58% of the issued and outstanding Units.
- (8) Assumes no Units are purchased under the Offering by the directors and officers. The directors and officers have not determined their investment in the Offering (if any) at the date of this Offering Memorandum.

**Management Experience of Directors and Executive Officers of the General Partner**

***Tim H. Heavenor – President and Director of the General Partner and Chairman, President and Director of the Manager***

Mr. Heavenor is the founding President of Gracorp. He contributes over 28 years of experience in major project development, strategic planning, private equity, business development and corporate finance. Based in Calgary, Mr. Heavenor is also the Executive Vice President and Chief Financial Officer of the Graham Group. Together, Gracorp and Graham Capital Partners LP are developing a growing portfolio of private and public real estate and infrastructure assets. Mr. Heavenor is the founding President and

Director of the Partnership and the Connor Clark & Lunn GVest Traditional Infrastructure LP and is a director of the Canadian Farm Insurance Corporation, a Canadian insurance company.

Mr. Heavenor joined the Graham Group as Vice President in 2007 and founded Gracorp shortly thereafter. Previously, he was one of three executives who led Manvest Inc., a private investment company, to top-quartile returns over a 10-year period. While at Manvest, he was an officer and director of numerous investor and investee companies. Mr. Heavenor holds a B.Comm (Finance) from the University of Alberta.

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***Donald Douglas – Director of the General Partner***

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Mr. Douglas has served as President and CEO of United Communities Inc., one of the largest residential land developers in Alberta, since it commenced operations in July 1993. He is a director of numerous investment and management companies in Alberta, including the Calgary Airport Authority, Jetstream Capital Corp and United Communities.

Mr. Douglas holds a Master of Business Administration degree from the International Management Development (IMD) Institute in Lausanne, Switzerland, and a B.Comm from the University of Alberta. He is also a member of the World Presidents' Organization.

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***Paul Kennedy – Director of the General Partner***

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Mr. Kennedy brings over 30 years of experience with development projects, asset and property management to the General Partner. He is the President of Vantage Properties Ltd, a successful developer of commercial real estate properties in Alberta. Previously, Mr. Kennedy served as President and Chairman of GWL Realty Advisors, Inc. (GWL), one of Canada's leading real estate investment advisors, which provides comprehensive asset, property and development management and specialized real estate services to pension funds and institutional clients. He was instrumental in building the foundation for that company; under his leadership, GWL grew from \$800 million to over \$10 billion of assets under management over 14 years. Prior to leading GWL, Mr. Kennedy was the President of Trizec Office Company, where he led the organization through a successful restructuring and sale.

Mr. Kennedy sits on the boards of the Haskayne Business School and the Tennis Canada Calgary Project. He is a past Chairman of the Minerva Foundation and was a Member of the Executive Committee of the Canadian Institute of Public and Private Real Estate Companies (CIPPREC) until 2005.

Mr. Kennedy holds an MBA from Harvard University and a B.Sc. (Honours) in Political Science and Economics from the University of Toronto.

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***Mike Wytrykush – Director of the General Partner***

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Retired since August 2010, Mr. Wytrykush was employed in various executive positions with Graham for over 30 years. Mr. Wytrykush was Executive Vice President of Graham Group Ltd. from December 1991 until his retirement, and was a Director of Graham Group Ltd. and its predecessors from December 1985 to December 2002. His prior positions within the Graham Group of Companies included Director, Controller, Vice President Finance, and Vice President Finance and Legal. He continues to serve on a number of corporate boards.

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***Bruce Black – Vice President of Investments of the Manager***

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Mr. Black has 22 years of experience in corporate finance, development, investment management and operations. Based in Vancouver, Mr. Black oversees the real estate activities of Gracorp and Graham. Bruce previously led large public development projects that now form part of the Graham Capital portfolio.



Prior to joining Gracorp, Mr. Black was Vice President of Corporate Finance and Development of a publicly listed gaming and entertainment company. Prior thereto, he was an investment banker with TD Securities and a consultant with KPMG. Mr. Black holds Chartered Accountant (CA), Chartered Business Valuator (CBV) and Chartered Financial Analyst (CFA) designations as well as a B.A. from the University of British Columbia.

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***Barry Poffenroth – Director of Real Estate of the Manager***

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Mr. Poffenroth is based in Calgary and has over 31 years of experience in the real estate industry. His responsibilities at Gracorp include the sourcing, structuring, financing and management of real estate investment opportunities on behalf of employees and third-party investors; investor reporting and liaison; and fund management. Prior to joining Gracorp in 2007, Mr. Poffenroth spent 10 years as Senior Vice President of Urbco Inc., a TSX-listed development and property company that focused on land development, condominium development and residential rental property acquisition and management in Alberta and northern Canada. In 2002, Urbco was transformed into Northern Property REIT.

Prior to his time at Urbco, Mr. Poffenroth worked at Shelter Corporation, where he helped to finance and/or build over \$100 million worth of multi-family housing. He has also served on the board of directors or as advisor to several technology-related companies while working with Springbank TechVentures, a venture capital fund that he launched with three partners in 2001. Mr. Poffenroth holds a B.Comm from the University of Calgary and is a registered representative for the Manager in its role as an exempt market dealer.

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***Ashish Khulbe – Manager of Finance of the Manager***

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Mr. Khulbe joined Gracorp in 2014 and has 10 years of experience in accounting and finance. He is responsible for overseeing Gracorp's financial reporting and compliance programs as well as assisting in arranging financing solutions for projects. Mr. Khulbe spent the prior three years as an Associate in the Private Investments group at Alberta Teachers Retirement Fund Board (ATRF), where he focused on making fund and principal investments in private equity and infrastructure and was responsible for portfolio monitoring and performance measurement. Prior to his time with the ATRF, Mr. Khulbe spent five years in the audit and assurance group of PriceWaterhouseCoopers' Edmonton and Cayman Islands offices. Mr. Khulbe has a Master of Professional Accounting degree from the University of Saskatchewan, earned his CA designation in 2009 and his CFA charter in 2013. He is the Chief Compliance Officer for the Manager in its role as an exempt market dealer.

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***Conflicts of Interest***

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There are potential conflicts of interest to which some of the directors, officers, insiders and promoters of the Partnership and the General Partner will be subject to in connection with the operations of the Partnership. All of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the Partnership. Accordingly, situations may arise where some or all of the directors, officers, insiders and promoters will be in direct competition with the Partnership. Conflicts, if any, will be subject to the procedures and remedies as provided in the LPA.

As of the date hereof, Tim Heavenor is a director and officer and Bruce Black, Barry Poffenroth and Ashish Khulbe are officers of the General Partner, the General Partner's parent company and the Manager. Tim Heavenor and the officers of the General Partner, the General Partner's parent company and the Manager are investors in the entity that controls Graham and the Manager.

## **Penalties, Sanctions and Bankruptcy**

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There has been no penalty or sanction that has been in effect during the last ten years or any cease trade order that has been in effect for a period of more than 30 consecutive days during the past 10 years against:

- a) a director, executive officer or control person of the General Partner or the Manager; or
- b) an issuer of which a person referred to in (a) above was a director, executive officer or control person at the time.

In addition, there has not been any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets that has been in effect during the last 10 years with regard to any:

- a) director, executive officer or control person of the General Partner or the Manager; or
- b) an issuer of which a person referred to in (a) above was a director, executive officer or control person at that time.

## **Loans**

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There are no loans due to or from the directors, management, promoters and principal holders as at the date hereof.

## **ITEM 4 – CAPITAL STRUCTURE**

### **Capital**

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The capital structure of the Partnership is summarized in the following table:

<b>Description of Security</b>	<b>Number Authorized to be Issued</b>	<b>Price Per Security<sup>(1)</sup></b>	<b>Number Outstanding as at December 31, 2016</b>	<b>Number Outstanding after Minimum Offering</b>	<b>Number Outstanding after Maximum Offering<sup>(2)</sup></b>
Units	Unlimited	\$8.54-\$12.12	3,340,767	3,340,767	5,120,126

#### **Notes:**

- (1) The price per Unit at the time of issuance is determined by the Net Asset Value of the Units. The current price per Unit is \$11.24. See "*Description of Securities Offered – Unit Pricing*" and "*Capital Structure - Prior Sales*".
- (2) The number outstanding after Maximum Offering is based on Net Asset Value per Unit currently at \$11.24.

### **Debt**

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The General Partner has no debt outstanding to the Partnership. The Partnership has no outstanding debts.

The Partnership has agreed to be a co-guarantor with FSC Tsawwassen LP on the Senior Loan relating to Tsawwassen Commons, in return for which the Partnership will earn a fee of \$588,800.

## Prior Sales

Since 2010, the Partnership has issued the following securities:

Date of Issuance	Type of Security	Number of Securities as at December 31, 2016	Price Per Security <sup>(1)</sup>	Total Funds Received
2010	Units	944,670	\$10.00-10.57	\$9,668,600
2011	Units	394,093	\$11.28-11.87	\$4,510,800
2012	Units	323,271	\$12.10	\$3,911,579
2013	Units	1,189,221	\$8.54-8.61	\$10,206,600
2014	Units	115,340	\$8.67	\$1,000,000
2015	Units	245,973	\$8.72-10.71	\$2,345,825
2016	Units	143,977	\$11.38-12.12	\$1,648,500
<b>TOTAL</b>		<b>3,356,545</b>	<b>\$8.54-12.12</b>	<b>\$33,291,904</b>

### Notes:

- (1) Represents the range of Unit prices in the year of issuance. Between 2012 and 2013 the Partnership made significant distributions to Limited Partners resulting in a drop of the Net Asset Value per Unit.

## ITEM 5 – DESCRIPTION OF SECURITIES OFFERED

### Terms of Securities

The following is a summary of the principal features of the Offering and should be read with, and is qualified in its entirety by, the constating documents of the Partnership and the terms of the Units.

### Blocks

Each Subscriber of Blocks under this Offering will execute a Subscription Agreement, pursuant to which the Subscriber will make a Capital Commitment to the Partnership in \$1,000 increments (with a minimum Capital Commitment of \$5,000). Each Block represents a \$1,000 Capital Commitment, pursuant to which the Subscriber agrees to purchase, on demand by the Partnership, that number of Units that is derived by dividing \$1,000 by the Net Asset Value per Unit. The General Partner will give notice to Subscribers of a Capital Call and the Subscribers will be required to purchase Units pursuant to the terms of the Blocks and the Capital Call Notice. No funds will be payable to the Partnership for the initial issuance of the Blocks under this Offering.

Each Block offered under this Offering shall have the following terms:

Each Block represents a commitment to purchase \$1,000 of Units at a future date on request of the Partnership. Upon the issuance of a Capital Call Notice, the number of Blocks to which such Capital Call relates shall be deemed to have been converted in exchange for a number of Units as is equal to the Capital Call amount divided by the Net Asset Value of the Units at the applicable time. The total Capital Commitment may, or may not, be called by the Partnership at one time and may be spread over multiple Capital Calls.

The Blocks will be issued in "book-entry only" form and must be acquired from the Partnership. Persons acquiring Blocks will not be entitled to receive a certificate evidencing their interests in the Blocks.

The holders of Blocks are not Limited Partners until a Capital Call has been made by the Partnership and the holder has purchased Units pursuant to that Capital Call, and after such time, the holder will only have

rights as a Limited Partner and interest in the Partnership in accordance with the amount of Units that the holder has purchased.

The Blocks are non-transferrable.

The Blocks have a maximum term of ten years. On the date that is ten years subsequent to the issuance of a Block, the rights that the Partnership has to require the holder to purchase Units pursuant to any outstanding Blocks will terminate with no further action of the Partnership or the holder of the Block.

## Units

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A conversion of Blocks and purchase of Units pursuant to a Capital Call Notice will provide an investor with an opportunity to participate in distributions of cash and allocations of the income and loss of the Partnership derived from the Partnership Investments and to vote on matters brought before the Partners in proportion to the number of Units held, subject to the terms of the LPA.

The investor will become a Limited Partner of the Partnership upon the filing and recording of an amendment to the Certificate of Limited Partnership reflecting such investment.

The rights and obligations of all Limited Partners are governed by applicable partnership legislation and the LPA. Prospective investors should refer to the LPA and seek independent legal advice with respect to their rights and obligations as a Limited Partner. See "*Material Agreements – Limited Partnership Agreement*".

## Unit Pricing

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The purchase price of each Unit under a Capital Call Notice will be the Net Asset Value per Unit, as of the date of Closing, calculated pursuant to the terms of the LPA.

Pursuant to the LPA, the General Partner will at such times as it determines to be advisable, including as of the end of each Fiscal Year of the Partnership, endeavour to determine the Net Asset Value based on valuation principles, policies and procedures attached as Schedule B to the LPA. The Advisory Committee of the Partnership may amend those valuation principles, policies and procedures from time to time, as it sees fit and being in the best interests of the Partnership. Prior to publishing or acting upon any determination of Net Asset Value made by the General Partner, the General Partner shall provide the Advisory Committee members with notice of the General Partner's determination of Net Asset Value, together with information supporting such determination. The General Partner will carry out any reviews, revisions or reconsiderations of any determination of the Net Asset Value required by the Advisory Committee. If the Advisory Committee objects to any determination of Net Asset Value made by the General Partner, or if the General Partner has not submitted a valuation within 60 days of the end of any Fiscal Year or by such time as such determination is necessary to administer this Agreement, then the Advisory Committee may set the Net Asset Value or, at the expense of the Partnership, engage an independent valuator acceptable to the General Partner, acting reasonably, to determine the Net Asset Value or to review the General Partner's determination. The decision of the Advisory Committee or the independent valuator, as applicable, will be binding on the Partners, absent manifest error.

**The number of Units that a Subscriber will be issued on a Closing will be determined by the price of the Units at the applicable time, is not guaranteed and is subject to many factors. If you have any questions regarding the mechanisms used to calculate the price of the Units, you should consult with your own legal and financial advisors.**

## **Subscription Procedure**

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The Blocks are being issued in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario.

To subscribe for Blocks, eligible investors are required to complete, execute and deliver to the Partnership at 10840 – 27<sup>th</sup> Street S.E., Calgary, Alberta T2Z 3R6 Attention: Ashish Khulbe or Curtis Pelletier, by mail or by email to akhulbe@gracorpcapital.com or cpelletier@gracorpcapital.com, the Subscription Agreement which accompanies this Offering Memorandum together with duly completed exhibits thereto. Subscribers of Blocks will be obligated to establish their qualification to invest in accordance with the requirements of the securities law of their jurisdiction of residence. Subscribers will be required to complete all forms necessary to ensure compliance with applicable securities law and anti-money laundering legislation. All subscriptions will be irrevocable.

The Partnership reserves the right to accept or reject orders in whole or in part. The Partnership may close or re-open the subscription books at any time without notice.

## **Subscription Allocation Policy**

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Subject to the Maximum Offering amount, the Partnership intends to issue Blocks to prospective Subscribers in the following manner:

1. First, to the existing Limited Partners, according to their current pro-rata share of the Partnership;
2. Second, to the extent there is incremental demand and not all existing Limited Partners subscribe for their pro-rata share of this Offering, any incremental demand will be allocated to existing Limited Partners on a pro-rata basis; and
3. Third, to new investors, not currently Limited Partners.

## **ITEM 6 – INCOME TAX CONSEQUENCES**

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

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a person who acquires Units pursuant to the Offering and who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's-length with and is not affiliated with the Partnership and holds any Units as capital property (a "**Holder**" or a Limited Partner). Units will generally be capital property to a Holder unless they are held in the course of carrying on a business or were acquired in a transaction or transactions considered to be an adventure or concern in the nature of trade.

This summary does not apply to a Holder (i) that is a financial institution for purposes of the mark-to-market rules, (ii) an interest in which is a tax shelter investment, (iii) that has elected to determine its Canadian tax results in a foreign currency pursuant to the functional currency rules, or (iv) that has entered into a derivative forward agreement with respect to its Units all within the meaning of the Tax Act. This summary assumes that (i) the Partnership is not a financial institution for the purposes of the mark-to-market rules, and (ii) Units are not tax shelter investments, all within the meaning of the Tax Act. Such Holders should consult their own tax advisors with respect to the tax consequences of acquiring, holding and disposing of Units. This summary assumes that no Holder will finance the acquisition of its Units with financing where recourse is or is deemed to be limited for purposes of the Tax Act.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) before the date hereof ("**Tax Proposals**"), and our understanding of the current published administrative and assessing practices and policies of the Canada Revenue Agency. This summary assumes that the Tax Proposals will be enacted in the form proposed, and does not take into account or anticipate any other changes in law, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

**This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The tax consequences of acquiring, holding and disposing of Units will vary according to the status and circumstances of the investor. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Accordingly, investors should consult their own tax advisors about the tax consequences to them of acquiring, holding and disposing of Units in their own circumstances.**

### ***Exchange Rate***

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For purposes of the Tax Act, all amounts relating to the Partnership, including any income or loss arising from activities outside Canada, must be expressed in Canadian dollars using the rate of exchange quoted by the Bank of Canada on the date such amounts first arose, or such other rate of exchange as is acceptable to the Canada Revenue Agency.

### ***Taxation of the Partnership and Limited Partners***

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The Partnership is not itself liable for income tax, however, the income or loss of the Partnership must be computed for each fiscal period as if the Partnership were a separate person resident in Canada. The fiscal period of the Partnership ends on December 31.

Generally, in accordance with the LPA, twenty-five percent of the income or loss of the Partnership for each fiscal period will be allocated to the Partners at the end of each fiscal quarter, with the amount in respect of each such fiscal quarter being allocated between the General Partner and the Limited Partners in proportion to the General Partner's Capital Account and each Series Capital Account as at the end of that fiscal quarter, and as among the Limited Partners holding Units of a particular Series on that date, *pro rata* in accordance with the number of Units of that Series held by them on that date. For income tax purposes, the income or loss of the Partnership will be allocated to each Partner at the end of the Partnership's fiscal period in proportion to the Partnership income allocated to the Partner with respect to the fiscal quarters in the fiscal period.

Limited Partners with a significant interest (within the meaning of the Tax Act) in the Partnership that are corporations and that do not have taxation years ending on December 31 must include an additional amount in their income that is intended to approximate the Partnership's earnings between the end of its fiscal year and the end of the taxation year of the corporate Limited Partner. Corporations with taxation years that do not end on December 31 should seek their own tax advice with respect to the application these rules in their own circumstances.

In general, a Limited Partner's share of any income or loss of the Partnership from a particular source, including foreign sources, will retain its character and any provisions of the Tax Act applicable to that type of income will also apply to the Limited Partner.

A Limited Partner that is subject to foreign tax on its income from the Partnership may be entitled to a deduction from income or credit against tax, in the circumstances provided by, and subject to the limitations contained in, the Tax Act.

Each Limited Partner will be entitled to deduct in computing income (or loss) for tax purposes the Limited Partner's share of any losses allocated by the Partnership for the fiscal period of the Partnership ending in the taxation year of the Limited Partner to the extent that the Limited Partner's investment is at-risk within the meaning of the Tax Act. To the extent that a non-capital loss is not deductible in the year and is not subject to the at-risk rules discussed below, it can be deducted in the following twenty years or the prior three years in computing the taxable income of a Limited Partner, to the extent and in the circumstances provided in the Tax Act. Losses from the Partnership which are not deductible by a Limited Partner because they exceed the Limited Partner's at-risk amount at the particular time generally may be carried forward indefinitely for deduction in a subsequent year to the extent that a Limited Partner's at-risk amount in the Partnership is otherwise positive for that year. Such losses may not be available for deduction in future years where the loss originates in a lower tier partnership.

In general, the amount at-risk for a Limited Partner at any time in a taxation year will be the adjusted cost base of the Limited Partner's limited partnership interest at that time, plus, where that time is the end of the partnership's fiscal period, income allocated to the Limited Partner for the fiscal period, less any amount owing by the Limited Partner (or a person with whom the Limited Partner does not deal at arm's-length) to the Partnership (or a person or partnership not dealing at arm's-length with the Partnership) and less the amount of any benefit, guarantee or indemnity provided to a Limited Partner to protect the Limited Partner against any loss of the Limited Partner's investment in the Partnership.

A Limited Partner that holds 10% or more of the outstanding Units may be prohibited from deducting any interest applicable to borrowed money used to acquire Units.

### ***Disposition of Units***

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The disposition by a Limited Partner of a Unit will result in the realization of a capital gain (or capital loss) by such Holder to the extent the proceeds of disposition received less reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of the Unit. In general, the adjusted cost base of a Limited Partner's Units will be equal to the cost of the Units plus the Limited Partner's share of the income of the Partnership allocated to the Limited Partner for the fiscal periods ending before the relevant time less the aggregate of: (i) the Limited Partner's share of losses of the Partnership allocated to the Limited Partner (other than losses which cannot be deducted because they exceed the Limited Partner's at-risk amount) for the fiscal years ending before the relevant time, and (ii) the distributions from the Partnership to the Limited Partner made before the relevant time. The adjusted cost base of each Unit will be the average of the adjusted cost base of all Units held as capital property by a Limited Partner.

Where a Limited Partner disposes of all of the Limited Partner's Units, that person will no longer be a Limited Partner of the Partnership and will generally be deemed to have disposed of the Units either at such time or, if the Limited Partner has a residual interest in the Partnership, on the later of: (i) the end of the fiscal period of the Partnership during which the disposition has occurred, and (ii) the date of the last distribution made by the Partnership to which the Limited Partner was entitled. The Limited Partner's *pro rata* share of the income (or loss) for tax purposes of the Partnership for a particular fiscal year which is allocated to a Limited Partner for such fiscal period of the Partnership should generally be added (or deducted) in computing the adjusted cost base of the Limited Partner's Units. These rules are complicated and should be considered by Limited Partners when determining the timing of the disposition of Units. A Limited Partner who is considering disposing of Units during a fiscal period of the Partnership should obtain tax advice as to the calculation of the adjusted cost base of the Units held.

A Limited Partner will be deemed to realize a capital gain if the adjusted cost base of the Limited Partner's Units is negative at the end of any fiscal period of the Partnership. In such circumstances, the adjusted cost base of the Limited Partner's Units will be deemed to be zero at the beginning of the next fiscal period of the Partnership. Should the adjusted cost base of a Limited Partner's Units be positive in a subsequent taxation year, then, to the extent that the Limited Partner has realized a deemed capital gain in a previous year, the Limited Partner can elect to reduce the adjusted cost base of the Units by the lesser of the adjusted cost base of the Units and the amount of the deemed capital gain and the amount elected can be carried back to offset a deemed capital gain arising from negative adjusted cost base of a Limited Partner's Units.

### ***Taxation of Capital Gains and Losses***

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In general, one-half of a capital gain (a taxable capital gain) realized by a Holder in a taxation year must be included in computing the Holder's income in the year and one-half of the amount of any capital loss (an allowable capital loss) realized by the Holder in a taxation year will be deducted from taxable capital gains realized by the Holder in the year. Allowable capital losses in excess of taxable capital gains may be deducted from taxable capital gains in any of the three preceding years or any subsequent year, to the extent and in the circumstances provided in the Tax Act. Notwithstanding the foregoing, the full amount realized by a Holder may be required to be included in the Holder's income if Units are disposed of, directly or indirectly, to a non-resident or a tax-exempt entity, or to a person or partnership interests in which are owned directly or indirectly by a non-resident or a tax-exempt entity.

A Holder that is in the relevant taxation year a Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax on its aggregate investment income for the year, which is defined to include taxable capital gains. A Holder who is an individual (including certain trusts) may be subject to alternative minimum tax as a consequence of realizing a capital gain.

### ***Dissolution of Partnership***

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Generally, the liquidation of the Partnership and the distribution of its assets to Limited Partners will constitute a disposition by the Partnership of such assets for proceeds equal to their fair market value and a disposition by Limited Partners of their Units for an equivalent amount. The Tax Act provides that in some circumstances that the Partnership may be liquidated without incidence of taxation to Limited Partners provided that Limited Partners receive a proportionate undivided interest in each asset of the Partnership.

### ***Filing Requirements***

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A Limited Partner at any time in a fiscal period of the Partnership is required to file an information return in the prescribed form containing specified information for that year, including the income or loss of the Partnership and the names and shares of such income or loss of all the Partners. The filing of an annual information return by the General Partner on behalf of the Limited Partners will satisfy this requirement and the General Partner has agreed to make such filings. The General Partner will also provide the Limited Partners with information relevant to the allocation of the Partnership's income earned.

### ***Ineligibility for Exempt Plans***

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Units will not constitute a qualified investment, for purposes of the Tax Act, for a trust governed by a registered retirement savings plan, registered retirement income fund, registered disability savings plan, deferred profit sharing plan, tax-free savings account or registered education savings plan, all within the meaning of the Tax Act.



## ***United States Tax Considerations***

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The Partnership may invest in U.S. assets. As there are important U.S. tax considerations with respect to investing in the Limited Partnership Units, which are not summarized in this Offering Memorandum, it is strongly recommended that each Limited Partner obtain U.S. tax and legal advice with respect to the Offering and with respect to this Offering Memorandum.

Certain amounts that are allocated as income or capital gains to Limited Partners for Canadian tax purposes may be taxed on a different basis for U.S. tax purposes, so that there is tax payable in both Canada and the U.S. without a corresponding foreign tax credit.

In certain situations, Limited Partners may be required to obtain U.S. taxpayer identification numbers and to annually file tax returns and meet other filing requirements in the U.S.

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

The Manager or such other Sub Agent designated by it from time to time will provide certain services for the benefit of the Subscriber including, without limitation: (i) identifying and introducing to the Subscriber the opportunity to invest in the Partnership; (ii) meeting with the Subscriber as required during each calendar year to provide the Subscriber with insight into the development and progress of the Partnership's investment activities; (iii) providing the Subscriber with all reports and financial statements of the Partnership which may be relevant to the Subscriber's investment in the Blocks; and (iv) performing such additional services as may from time to time be mutually agreed between the Manager and/or the Sub Agent.

For services rendered in connection with the Offering and other related matters, the Manager or such other Sub Agent as designated by it from time to time (the "**Payee**") will receive a one-time Service Fee. On the Initial Closing Date, the Subscriber shall pay the Service Fee to the Payee as follows:

1. Nil if the Subscriber is an employee of Graham, Graham Income Trust or an "affiliate" of either of them within the meaning of the *Business Corporations Act* (Alberta);
2. Nil if the Subscriber is the Corporation;
3. 2.50%, if the dollar amount of the Subscriber's aggregate commitments to purchase securities of the Partnership under this Offering (funded and unfunded) is equal to or greater than \$500,000; and
4. 3.25%, if the dollar amount of the Subscriber's aggregate commitments to purchase securities of the Partnership under this Offering (funded and unfunded) is less than \$500,000.

The Service Fee shall be deducted from the funds delivered at the Initial Closing Date and the number of Units issued to the Subscriber shall be based upon the net proceeds of the Offering.

### **ITEM 8 – RISK FACTORS**

An investment in the Partnership carries a degree of risk, including, but not limited to, the risks referred to below. The risks referred to below are risks which are considered to be material but are not the only risks relating to the Partnership and the securities offered by the Partnership. There may be additional material risks that the Partnership does not currently consider to be material or of which the Partnership is not currently aware. Potential investors should review this document carefully and in its entirety and may wish to consult with their professional advisors before subscribing for Units. If any of the risks referred to in this document were to occur, the financial position and prospects of the Partnership could be materially adversely affected. If that were to occur, the value of the Units could decline significantly and investors could lose all or part of their investment.

The range of risks to which investors will be exposed in making an investment in the Partnership includes, but is not limited to, the following:

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**Lack of Liquidity**

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The assets of the Partnership are generally illiquid and there can be no assurance that the Partnership will be able to realize on its investments in a timely manner or at all.

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**Construction Risk**

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Some of the investments that the Partnership makes will be in pre-construction stage projects and, while the Partnership will attempt to mitigate much of the associated construction risk by entering into fixed price contracts with Graham and other credible construction firms, there is no assurance that it will be successful in doing so.

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**Operating**

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The Partnership will be responsible for operating and/or maintaining the projects in which it invests and, while it will attempt to mitigate any concomitant operating and capital cost risk by entering into long-term, fixed fee contracts with qualified and creditworthy service providers, there can be no assurance that it will be successful in doing so.

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**Debt Financing**

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The Partnership may fund some of the capital cost of projects and its investments with debt financing. The use of significant debt financing exposes the Partnership to the risk of a default on its debt obligations, counterparty credit risk and, in some cases, refinancing risk. While the Partnership will attempt to mitigate the above risks by raising prudent levels of debt financing, there is no assurance that it will be successful in doing so.

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**Demand Risk**

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Certain of the projects the Partnership may invest in might have leases or arrangements that expose the Partnership to revenue risk. In these circumstances, the Partnership will endeavour to carefully evaluate the associated risks during the project due diligence stage and ensure that its return expectations compensate for the risk assumed.

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**Regulatory Risk**

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While the Partnership intends to focus its activities in jurisdictions within North America that have stable regulatory regimes, there can be no assurance that changes in the regulatory and political landscape in a particular jurisdiction will not adversely impact the economics of a project in which the Partnership invests.

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**Availability of Projects**

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While there appears to be a sufficient number of investment opportunities for the Partnership at this time, there is no guarantee that the Partnership will be able to identify and source suitable projects or enter competitive bid processes on suitable terms.

## **No Market for Securities**

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There is no market through which the Units may be sold and the Partnership does not expect that any market will develop in the future. The Partnership is not a reporting issuer in any province or territory of Canada and may never become a reporting issuer. Accordingly, an investment in Units should only be considered by investors who do not require liquidity. The Partnership has no current plans to list any of its securities on any stock exchange.

## **Insufficient Funds to Accomplish the Partnership's Business Objectives**

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The proceeds of the Offering may not be sufficient to accomplish all of the Partnership's proposed objectives and there is no assurance that alternative financing will be available.

## **Performance of the Partnership and Operating History**

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The Partnership commenced operations in 2009 and owns interests in six portfolio investments. Past performance is not indicative of future results of the Partnership and there can be no assurance that targeted returns will be achieved. There can be no assurance that the Partnership will be able to implement its investment strategy and investment approach or achieve its investment objectives.

## **Reliance on Management and Directors**

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Investors will be indirectly relying on the Manager's expertise, historical performance, technical resources, and judgment in structuring portfolio investments. The Partnership will also be dependent on certain key individuals who are instrumental in the management of the Partnership. There can be no assurance that these individuals will continue their association with the Partnership or that the replacement personnel with comparable skills could be found.

## **Lack of Control by the Partnership**

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The Partnership may only have limited influence over the operations of the enterprises into which it invests, lends or otherwise finances or has a development interest as the holder of a minority interest or non-operating position.

## **Related Party Risk**

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There are potential conflicts of interest that could arise in connection with the directors and officers of the General Partner acting on behalf of the Partnership.

Subject to various governing documents, the Partnership and its respective affiliates may engage in activities that may be competitive with those in which the Partnership might be engaging, and will not be required to make available to the Partnership any investment opportunity, and may pursue any investment opportunity for their own accounts without liability to the Partnership.

Graham may be engaged to act as builder in respect of projects in which the Partnership is involved. Certain directors and officers are employees and own minority interests in the parent of Graham. The Partnership may invest in projects that Graham is not involved in as a builder or provider of construction services.

## **Illiquid and Long-Term Investments and Risks Inherent in Real Property Investments**

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All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, supply and demand for leased premises, competition from

other available premises and various other factors. The value of real property and any improvements thereto may also depend on the credit and financial stability of tenants. The Partnership's performance would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the properties in which the Partnership may have an interest were to become vacant and not able to be leased on economically favourable lease terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Certain tenants will have rights to terminate their leases or pay reduced rent in certain circumstances. There can be no assurance that such rights will not be exercised in the future. The terms of any subsequent lease may be less favourable to the Partnership than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the Partnership's investment may be incurred. Costs may also be incurred in making improvements or repairs to property required by a new tenant.

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## **Leases**

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To the extent that any of the properties in which the Partnership will have any interests are located on leased land, the land leases may be subject to periodic rate resets which result in significant rental rate adjustments.

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## **Limited Partnership Bound by General Partner**

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The Limited Partnership will be bound by all agreements made by the General Partner.

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## **Resources of the General Partner**

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While the General Partner has unlimited liability for the obligations of the Limited Partnership and has agreed to indemnify the Limited Partners in certain circumstances, the General Partner has limited financial resources and indemnification is limited to the extent of these assets. In the event of the loss of limited liability by the Limited Partners, the assets of the General Partner may not be sufficient to cover fully all outstanding liability.

## **ITEM 9 – REPORTING OBLIGATIONS**

Within sixty days after the end of each fiscal quarter, the Partnership will send to each holder of securities of the Partnership an update on the performance of each of the Partnership's investments, a valuation of the Net Asset Value of Units, and an update on the Partnership.

Within one hundred and twenty days after the end of each fiscal year, the Partnership will send to each investor audited comparative financial statements of the Partnership for the most recently completed fiscal year (including the report of the auditor), a report on allocations and distributions to securities holders for the fiscal year, and information concerning income tax reporting.

## **ITEM 10 – RESALE RESTRICTIONS**

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### **General Statement**

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

## **Restricted Period**

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Unless permitted under securities legislation, you cannot trade the securities before 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.

## **Manitoba Resale Restrictions**

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Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless: (i) 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 (ii) 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 – PURCHASER'S RIGHTS**

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

### **Two Day Cancellation Right**

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You can cancel your agreement to subscribe for these securities. To do so, you must send a notice to the Partnership by midnight on the second business day after you sign the agreement to subscribe for these securities.

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

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Securities legislation in certain of the provinces of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a "**misrepresentation**"). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defences and limitations contained under the applicable securities legislation.

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

### **Rights of Purchasers in Alberta**

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

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

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

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

### **Rights of Purchasers in British Columbia**

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

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

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

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

### **Rights of Purchasers in Saskatchewan**

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

- (a) the Partnership to cancel your agreement to buy these securities; and
- (b) for damages against the Partnership, every promoter of the Partnership, every person who was a director of the Partnership at the date of this Offering Memorandum, every person or company whose consent was filed respecting the Offering but only with respect to reports, opinions or statements made by such person or company, every other person who signed this Offering Memorandum, and every person or company that sold securities on behalf of the Partnership under this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Partnership, you will have no right of action for damages against the Partnership.

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

### **Rights of Purchasers in Manitoba**

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

- (a) the Partnership to rescind your agreement to buy these securities; and
- (b) for damages against the Partnership, every person who was a director of the General Partner at the date of this Offering Memorandum and every person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities. Additionally, if you elect to exercise a right of rescission against the Partnership, you will have no right of action for damages against the Partnership.

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

### **Rights of Purchasers in Ontario**

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If you are a resident of Ontario or subject to the securities laws of Ontario and are provided with a copy of this Offering Memorandum and/or such other documents which constitute an "offering memorandum" for the purposes of Ontario securities laws in connection with a sale of Blocks in reliance upon an exemption from the prospectus requirements in section 2.3 (accredited investor) of NI 45-106, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) for damages against the Partnership on whose behalf the distribution is made; and
- (b) where the purchaser purchased the securities from the Partnership, the purchaser may elect to exercise a right of rescission against the Partnership, in which case the purchaser shall have no right of action for damages against the Partnership pursuant to (a) above.

The Partnership will not be held liable under this paragraph if the Subscriber purchased the securities with the knowledge of the misrepresentation. In an action for damages, the 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 relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the securities were sold to the Subscriber.

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

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

**The foregoing are summaries only and are subject to the express provisions of applicable securities laws. The rights of action described above are in addition to and without derogation from any other right or remedy that a purchaser may have at law.**



## **ITEM 12 – FINANCIAL STATEMENTS**

Financial statements of

**GVest Private Equity  
Limited Partnership**

December 31, 2016

# **GVest Private Equity Limited Partnership**

December 31, 2016

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## Independent Auditor's Report

To the Partners of  
GVest Private Equity Limited Partnership

We have audited the accompanying financial statements of GVest Private Equity Limited Partnership, which comprise the statement of financial position as at December 31, 2016 and the statement of income and comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of GWest Private Equity Limited Partnership as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants  
March 16, 2017

# GWest Private Equity Limited Partnership

## Statement of financial position

as at December 31, 2016

(In Canadian dollars)

	2016	2015
	\$	\$
<b>Assets</b>		
Current assets		
Cash	2,709,596	3,040,029
Accounts receivable (Note 9)	11,363	6,573
Prepaid expenses	9,802	9,356
Due from related parties (Note 12)	484,780	94,861
Promissory note receivable (Note 9)	375,000	-
	<b>3,590,541</b>	<b>3,150,819</b>
Non-current assets		
Investment in GWest Eagle Landing Limited Partnership (Note 3)	7,259,389	6,905,239
Investment in GWest Tsawwassen Power Centre Limited Partnership (Note 4)	5,514,067	5,007,750
Investment in Edmonton SW Lands Limited Partnership (Note 5)	5,620,665	5,727,258
Investment in GWest Yesler Investment Corp. (Note 6)	63,632	13,555,617
Investment in GWest 11th and Alder Investment Limited Partnership (Note 7)	1,123,115	835,645
Investment in GWest 12th and Alder Investment Limited Partnership (Note 8)	3,741,627	3,373,096
Investment in St. Albert Re-development Land (Note 9)	-	666,674
Investment in GWest Marine & Kerr Limited Partnership (Note 10)	9,054,060	-
Notes receivable (Note 4 and 12)	2,602,380	525,000
	<b>34,978,935</b>	<b>36,596,279</b>
	<b>38,569,476</b>	<b>39,747,098</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	51,925	650,332
Non-current liability		
Due to GWest PE Ltd. (Note 12)	1,762,034	1,866,013
	<b>1,813,959</b>	<b>2,516,345</b>
<b>Unitholders' equity</b>		
General partner	1	1
Limited partners	36,755,516	37,230,752
	<b>36,755,517</b>	<b>37,230,753</b>
	<b>38,569,476</b>	<b>39,747,098</b>

Approved by the General Partner

\_\_\_\_\_, General Partner of the Partnership

The accompanying notes to the financial statements are an integral part of this financial statement.

# GWest Private Equity Limited Partnership

## Statement of income and comprehensive income

year ended December 31, 2016

(In Canadian dollars)

	2016	2015
	\$	\$
Revenue		
Investment	1,176,449	1,499,007
Rental	15,400	47,352
Interest (Note 12)	150,556	24,088
Guarantee fee (Note 12)	294,400	73,600
	1,636,805	1,644,047
Expenses		
Management fees (Note 12)	480,473	417,952
Professional fees	56,277	91,727
Directors' fees	48,000	48,000
Insurance	11,317	7,764
Property taxes and other rental expenses	10,479	10,525
Other	5,130	5,691
	611,676	581,659
Net income before foreign currency exchange and fair value gains	1,025,129	1,062,388
Foreign currency exchange gains	10,817	12,704
Fair value gains (Note 13)	1,856,339	6,563,171
Write off of investment	-	(228,417)
<b>Net income and total comprehensive income</b>	<b>2,892,285</b>	<b>7,409,846</b>

The accompanying notes to the financial statements are an integral part of this financial statement.



# GWest Private Equity Limited Partnership

## Statement of changes in equity year ended December 31, 2016 (In Canadian dollars)

	General Partner equity	Limited Partner equity	Total
	\$	\$	\$
Balance, January 1, 2015	1	28,998,624	28,998,625
Contributions	-	2,345,825	2,345,825
Redemptions	-	-	-
Distributions	-	-	-
Net income and total comprehensive income	1,523,543	5,886,303	7,409,846
Amount due to General Partner (Note 12)	(1,523,543)	-	(1,523,543)
Balance, December 31, 2015	1	37,230,752	37,230,753
Contributions	-	1,648,500	1,648,500
Distributions	(235,637)	(4,884,363)	(5,120,000)
Net income and total comprehensive income	131,658	2,760,627	2,892,285
Amount due from General Partner (Note 12)	103,979	-	103,979
<b>Balance, December 31, 2016</b>	<b>1</b>	<b>36,755,516</b>	<b>36,755,517</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# GWest Private Equity Limited Partnership

## Statement of cash flows

year ended December 31, 2016

(In Canadian dollars)

	2016	2015
	\$	\$
<b>Operating activities</b>		
Net income for the year	2,892,285	7,409,846
Items not affecting cash		
Fair value gains	(1,856,339)	(6,563,171)
Write off of investment	-	228,417
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	5,210	(5,784)
Increase in prepaid expenses	(446)	(3,461)
Increase in due from related parties	(430,415)	(73,600)
(Decrease) increase in accounts payable and accrued liabilities	(598,407)	157,094
	11,888	1,149,341
<b>Investing activities</b>		
Investment in GWest Eagle Landing Limited Partnership	-	(35,000)
Investment in GWest Tsawwassen Power Centre Limited Partnership	-	(735,000)
Investment in Gvest 11th and Alder Investment Limited Partnership	-	(893,849)
Investment in Gvest 12th and Alder Investment Limited Partnership	-	(906,486)
Investment in GWest Yesler Investment Corp.	-	(505,865)
Investment in GWest Marine & Kerr Limited Partnership	(9,054,060)	-
Distribution from GWest Eagle Landing Limited Partnership	-	1,750,000
Distribution from GWest 11th & Alder Investment Limited Partnership	-	34,276
Distribution from GWest 12th & Alder Investment Limited Partnership	-	215,863
Proceeds from sale of St. Albert Re-development Land	318,496	-
Proceeds from sale of GWest Yesler Investment Corp.	13,901,627	-
Collection of loan receivable	-	100,000
Notes receivable issued	(2,036,884)	(525,000)
	3,129,179	(1,501,061)
<b>Financing activities</b>		
Proceeds from issuance of Limited Partnership units	1,648,500	2,345,825
Distributions paid	(5,120,000)	-
	(3,471,500)	2,345,825
Change in cash during the year	(330,433)	1,994,105
Cash, beginning of year	3,040,029	1,045,924
<b>Cash, end of year</b>	<b>2,709,596</b>	<b>3,040,029</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# GWest Private Equity Limited Partnership

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 1. Nature of operations

GWest Private Equity Limited Partnership (the "Partnership") was formed pursuant to a limited partnership agreement ("LPA") and registered under the laws of the province of Alberta on December 3, 2009. The Partnership is located at 10840 27 Street SE, Calgary, Alberta, Canada, T2Z 3R6.

The business of the Partnership is to invest directly or indirectly through the formation of or investment in joint ventures, limited partnerships, corporations or any other form of entity, in (i) the development, construction, financing or acquisition of real estate properties, and private businesses, whether directly, in whole or in part, or by investing in equity, debt or other instruments issued by entities that are involved therein; (ii) financial instruments, whether or not publicly traded; and (iii) publicly traded securities; all of which may be based or located in Canada and/or the United States. The General Partner of the Partnership is GWest PE Ltd. (the "General Partner").

The Partnership will follow the procedure for dissolution upon the occurrence of the earliest of any of the following events or dates:

- (a) The date which is 50 years after the date the Partnership was formed (December 3, 2059) or such other date as is specified in a special resolution;
- (b) The General Partner, at any time after the lock-up date, declaring the Partnership to be dissolved by notice in writing to all of the Limited Partners;
- (c) The removal of the General Partner; or
- (d) The Limited Partners, by special resolution, electing to terminate the Partnership.

### 2. Significant accounting policies

#### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") effective as at December 31, 2016.

These financial statements were authorized for issuance by the General Partner of the Partnership on March 16, 2017.

#### (b) Basis of preparation

These financial statements have been prepared on a going concern basis and the historical cost basis, except for certain financial instruments and investments that have been measured at fair value. The financial statements include only the assets, liabilities and operations of the Partnership and do not include any assets or liabilities, including income taxes, of the Partners.

#### (c) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial liabilities are classified as at FVTPL or other financial liabilities.

An instrument is classified as at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as at FVTPL if the Partnership makes purchase and sale decisions based on their fair value in accordance with the Partnership's risk management strategy.

# GWest Private Equity Limited Partnership

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (c) *Financial instruments (continued)*

The Partnership is an investment company, investing primarily in projects that are sold in the short to medium-term. The investments are managed and their performance is evaluated on a fair value basis, in accordance with the Partnership's documented investment strategy and, as such, its investments are designated on initial recognition as at FVTPL in accordance with International Accounting Standard ("IAS") 39, *Financial Instruments: Recognition and Measurement*. Financial instruments at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

The determination of fair value of these investments measured at FVTPL has been determined as described in further detail in each of the Notes 3 to 10, respectively.

Cash, accounts receivable, due from related parties, promissory note receivable and notes receivable are classified as loans and receivables. Accounts payable and accrued liabilities and Due to GWest PE Ltd. are classified as other financial liabilities. Loans and receivables and other financial liabilities are recognized initially at fair value then measured at amortized cost using the effective interest method, less any impairment losses.

#### (d) *Revenue recognition*

Rental revenue from operating leases is recognized on a straight-line basis over the term of the relevant lease.

Investment revenue and guarantee revenue are recognized when the Partnership's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Partnership and the amount of income can be measured reliably.

Interest revenue from a financial asset is recognized when it is probable that the economic benefits will flow to the Partnership and the amount of income can be measured reliably. Interest revenue is recognized by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### (e) *Impairment*

For financial assets other than those classified as FVTPL, an assessment is made each period by management as to whether any objective evidence of impairment exists. Factors considered in determining such objective evidence include the length of time and the extent of unrealized loss, the financial condition and near-term prospects of the issuer, and the Partnership's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery.

For financial assets carried at amortized cost, if, in subsequent periods, the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the loss is reversed in the statement of income and comprehensive income. The reversal is limited to the amortized amount of the financial asset had there been no impairment recognized in a prior period.

The Partnership reviews non-financial assets annually for impairment. If the net carrying amount of an asset, which is considered impaired, exceeds the estimated recoverable amount, the excess is charged to the statement of income and comprehensive income as an impairment loss.

Management also assesses annually whether there is any indication that an impairment loss recognized in a prior period may no longer exist or may have decreased. If such indication exists, the estimated recoverable amount is compared to the carrying amount and, if the recoverable amount exceeds the carrying amount, the prior impairment loss is reversed, to bring the carrying amount to a maximum of the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized in a prior period.

# GWest Private Equity Limited Partnership

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (f) *Income taxes*

The Partnership is not, in itself, a taxable entity; however, it is required to compute its taxable income as though it was an individual subject to income taxes and allocate such taxable income to its Partners. The share of the annual income or loss allocated to each Partner is included in their respective income tax returns. The Partnership does not include a provision for income taxes payable by its Partners in its financial statements.

#### (g) *Provisions*

Provisions are recognized when the Partnership has a present obligation (legal or constructive) as a result of a past event, it is probable that the Partnership will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

#### (h) *Use of estimates and judgments*

In the application of the Partnership's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying the accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to the following:

##### *i. Critical judgments in applying accounting policies*

##### *Financial instruments*

Management applies critical judgment in determining the designation of the financial instruments into the appropriate classifications. Judgment is also applied in determining whether the Partnership has significant influence or control over the investments.

The Partnership's accounting policies relating to financial instruments are described in Note 2(c). Critical judgments inherent in these policies related to applying the criteria set out in IAS 39, *Financial Instruments: Recognition and Measurement*, to designate financial instruments into categories (at FVTPL, held-to-maturity investments, available-for-sale financial assets, loans and receivables, and other financial liabilities).

# GWest Private Equity Limited Partnership

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (h) *Use of estimates and judgments (continued)*

##### ii. Key sources of management uncertainty

###### Investments

Estimates are applied by management in determining certain assumptions such as capitalization rates, future cash flows, net operating income, general economic factors, specific industry factors, project risk and current market conditions in determining the fair value of the investments.

Management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

#### (i) *Foreign currency translation*

Foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the date of the transaction. At each statement of financial position date, monetary items denominated in a foreign currency are adjusted to reflect the exchange rate in effect at the statement of financial position date and the related exchange gain or loss is recognized in profit or loss.

#### (j) *Accounting standards and amendments issued but not yet adopted*

In July 2014, the International Accounting Standards Board ("IASB") completed the final phase of its project to replace IAS 39, the current standard on the recognition and measurement of financial instruments. IFRS 9 is now the new standard, which sets out the recognition and measurement requirements for financial instruments and some contracts to buy or sell non-financial items. IFRS 9 proposes a single model of classifying and measuring financial assets and liabilities, and provides for only two classification categories: amortized cost and fair value. Hedge accounting requirements have also been updated in the new standard and are now more aligned with the risk management activities of an entity. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted; however, if an entity elects to apply this standard early, it must disclose that fact and apply all of the requirements in this standard at the same time.

IFRS 15, *Revenue from Contracts with Customers*, was issued by the IASB in May 2014 to replace IAS 15, *Construction Contracts*, IAS 18, *Revenue*, International Financial Reporting Interpretations Committee ("IFRIC") 13, *Customer Loyalty Programs*, 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*. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers, replacing the multiple rules in IAS 15, IAS 18, IFRIC 13, IFRIC 15 and Standard Interpretations Committee ("SIC") 31, and has an effective date of January 1, 2018.

IFRS 16, *Leases*, was issued by the IASB on January 2016. This standard is required to be applied for accounting periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied.

The Company is currently assessing the impact of these standards on the financial statements.

### 3. Investment in GWest Eagle Landing Limited Partnership

The Partnership's investment in 100% of limited partnership units of GWest Eagle Landing Limited Partnership ("GWest Eagle") represents a 25% interest in Eagle Landing Development Retail Limited Partnership. GWest Eagle is responsible for providing financing for the development of a 360,000 square foot shopping centre and retail complex located in Chilliwack, B.C.

# GWest Private Equity Limited Partnership

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 3. Investment in GWest Eagle Landing Limited Partnership (continued)

As at December 31, 2016 and December 31, 2015, the fair value of the Partnership's investment in GWest Eagle has been determined using the direct income capitalization approach. The direct income capitalization approach values an investment by dividing the forecast stabilized net operating income (when 97% of leases are executed) by capitalization rates of 5.48% to 6.25% (2015 - 5.48% to 6.25%).

The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions. Net operating income is discounted from the date that stabilized net operating income is expected to be achieved, to the statement of financial position date using a discount rate of 10% (2015 - 15%).

The discount rate used represents the rate of return an investor would expect to earn given the risks associated with achieving the forecast stabilized net operating income, general economic factors, specific industry factors and having a regard for current market conditions. The investment in GWest Eagle is sensitive to changes in the assumptions in the forecast stabilized net operating income and to changes in the discount rate.

The cost of the investment is \$4,044,828.

### 4. Investment in GWest Tsawwassen Power Centre Limited Partnership

The Partnership's investment in limited partnership units of GWest Tsawwassen Power Centre Limited Partnership ("GWest Tsawwassen") represents a 17% (2015 - 17%) interest. In addition, the Partnership also invested in promissory notes issued by GWest Tsawwassen (Note 12). GWest Tsawwassen is responsible for providing financing for the development of a 549,343 square foot shopping centre situated in Tsawwassen, B.C.

The fair value of the Partnership's investment in GWest Tsawwassen has been determined using the direct income capitalization approach. The direct income capitalization approach values an investment by dividing the forecast stabilized net operating income by the capitalization rate of 5% (2015 - 5.35%).

The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions. Net operating income is discounted from the date that stabilized net operating income is expected to be achieved, to the statement of financial position date using a discount rate of 15% (2015 - 15%), which resulted in a price of \$1,211 per unit (2015 - \$1,100 per unit).

The cost of the investment is \$4,759,000.

### 5. Investment in Edmonton SW Lands Limited Partnership

The Partnership purchased 156.8 limited partnership units (15.7%) of Edmonton SW Lands Limited Partnership ("Edmonton SW"). The project consists of two parcels of land in the southwest section of Edmonton (approximately 300 acres designated as residential and approximately 160 acres as commercial lands).

The commercial lands are principally being developed as The Currents of Windermere and Windermere Crossing. The Currents of Windermere have approximately 981,298 square feet of rented space. The Windermere Crossing has over 155,313 square feet of rented space. The total development area is expected to be over 1.1 million square feet of rentable space.

As at December 31, 2016, the fair value of the Partnership's investment in the commercial portion of Edmonton SW has been determined using the direct income capitalization approach. The direct income capitalization approach values an investment by dividing the net operating income by the capitalization rate of 5.50% to 5.75% (2015 - 5.75%). The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions. The remaining undeveloped 35 acres (December 31, 2015 - 35 acres) are valued at \$1.2 to \$1.5 million per acre (2015 - \$1.2 to \$1.5 million per acre).



# GWest Private Equity Limited Partnership

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 5. Investment in Edmonton SW Lands Limited Partnership (continued)

The fair value of the Partnership's investment in the residential portion of Edmonton SW has been determined using a discounted cash flow analysis using a discount rate of 25% (2015 - 25%). The discount rate represents the rate of return an investor would expect to earn.

The cost of the investment is \$3,307,497.

### 6. Investment in GWest Yesler Investment Corp.

The Partnership's investment in 100% of shares of GWest Yesler Investment Corp. ("GWest Yesler") represents 90.84% (2015 - 91.32%) interest in the 12th & Yesler project. The Partnership was responsible for providing financing for the development of a 120-unit apartment building with 4,000 square feet of ground floor retail and two levels of parking totaling approximately 124,000 gross square feet in Seattle, WA. On May 14, 2015, the 12th & Yesler project obtained the certificate of occupancy. On September 15, 2016, the 12th & Yesler project sold the apartment building and the Partnership received \$13,901,627 for its share of proceeds.

The remaining fair value of the Partnership's investment in GWest Yesler represents residual cash that is expected to be distributed in 2017.

The cost of the investment was \$7,647,773.

### 7. Investment in GWest 11th and Alder Investment Limited Partnership

The Partnership's investment in 38.44% of limited partnership units of GWest 11th and Alder Investment Limited Partnership ("GWest 11th & Alder") represents an indirect interest of 11.66% in the 11th & Alder project. The Partnership is responsible for providing financing for the development of an 85-unit apartment building totalling approximately 74,000 gross square feet in Seattle, WA. On October 10, 2016, the 11th & Alder project obtained the temporary certificate of occupancy and as of December 31, 2016, the lease rate is 37%.

As at December 31, 2016, the fair value of the Partnership's investment in GWest 11th and Alder has been determined using the direct income capitalization approach. The direct income capitalization approach values an investment by dividing the forecast stabilized net operating income by the capitalization rate of 5% (2015 - 5.24%).

The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions. Net operating income is discounted from the date that stabilized net operating income is expected to be achieved, to the statement of financial position date using a discount rate of 10% (2015 - 15%).

The cost of the investment is \$936,948 CAD.

### 8. Investment in GWest 12th and Alder Investment Limited Partnership

The Partnership's investment in 66.46% of limited partnership units of GWest 12th and Alder Investment Limited Partnership ("GWest 12th & Alder") represents an indirect interest of 38.87% in the 12th & Alder project. The Partnership is responsible for providing financing for the development of a 75-unit apartment building with 5,000 square feet of retail totalling approximately 68,000 gross square feet in Seattle, WA. On June 30, 2016, the 12th & Alder project obtained the temporary certificate of occupancy and as of December 31, 2016, the lease rate is 95%.

As at December 31, 2016, the fair value of the Partnership's investment in GWest 12th and Alder has been determined using the direct income capitalization approach. The direct income capitalization approach values an investment by dividing the forecast stabilized net operating income by the capitalization rate of 5% (2015 - 5.24%).

The capitalization rate used represents general economic factors, specific industry factors, project risk and current market conditions. Net operating income is discounted from the date that stabilized net operating income is expected to be achieved, to the statement of financial position date using a discount rate of 10% (2015 - 15%). The cost of the investment is \$2,634,178 CAD.

# GWest Private Equity Limited Partnership

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 9. Investment in St. Albert Re-development Land

In May 2012, the Partnership purchased a city lot located in downtown St. Albert, Alberta. The lot is part of a contiguous three-lot land assembly. The project is in the early development stage.

On December 21, 2016, the Partnership sold the land for total proceeds of \$703,496. Of the total proceeds, \$375,000 is a vendor take back promissory note with interest at a rate of 7% per annum payable on a monthly basis. Principal and any unpaid interest are payable on December 13, 2017. Interest receivable from above promissory note of \$1,363 is included in accounts receivable.

In addition, \$10,000 of the total proceeds are held in trust and included in accounts receivable, which will be held until certain conditions are met. These conditions are expected to be met in the next twelve months.

### 10. Investment in GWest Marine & Kerr Limited Partnership

In 2016, the Partnership invested in 100% of the limited partnership units of GWest Marine & Kerr Limited Partnership. GWest Marine & Kerr Limited Partnership is responsible for providing financing for the development of a multi-family residential development of approximately 80,000 square feet of townhomes and a rental apartment building on 1.14 acres of land located in Vancouver, B.C. The project is in the early development stage.

The fair value of the investment approximates its cost.

### 11. Partnership capital

As at December 31, 2016, the Partnership had capital totalling \$33,291,904 (2015 - \$31,643,404).

Total units issued and outstanding as at December 31, 2016 are 3,356,545 (2015 - 3,212,568).

Distributable cash will be allocated between the General Partner and the Limited Partners, in proportion to the General Partner's Capital Account and each Series Capital Account as at the date of the relevant distribution, and as among the Limited Partners holding Units of a particular Series as at that date, pro rata in accordance with the number of Units of that Series held by them on that date.

### 12. Related party transactions

During the year, the Partnership had related party transactions as follows:

	2016	2015
	\$	\$
Management fees due to the Manager of the Partnership	480,473	417,952
Guarantee fee revenue	294,400	73,600
Interest income	136,016	22,135

The Partnership entered into a management services agreement with Gracorp Capital Advisors Ltd. (the "Manager"), a related company. Under the terms of the management services agreement, the Manager is entitled to receive a fee calculated and payable quarterly in advance of 1.25% of the net asset value of the Partnership at the beginning of the relevant calendar quarter. As at December 31, 2016, no outstanding balance was payable to the Manager (2015 - \$584,039).

In 2015, the Partnership entered into a guarantee fee agreement with GWest Tsawwassen. Under the terms of the guarantee fee agreement, the Partnership is entitled to receive a guarantee fee calculated at 2% of the guarantee amount over the term of the loan. As at December 31, 2016, guarantee fee receivable from the related entity is \$368,000 (2015 - \$73,600).

# GWest Private Equity Limited Partnership

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

### 12. Related party transactions (continued)

Notes receivable from GWest Tsawwassen comprises of:

	Maturity	Interest rate	2016	2015
			\$	\$
Grid Promissory Note 1	May 2018	8%	692,380	525,000
Secured Grid Promissory Note	May 2017	8%	1,910,000	-
			<b>2,602,380</b>	<b>525,000</b>

Interest receivable from above notes receivable of \$116,780 (2015 - \$21,261) is included in due from related parties.

The amount of \$1,762,034 (2015 - \$1,866,013) due to GWest PE Ltd. is unsecured, non-interest bearing and has no specified terms of repayment. This balance relates to the share of net asset value and performance incentive adjustment attributable to the General Partner in accordance with the LPA. This amount is not expected to be paid in the next 12 months.

These transactions are in the normal course of operations and are measured at the exchange amount. The exchange amount is the amount of consideration established and agreed to by the related parties at the time of the transactions.

### 13. Fair value gains

	2015			2016	
	Fair value	Additions	Disposals	Fair value gain (loss)	Fair value
	\$	\$	\$	\$	\$
GWest Eagle Landing Limited Partnership	6,905,239	-	-	354,150	7,259,389
GWest Tsawwassen Power Centre Limited Partnership	5,007,750	-	-	506,317	5,514,067
Edmonton SW Lands Limited Partnership	5,727,258	-	-	(106,593)	5,620,665
GWest Yesler Investment Corp	13,555,617	-	(13,901,627)	409,642	63,632
GWest 11th and Alder Investment Limited Partnership	835,645	-	-	287,470	1,123,115
GWest 12th and Alder Investment Limited Partnership	3,373,096	-	-	368,531	3,741,627
St. Albert Re-development Land	666,674	-	(703,496)	36,822	-
GWest Marine & Kerr Limited Partnership	-	9,054,060	-	-	9,054,060
	<b>36,071,279</b>	<b>9,054,060</b>	<b>(14,605,123)</b>	<b>1,856,339</b>	<b>32,376,555</b>

### 14. Risk management and fair value

#### a) Risk management

The Partnership may be exposed to a variety of financial risks. The Partnership's exposure to financial risks is concentrated in its investment holdings. The Partnership's risk management practice includes oversight by the General Partner's Board of Directors. The Manager of the Partnership manages the potential effects of financial risks on the Partnership's performance by regularly monitoring the Partnership's investment and market events.

# GWest Private Equity Limited Partnership

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 14. Risk management and fair value (continued)

#### a) *Risk management (continued)*

##### Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or factors affecting all similar financial instruments traded in a market. Loans and receivables and other financial liabilities are short-term in nature and will not fluctuate with changes in market prices. As at December 31, 2016, 96% (2015 - 97%) of the Partnership's net assets was held in investments that are not traded in an active market.

##### Credit risk

Credit risk is the risk that a loss could arise from an investor or counterparty to a financial instrument not being able to meet its financial obligation.

Credit risk arises from cash held at banks and the investment in notes receivable. The maximum exposure to credit risk is the carrying value of financial instruments as disclosed in the statement of financial position. Cash balances are held on deposit with a Canadian chartered bank. The notes receivable are mostly unsecured with no terms of repayment.

##### Interest rate risk

Interest rate risk is the risk that the market value of the Partnership's interest-bearing investments will fluctuate due to changes in market interest rates. The Partnership's exposure to interest rate cash flow risk is not significant.

##### Currency risk

Currency risk is the risk that the value of financial instruments denominated in foreign currencies will fluctuate due to changes in exchange rates. The assets and liabilities of the Partnership are held in the functional currency of the Partnership, which is the Canadian dollar. The Partnership's exposure to currency risk is not significant.

Currency risk is the risk that the value of financial instruments denominated in foreign currencies will fluctuate due to changes in exchange rates. As at December 31, 2016 - 13% (2015 - 45%) of the Partnership's assets were held in investments that are denominated in foreign currencies.

# GWest Private Equity Limited Partnership

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

### 14. Risk management and fair value (continued)

#### a) Risk management (continued)

##### Liquidity risk

Liquidity risk is the risk that the Partnership will encounter difficulty in meeting its financial liabilities. Liquidity risk may result from an inability to sell an investment at close to its fair value. Given the private nature of the Partnership's investments, there can be no assurances that an active market for the investment will exist at all times. Positive working capital is maintained to cover the operating expenses of the Partnership.

	2016			
	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year
	\$	\$	\$	\$
Accounts payable and accrued liabilities	51,925	-	-	-
Due to GWest PE Ltd.	-	-	-	1,762,034
	51,925	-	-	1,762,034
				1,813,959

	2015			
	Less than 1 month	1 to 3 months	3 months to 1 year	More than 1 year
	\$	\$	\$	\$
Accounts payable and accrued liabilities	650,332	-	-	-
Due to GWest PE Ltd.	-	-	-	1,866,013
	650,332	-	-	1,866,013
				2,516,345

##### Capital management

The Partnership's capital comprises unitholders' equity since it has no long-term debt. The Partnership's objective in managing capital is to maximize returns to unitholders while maintaining sufficient liquidity and resources to fund day-to-day operations and meet long-term growth objectives. There are no externally imposed restrictions on capital.

#### b) Fair value

The following table provides an analysis of financial instruments and investments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# GWest Private Equity Limited Partnership

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

### 14. Risk management and fair value (continued)

#### b) Fair value (continued)

The carrying values of cash, accounts receivable, due from related parties, promissory note receivable, notes receivable, and accounts payable and accrued liabilities approximates their fair value due to the immediate or short term maturity of these financial instruments. These financial instruments are considered Level 3.

	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Level 3 fair value measurements				
Investment in				
GWest Eagle Landing Limited Partnership	7,259,389	7,259,389	6,905,239	6,905,239
GWest Tsawwassen Power Centre Limited Partnership	5,514,067	5,514,067	5,007,750	5,007,750
Edmonton SW Lands Limited Partnership	5,620,665	5,620,665	5,727,258	5,727,258
GWest Yesler Investment Corp.	63,632	63,632	13,555,617	13,555,617
GWest 11th & Alder Investment Limited Partnership	1,123,115	1,123,115	835,645	835,645
GWest 12th & Alder Investment Limited Partnership	3,741,627	3,741,627	3,373,096	3,373,096
St. Albert Re-development Land	-	-	666,674	666,674
GWest Marine & Kerr Limited Partnership	9,054,060	9,054,060	-	-
	<b>32,376,555</b>	<b>32,376,555</b>	<b>36,071,279</b>	<b>36,071,279</b>

The Partnership's policy is to recognize transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. As at December 31, 2016, all of the Partnership's investments were Level 3 inputs. There were no transfers in or out of Level 3 fair value measurements during the year.

Fair values have been determined by management and are subjective in nature and involve estimates and matters of judgment.

The fair value measurements for investments in GWest Eagle Landing Limited Partnership, GWest Tsawwassen Power Centre Limited Partnership, Edmonton SW Lands Limited Partnership, GWest Yesler Investment Corp., GWest 11th and Alder Investment Limited Partnership, GWest 12th and Alder Investment Limited Partnership, St. Albert Re-development Land and GWest Marine & Kerr Limited Partnership are primarily driven by the underlying fair values of the investment property that each of those entities are invested in respectively. A change to reasonably possible alternative estimates and assumptions used in the valuation of these investment properties, such as a change in capitalization rates, cash inflow and outflow forecasts, or judgments made in the fair value of early stage developments, may have a significant impact on the fair values calculated for these financial assets. The Partnership's determination of fair value has been disclosed in Notes 3, 4, 5, 6, 7, 8, 9, and 10, respectively.

### 15. Comparative information

Certain comparative figures (notes receivable, accounts receivable, and due from related parties) have been reclassified to conform to the financial statement presentation adopted for the current year.

Financial statements of

**GVest PE Ltd.**

December 31, 2016

# **GVest PE Ltd.**

December 31, 2016

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# Independent Auditor's Report

To the Shareholders of  
GVest PE Ltd.

We have audited the accompanying financial statements of GVest PE Ltd., which comprise the statement of financial position as at December 31, 2016 and the statement of income (loss) and comprehensive income (loss), statement of changes in equity, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of GWest PE Ltd. as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants  
March 16, 2017

# GWest PE Ltd.

## Statement of financial position as at December 31, 2016

(In Canadian dollars)

	2016	2015
	\$	\$
<b>Assets</b>		
Current asset		
Cash	16	8
Non-current assets		
Investment in GWest Private Equity Limited Partnership (Note 3)	1	1
Due from GWest Private Equity Limited Partnership (Note 4)	1,762,034	1,866,013
	<b>1,762,035</b>	<b>1,866,014</b>
	<b>1,762,051</b>	<b>1,866,022</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	1	1
Non-current liability		
Due to Gracorp Capital Advisors Ltd. (Note 5)	1,762,034	1,866,013
	<b>1,762,035</b>	<b>1,866,014</b>
<b>Shareholders' equity</b>		
Share capital (Note 6)	100	100
Deficit	(84)	(92)
	<b>16</b>	<b>8</b>
	<b>1,762,051</b>	<b>1,866,022</b>

Approved by the General Partner

\_\_\_\_\_  
Director

The accompanying notes to the financial statements are an integral part of this financial statement.

# GWest PE Ltd.

## Statement of income (loss) and comprehensive income (loss) year ended December 31, 2016

(In Canadian dollars)

	2016	2015
	\$	\$
Revenue		
Income from GWest Private Equity Limited Partnership (Note 4)	131,658	1,523,543
Expenses		
Service fees (Note 5)	131,658	1,523,543
Other (recovery) expenses	(8)	16
	131,650	1,523,559
<b>Net income (loss) and comprehensive income (loss)</b>	<b>8</b>	<b>(16)</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# GWest PE Ltd.

## Statement of changes in equity year ended December 31, 2016

(In Canadian dollars)

	Share capital	Deficit	Total
	\$	\$	\$
Balance, January 1, 2015	100	(76)	24
Net loss and comprehensive loss for the year	-	(16)	(16)
Balance, December 31, 2015	100	(92)	8
Net income and comprehensive income for the year	-	8	8
<b>Balance, December 31, 2016</b>	<b>100</b>	<b>(84)</b>	<b>16</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# GWest PE Ltd.

## Statement of cash flows

year ended December 31, 2016

(In Canadian dollars)

	2016	2015
	\$	\$
<b>Operating activity</b>		
Net income (loss) for the year	8	(16)
<b>Investing activity</b>		
Payments from GWest Private Equity Limited Partnership	235,637	-
<b>Financing activity</b>		
Payments to Gracorp Capital Advisors Ltd.	(235,637)	-
Increase (decrease) in cash during the year	8	(16)
Cash, beginning of year	8	24
<b>Cash, end of year</b>	<b>16</b>	<b>8</b>

The accompanying notes to the financial statements are an integral part of this financial statement.

# GWest PE Ltd.

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 1. Reporting entity

GWest PE Ltd. (the "Company") is a private company established under the laws of the Province of Alberta on April 1, 2009 with its principal business office located at 10840 - 27th Street SE, Calgary, Alberta, Canada, T2Z 3R6.

The immediate parent of the Company is GWest Private Equity Ltd.

The Company is the General Partner of GWest Private Equity Limited Partnership (the "Partnership"). The Partnership was formed pursuant to a limited partnership agreement ("LPA") and registered under the laws of the province of Alberta on December 3, 2009. The business of the Partnership is to invest directly or indirectly through the formation of or investment in joint ventures, limited partnerships, corporations or any other form of entity, in (i) the development, construction, financing or acquisition of real estate properties, and private businesses, whether directly, in whole or in part, or by investing in equity, debt or other instruments issued by entities that are involved therein; (ii) financial instruments, whether or not publicly traded; and (iii) publicly traded securities; all of which may be based or located in Canada and/or the United States.

### 2. Significant accounting policies

#### (a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") effective as at December 31, 2016.

These financial statements were authorized for issuance by the General Partner of the Partnership on March 16, 2017.

#### (b) Basis of preparation

These financial statements have been prepared on a going concern basis and the historical cost basis, except for certain financial instruments that have been measured at fair value through profit and loss ("FVTPL").

#### (c) Investment in GWest Private Equity Limited Partnership

The Company records its investment in the Partnership, in which the Company is the general partner, using the equity method under the provisions of International Accounting Standard ("IAS") 28. The Company does not control the Partnership but does exercise significant influence. An assessment is made each period by management as to whether any objective evidence of impairment exists. If it is determined that the investment is impaired, its carrying value is written down to its fair value, and any cumulative loss amount recognized in other comprehensive income (loss) is reclassified to net income (loss).

#### (d) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity investments, available-for-sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial liabilities are classified as FVTPL or other financial liabilities.

An instrument is classified as at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated as at FVTPL if the Company makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy.

# GWest PE Ltd.

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (d) *Financial instruments (continued)*

Financial instruments, such as cash, due from (to) related parties and accounts payable and accrued liabilities, are recognized initially at fair value and then measured at amortized cost using the effective interest method less any impairment losses.

#### (e) *Impairment*

For financial assets other than those classified as at FVTPL, an assessment is made each period by management as to whether any objective evidence of impairment exists. Factors considered in determining such objective evidence include the length of time and the extent of unrealized loss, the financial condition and near-term prospects of the issuer, and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. If it is determined that the security is impaired, the carrying value of the security is written down to its fair value, and any cumulative loss amount recognized in other comprehensive income (loss) is reclassified to net income (loss).

For financial assets carried at amortized cost, if in subsequent periods the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized, the loss is reversed in the statement of loss and comprehensive loss. The reversal is limited to the amortized amount of the financial asset had there been no impairment recognized in a prior period.

The Company reviews non-financial assets, including investments in subsidiaries, annually for impairment. If the net carrying amount of an asset, which is considered impaired, exceeds the estimated recoverable amount, the excess is charged to the statement of income (loss) and comprehensive income (loss) as an impairment loss.

Management also assesses annually whether there is any indication that an impairment loss recognized in a prior period may no longer exist or may have decreased. If such indication exists, the estimated recoverable amount is compared to the carrying amount and, if the recoverable amount exceeds the carrying amount, the prior impairment loss is reversed to bring the carrying amount to a maximum of the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized in a prior period.

#### (f) *Revenue recognition*

Investment income is recognized when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

#### (g) *Use of estimates and judgments*

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.



# GVest PE Ltd.

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (g) *Use of estimates and judgments (continued)*

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements relate to the following:

##### Critical judgments in applying accounting policies

###### Financial instruments

Management applies critical judgment in determining the designation of the financial instruments into the appropriate classifications.

Judgment is also applied in determining whether the Company has significant influence or control over the investment.

Management must assess whether the acquisition of an investment should be accounted for as an asset purchase or business combination. This assessment impacts the treatment of transaction costs, the treatment of acquisition costs and whether or not goodwill is recognized.

#### (h) *Accounting standards and amendments issued but not yet adopted*

In July 2014, the International Accounting Standards Board ("IASB") completed the final phase of its project to replace IAS 39, the current standard on the recognition and measurement of financial instruments. IFRS 9 is now the new standard which sets out the recognition and measurement requirements for financial instruments and some contracts to buy or sell non-financial items. IFRS 9 proposes a single model of classifying and measuring financial assets and liabilities and provides for only two classification categories: amortized cost and fair value. Hedge accounting requirements have also been updated in the new standard and are now more aligned with the risk management activities of an entity. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Early adoption is permitted; however, if an entity elects to apply this standard early, it must disclose that fact and apply all of the requirements in this standard at the same time. The Company intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. Management has not yet evaluated the impact of this new standard on the Company's financial statements and disclosures.

IFRS 15, Revenue from Contracts with Customers, was issued by the IASB in May 2014 to replace IAS 15, Construction Contracts, IAS 18, Revenue, International Financial Reporting Interpretations Committee ("IFRIC") 13, Customer Loyalty Programs, 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. IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers, replacing the multiple rules in IAS 15, IAS 18, IFRIC 13, IFRIC 15 and Standard Interpretations Committee ("SIC") 31. The Company continues to monitor this project and the financial reporting implications. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. Management has not yet evaluated the impact of this new standard on the Company's financial statements and disclosures.

IFRS 16, Leases, was issued by the IASB on January 2016. This standard is required to be applied for accounting periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied. The Company has not yet assessed the impact of the standard on the financial statements.

# GWest PE Ltd.

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 3. Investment in GWest Private Equity Limited Partnership

Upon execution of the LPA, the Company contributed \$1 to the capital of the Partnership, which was represented by one unit.

### 4. Due from GWest Private Equity Limited Partnership

The amount due from the Partnership is non-interest bearing and has no fixed terms of repayment. As per a service agreement dated December 3, 2009, the Partnership accrues and pays to the Company a service fee based on the net asset value adjustment and the performance incentive adjustment. The amount is not expected to be received in the next twelve months.

These transactions are in the normal course of operations and are measured at the exchange amount. The exchange amount is the amount of consideration established and agreed to by the related parties at the time of the transactions.

### 5. Due to Gracorp Capital Advisors Ltd.

The amount due to Gracorp Capital Advisors Ltd. is non-interest bearing and has no fixed terms of repayment. As per a service agreement dated December 3, 2009, the Company accrues and pays service fees based on the net asset value adjustment and the performance incentive adjustment to Gracorp Capital Advisors Ltd. The amount is not expected to be paid in the next twelve months.

These transactions are in the normal course of operations and are measured at the exchange amount. The exchange amount is the amount of consideration established and agreed to by the related parties at the time of the transactions.

### 6. Share capital

*Authorized*, unlimited number

Common voting shares

*Issued*

	2016	2015
	\$	\$
100 shares	100	100

### 7. Related party transactions

GWest Private Equity Ltd. is the immediate parent of the Company, and the Company is the general partner of the Partnership, which makes them related. Gracorp Capital Advisors Ltd., the Company and the Partnership have one common director who is also responsible for decision making in day-to-day activities, which makes Gracorp Capital Advisors Ltd., the Company and the Partnership related.

# GWest PE Ltd.

## Notes to the financial statements

December 31, 2016

(In Canadian dollars)

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### 8. Financial instruments and risk management

#### *Risk management*

The Company may be exposed to a variety of financial risks. The Company's risk management practice includes oversight by its Board of Directors.

#### Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate arising from possible market price fluctuations. The market price fluctuations relate primarily to interest rates, which could adversely affect the fair value of financial assets and liabilities. To date, no significant risk has been identified.

#### Credit risk

Credit risk is the risk that a loss could arise from an investor or counterparty to a financial instrument not being able to meet its financial obligation.

Credit risk arises from cash held at banks and the amount due from GWest Private Equity Limited Partnership. The maximum exposure to credit risk is the carrying value of financial instruments as disclosed in the statement of financial position.

Cash balances are held on deposit with a Canadian financial institution. GWest Private Equity Limited Partnership has the ability and intent to fulfill its obligations and, to date, no significant risk of default has been identified.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Positive working capital is maintained to cover the operating expenses of the Company.

#### Capital management

The Company's capital comprises of long term debt and shareholders' equity. The Company's objective in managing capital is to maximize returns to shareholders while maintaining sufficient liquidity and resources to fund day-to-day operations and meet long-term growth objectives. There are no externally imposed restrictions on capital.

#### *Fair values*

The Company has no financial instruments that are measured subsequent to initial recognition at fair value.

**ITEM 13 – DATE AND CERTIFICATE**

Dated at Calgary, Alberta on the 25<sup>th</sup> day of May, 2017

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

**GVEST PRIVATE EQUITY LIMITED PARTNERSHIP, by its General Partner, GVEST PE LTD.**

(signed) "*Tim H. Heavenor*"

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President

(signed) "*Ashish Khulbe*"

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Chief Financial Officer

**ON BEHALF OF GVEST PE LTD.**

(signed) "*Don Douglas*"

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Director

(signed) "*Paul Kennedy*"

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Director