

## OFFERING MEMORANDUM

*No securities regulatory authority has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. The information disclosed on this page is a summary only. Purchasers should read the entire Offering Memorandum for full details about the Offering. This is a risky investment. See Item 8 - "Risk Factors".*

February 18, 2015

### AVI MUTUAL FUND TRUST

245 Forge Road SE

Calgary, AB T2H 0S9

Tel: (403) 536-7050 Fax: (403) 536-7051

Email Address: mward@homesbyavi.com

**\$75,000**

**(Minimum Offering)**

**No Maximum**

Avi Mutual Fund Trust (the "Trust") is not a reporting issuer in any jurisdiction and these securities do not and will not trade on any exchange or market. The Trust does not file any of its documents on SEDAR.

### THE OFFERING

Refer to "Glossary of Terms" for the meanings of capitalized words and phrases that are used but not defined in this summary.

<b><i>The Trust:</i></b>	The Trust is a private open-ended trust established under the laws of Alberta.
<b><i>Purpose:</i></b>	The Trust's primary purpose and sole business is to loan funds raised by it to the Operating Avi Parties, with the objective of generating returns to Unitholders. All or substantially all of the Gross Proceeds of the Offering will be used to provide Loans to the Operating Avi Parties to carry on the Avi Business. The aggregate amount of the Loans will be contingent on the amount of funds raised pursuant to this Offering. See Item 1 - "Use of Available Funds" and Item 2 - "Business of the Trust". Investments in the Trust should be considered long-term in nature.
<b><i>Securities Offered:</i></b>	Units of the Trust ("Units").
<b><i>Price per Security:</i></b>	\$1.00 per Unit.
<b><i>Offering:</i></b>	The Trust is authorized to issue an unlimited number of Units which Units shall be issued in Series and hereby conditionally offers for sale an unlimited number of Units, subject to a minimum of 75,000 Units (\$75,000).
<b><i>Minimum Subscription Amount:</i></b>	There is no minimum subscription amount per Subscriber under this Offering.
<b><i>Resale Restrictions:</i></b>	You will be restricted from selling your securities for an indefinite period. See Item 10 - "Resale Restrictions and Redemption Rights".
<b><i>Purchaser's Rights:</i></b>	You have 2 business days to cancel your Subscription Agreement to purchase these Units. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the Subscription Agreement. See Item 11 - "Purchasers' Rights".
<b><i>Eligibility for Deferred Plans:</i></b>	The Units are intended to be able to be held by taxable and tax exempt Subscribers, such as trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans and tax-free savings accounts. There may be adverse tax consequences if the Units are held by a taxable investor. There are important tax consequences to Subscribers holding Units. See Item 6 - "Income Tax Consequences & Deferred Plan Eligibility".
<b><i>Proposed Closing Date(s):</i></b>	The Initial Closing is expected to occur on or about February 28, 2015 and subsequent closings are expected to occur from time to time and at any time on such other dates as the Trustee determines. Subject to the Initial Closing occurring, if certain conditions have not been satisfied or waived on or before the date selected by the Trustee (in its sole discretion), in respect of a closing,

<b><i>Proposed Closing Date(s): continued</i></b>	Subscription Agreements and subscription funds will be returned to Subscribers without interest or deduction. If the Initial Closing does not occur and/or the Trust does not reach its Minimum Offering by February 28, 2015, funds will be returned to Subscribers, without interest or deduction. See Item 5.2 - "Subscription Procedure".
<b><i>Selling Agent:</i></b>	The Trust has not retained an underwriter in respect of the sale and distribution of the Units. The officers and directors of the Trustee may be involved directly in the selling of Units but will not receive any fees for affecting such sales.
<b><i>Conflicts of Interest:</i></b>	The actions of certain members of the Operating Avi Parties may from time to time be in conflict with the activities of the Trust. Such conflicts are expressly permitted by the terms of the Declaration of Trust dated November 6, 2014 and amended February 18, 2015 governing the Trust. See Item 8 - "Risk Factors - Conflicts of Interest".
<b><i>Term of the Trust:</i></b>	The Trust is intended to carry on for an indefinite term. An investment in the Trust should be considered long-term in nature and Subscribers will be required to rely on redemption provisions to monetize their investment in the Trust.
<b><i>Distributions:</i></b>	The Trust will distribute Income of the Trust and Net Realized Capital Gains for each taxation year, so that Income of the Trust and Net Realized Capital Gains will be taxable to Unitholders and the Trust will not have any obligation to pay tax under the Tax Act. Payment of distributions during the Investment Period of a Series of Units will be paid by the Trust through the distribution of additional Units. See Item 2.6 - "Material Agreements - Summary of the Declaration of Trust – Section 5.7 - Method of Payment of Distributions".
<b><i>Redemptions:</i></b>	Unitholders may redeem Units subject to certain restrictions set forth in the Declaration of Trust. See Item 2.6 - "Material Agreements - Summary of the Declaration of Trust - Section 6 - Redemption of Units".
<b><i>Redemption Restrictions:</i></b>	The Redemption Price per Unit redeemed may be paid by the Trust through the issuance of Redemption Notes rather than in cash in certain circumstances. Redemption Notes likely will not be a qualified investment for tax-exempt subscribers. See Item 6 - "Income Tax Considerations and Deferred Plan Eligibility". Redemptions in certain circumstances will also be subject to various maximum redemption limits as provided for in the Declaration of Trust. See Item 2.6 - "Material Agreements - Summary of the Declaration of Trust – Section 6 - Redemption of Units".
<b><i>Trustee:</i></b>	Avi MFT Corporate Trustee Inc. See Item 3.2 - "Management Experience".

***Funds available under the Offering may not be sufficient to accomplish our proposed objectives.***

***This Offering is being made to, and subscriptions will only be accepted from, persons resident in the Provinces of British Columbia and Alberta. This Offering is being made pursuant to certain exemptions contained in National Instrument 45-106 – Prospectus and Registration Exemptions ("NI 45-106").***

***This Offering Memorandum constitutes an offering of securities only in that jurisdiction and to those persons to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities in any jurisdiction.***

***This Offering Memorandum is for the confidential use of only those persons to whom it is transmitted in connection with this Offering for the purpose of evaluating the securities offered hereby. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.***

## TABLE OF CONTENTS

<b>FORWARD-LOOKING STATEMENTS .....</b>	<b>4</b>
<b>GLOSSARY OF TERMS.....</b>	<b>5</b>
<b>ITEM 1 USE OF AVAILABLE FUNDS .....</b>	<b>9</b>
1.1 AVAILABLE FUNDS.....	9
1.2 USE OF AVAILABLE FUNDS .....	9
1.3 REALLOCATION.....	10
<b>ITEM 2 BUSINESS OF THE TRUST .....</b>	<b>10</b>
2.1 STRUCTURE .....	10
2.1.1 THE TRUST .....	10
2.1.2 THE TRUSTEE .....	10
2.1.3 THE OPERATING AVI PARTIES .....	11
2.1.4 RELATED PARTY MATTERS.....	11
2.2 OUR BUSINESS .....	11
2.3 DEVELOPMENT OF THE BUSINESS.....	20
2.4 SHORT AND LONG TERM OBJECTIVES .....	20
2.5 INSUFFICIENT FUNDS .....	21
2.6 MATERIAL AGREEMENTS .....	21
<b>ITEM 3 INTERESTS OF TRUSTEE, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS .....</b>	<b>42</b>
3.1 COMPENSATION AND SECURITIES HELD .....	42
3.1.1 THE TRUST .....	42
3.2 MANAGEMENT EXPERIENCE .....	43
3.3 PENALTIES, SANCTIONS AND BANKRUPTCY .....	43
3.4 LOANS .....	43
<b>ITEM 4 CAPITAL STRUCTURE .....</b>	<b>44</b>
4.1 TRUST'S CAPITAL.....	44
4.2 LONG TERM DEBT .....	44
4.3 PRIOR SALES.....	44
<b>ITEM 5 SECURITIES OFFERED .....</b>	<b>44</b>
5.1 TERMS OF SECURITIES.....	44
5.2 SUBSCRIPTION PROCEDURE.....	46
5.3 OFFERING JURISDICTIONS .....	46
<b>ITEM 6 INCOME TAX CONSIDERATIONS &amp; DEFERRED PLAN ELIGIBILITY .....</b>	<b>47</b>
6.1 GENERAL .....	47
6.2 STATUS OF THE TRUST .....	47
6.3 SIFT RULES .....	48
6.4 TAXATION OF THE TRUST.....	48
6.5 TAXATION OF UNITHOLDERS .....	49
<b>ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS .....</b>	<b>50</b>
<b>ITEM 8 RISK FACTORS.....</b>	<b>50</b>
<b>ITEM 9 REPORTING OBLIGATIONS.....</b>	<b>57</b>
<b>ITEM 10 RESALE RESTRICTIONS AND REDEMPTION RIGHTS .....</b>	<b>57</b>
10.1 GENERAL .....	57
10.2 RESTRICTED PERIOD .....	57
<b>ITEM 11 PURCHASERS' RIGHTS.....</b>	<b>58</b>
11.1 TWO DAY CANCELLATION RIGHT .....	58
11.2 STATUTORY RIGHTS OF ACTION IN THE EVENT OF A MISREPRESENTATION .....	58
<b>ITEM 12 FINANCIAL STATEMENTS.....</b>	<b>60</b>
<b>ITEM 13 DATE AND CERTIFICATE .....</b>	<b>73</b>

## FORWARD-LOOKING STATEMENTS

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

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

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to the risks discussed under Item 8 - "Risk Factors" and other factors, many of which are beyond the control of the Trust and the Trustee. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this Offering Memorandum are based on a number of assumptions, including those relating to:

- the Trust's business strategy and operations;
- the ability of the Trust to achieve or continue to achieve its business objectives;
- the Trust's expected financial performance, condition and ability to generate distributions;
- the Operating Avi Parties including their business strategy, operations, financial performance, condition and ability to repay the Loans;
- factors and outcomes associated with the home building industry, including competition and competitive conditions;
- concentration of investments of the Trust in a single business (being the Loans to the Operating Avi Parties) operating in a single industry (being the home building industry in Alberta) which result in the Trust's investments being less diversified than other investment funds;
- the possibility of the Trust being unable to acquire or dispose of illiquid securities;
- possibility of substantial redemptions of Units;
- taxation of the Trust;
- the impact on the Trust of future changes in applicable legislation;
- application of legislation and regulations applicable to the Trust; and
- availability of and dependence upon certain key employees, officers and directors of the Operating Avi Parties.

Although the forward-looking statements contained in this Offering Memorandum are based upon assumptions which the Trustee believes to be reasonable, the Trust cannot assure Subscribers that actual results will be consistent with these forward-looking statements.

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

## GLOSSARY OF TERMS

The following terms and abbreviations used throughout this Offering Memorandum have the following meanings:

**“affiliate”** shall have the meaning ascribed thereto in the Securities Act;

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

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

**“associate”** shall have the meaning ascribed thereto in the Securities Act;

**“Avi Business”** means the home building business carried on in the cities of Calgary and Edmonton, in the Province of Alberta by the Operating Avi Parties;

**“Avi Calgary GP”** means Homes By Avi (Calgary) GP Inc., a corporation established under the laws of the Province of Alberta, or any successor or permitted assignee thereof;

**“Avi Calgary LP”** means Homes By Avi (Calgary) LP, a limited partnership established under the laws of the Province of Alberta, or any successor or permitted assignee thereof. Homes By Avi (Calgary) GP Inc. is the general partner of this partnership;

**“Avi Canada”** means Homes By Avi (Canada) Inc., a corporation established under the laws of the Province of Alberta, or any successor or permitted assignee thereof;

**“Avi Contribution”** means any dollar amount contributed by an Operating Avi Party to a Deferred Plan of an Avi Employee which is used to acquire Trust Units under this Offering;

**“Avi Edmonton GP”** means Homes By Avi (Edmonton) GP Inc., a corporation established under the laws of the Province of Alberta, or any successor or permitted assignee thereof;

**“Avi Edmonton LP”** means Homes By Avi (Edmonton) LP a limited partnership established under the laws of the Province of Alberta, or any successor or permitted assignee thereof. Homes By Avi (Edmonton) GP Inc. is the general partner of this partnership;

**“Avi Employee”** means an employee, officer or director of an Operating Avi Party and **“Avi Employees”** means collectively all employees, officers and directors of the Operating Avi Parties;

**“Avi Land”** means Avi Land Corporation Inc., a corporation established under the laws of the Province of Alberta, or any successor or permitted assignee thereof;

**“Avi Urban”** means Homes By Avi Urban (2006) Inc., a corporation established under the laws of the Province of Alberta, or any successor or permitted assignee thereof;

**“Business Day”** means a day which is not a Saturday, Sunday or statutory holiday in the City of Calgary, in the Province of Alberta;

**“Cash Flow of the Trust”** shall have the meaning provided for in Item 2.6 - “Material Agreements - Summary of the Declaration of Trust – Section 5.1 - Computation of Cash Flow of the Trust”;

**“Cause”** means the termination of the employment of a Trust Unitholder with an Operating Avi Party resulting from the breach by a Trust Unitholder of his or her terms of employment with an Operating Avi Party;

**“Counsel”** means Felesky Flynn LLP, tax counsel to the Trust;

**“CRA”** means the Canada Revenue Agency;

**“Declaration of Trust”** means the Declaration of Trust dated November 6, 2014 and amended February 18, 2015 by and between Avi MFT Corporate Trustee Inc., as Trustee, and Craig Bentham, as the Initial Unitholder, governing the business and affairs of the Trust as may be amended, supplemented and restated from time to time;

**“Deferred Plan”** means a trust governed by a registered retirement savings plan (“RRSP”), registered retirement income fund (“RRIF”), registered education savings plan (“RESP”), deferred profit sharing plan (“DPSP”), registered disability savings plan (“RDSP”) or tax-free savings account (“TFSA”);

**“discretion”** means sole, absolute and unfettered discretion;

**“Discretionary Units”** shall have the meaning provided for in Item 2.6 - “Material Agreements - Summary of the Declaration of Trust - Section 3.1 - Nature of Trust Units”;

**“Distribution Payment Date”** means, in respect of a Distribution Period, on the fifth Business Day immediately following the end of the Distribution Period or such other date determined from time to time by the Trustee;

**“Distribution Period”** means the periods of March 1 to May 31, June 1 to August 31, September 1 to November 30, and December 1 to February 28 during the term of the Trust, or such other periods as may be hereafter determined from time to time by the Trustee from and including the first day thereof and to and including the last day thereof;

**“Distribution Record Date”** means the last day of each Distribution Period, or such other date determined from time to time by the Trustee;

**“Employee Contribution”** any dollar amount contributed by an Avi Employee to a Deferred Plan of that Employee which is used to acquire Units under this Offering;

**“Extraordinary Resolution”** means a resolution proposed to be passed as a special resolution at a meeting of Unitholders (including an adjourned meeting) duly convened for that purpose and held in accordance with the provisions of the Declaration of Trust at which two or more individuals are present in person either holding personally or representing by proxy in aggregate not less than ten percent (10%) of all votes entitled to be voted at the meeting and passed by the affirmative votes of the holders of more than 66  $\frac{2}{3}$ % of the votes cast by the Unitholders entitled to vote on such resolution and represented at the meeting and voted on a poll upon such resolution or approved in writing in one or more counterparts by Unitholders holding at least 66  $\frac{2}{3}$ % of the votes represented by the Units entitled to vote on such resolution;

**“Fiscal Year”** means a fiscal year of the Trust (or portion thereof), which ends on December 31 in each calendar year, except in the case of a deemed year end on the dissolution of the Trust;

**“Funding Agreement”** means the agreement entered into between the Trust and Avi Canada which provides that Avi Canada will pay all costs, fees and expenses incurred by the Trust in connection with this Offering together with all operating costs of the Trust;

**“Governmental Authority”** means (i) any nation, province, territory, state, county, city or other jurisdiction; (ii) any federal, provincial, territorial, state, local, municipal, foreign or other government; (iii) any governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental power); (iv) anybody exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, regulatory or taxing authority or power; or (v) any official of the foregoing;

**“Gross Proceeds”** means, at any time, the aggregate gross proceeds of this Offering;

**“GST”** means any applicable Canadian federal or provincial goods and services tax or harmonized sales tax;

**“HBA”** means collectively the Operating Avi Parties and each of the predecessor corporations and partnerships that have carried on the Avi Business since 1978;

**“include”, “including” and “includes”** mean “include, without limitation”, “including, without limitation” and “includes without limitation”, respectively;

**“Income of the Trust”** means for any taxation year of the Trust the net income for the year determined pursuant to the provisions of the Tax Act (other than subsection 104(6) and paragraph 82(1)(b)) having regard to the provisions thereof which relate to the calculation of income of a trust, and taking into account such adjustments thereto as are determined by the Trustee in respect of dividends received or deemed to be received from taxable Canadian corporations, amounts paid or payable by the Trust to Unitholders and such other amounts as may be determined in the discretion of the Trustee; provided, however, that capital gains and capital losses shall be excluded from the computation of net income;

**“Initial Closing”** means the first acceptance by the Trust of Subscription Agreements from Subscribers for Units pursuant to this Offering in an amount not less than the Minimum Offering;

**“Initial Unitholder”** means Craig Bentham, an individual resident in the City of Calgary, in the Province of Alberta, as the initial holder of Units;

**“Interest Rate”** means the annual interest rate payable by Avi Canada with respect to a Loan, which rate shall be determined by mutual agreement between Avi Canada and the Trust prior to the commencement of each Loan;

**“Investment Period”** for a Series of Units issued by the Trust means the period commencing March 1 and ending on the last day of the 36th month thereafter, other than with respect to the first Series of Units issued by the Trust for which the Investment Period will commence February 25, 2015 and will end on February 28, 2017;

**“Investment Period Maturity Date”** shall have the meaning provided for in Item 2.6 - “Material Agreements - Summary of the Declaration of Trust - Section 6.3 - Redemption of Units on an Investment Period Maturity Date”;

**“Loan Advance”** means each individual advance of funds made by the Trust to the Operating Avi Parties from proceeds raised by the Trust from the distribution of Units;

**“Loan Agreement”** means the loan agreement to be entered into between the Trust and the Operating Avi Parties upon the Initial Closing occurring, as more particularly described in Item 2.6 herein;

**“Loans”** means the series of loans of all of the Gross Proceeds of the Offering that the Trust will make to the Operating Avi Parties, to be evidenced by Promissory Notes;

**“Matching Program”** shall have the meaning ascribed to it in Item 2.2.1 - “The Trust”;

**“Method of Payment of Distributions”** shall the meaning ascribed thereto in Item 2.6 - “Material Agreements - Summary of the Declaration of Trust - Section 5.7 - Method of Payment of Distributions”;

**“Minimum Offering”** means the minimum offering hereunder of 75,000 Units representing gross proceeds of \$75,000;

**“Net Realized Capital Gains”** of the Trust for any taxation year of the Trust shall be determined as the amount, if any, by which the aggregate of the capital gains of the Trust for the year calculated in accordance with the provisions of the Tax Act exceeds:

- (i) the aggregate of the capital losses of the Trust for the year calculated in accordance with the provisions of the Tax Act;
- (ii) any capital gains which are realized by the Trust as a result of a redemption of Units pursuant to the Declaration of Trust and which have been designated to the redeeming unitholders;
- (iii) any amount in respect of which the Trust is entitled to a capital gains refund under the Tax Act; and
- (iv) the amount determined by the Trustee in respect of any net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable Income of the Trust for the year;

**“Non-Resident”** means a Person (other than a partnership) who is not a resident of Canada and a partnership that is not a Canadian partnership, for purposes of the Tax Act;

**“Offering”** means the private placement of the Units by the Trust under this Offering Memorandum;

**“Offering Memorandum”** means this offering memorandum of the Trust as the same may be amended, supplemented or replaced from time to time;

**“Operating Avi Parties”** or **“Operating Parties”** means Homes By Avi (Canada) Inc., Homes By Avi Urban (2006) Inc., Homes By Avi (Calgary) GP, Inc., Homes By Avi (Calgary) LP, Homes By Avi (Edmonton) GP Inc., Homes By Avi (Edmonton) LP, Avi Land Corporation Inc., and any of their respective affiliates and subsidiaries and **“Operating Avi Party”** or **“Operating Party”** means anyone of them;

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

- (a) shares;
- (b) any property that, under the terms or conditions of which or under an agreement, is convertible into, is exchangeable for or confers a right to acquire, shares;
- (c) cash;
- (d) bonds, debentures, mortgages, hypothecary claims, notes and other similar obligations;
- (e) marketable securities; and
- (f) real property situated in Canada that is capital property of the Trust, and interests in such real property, or immovables situated in Canada that are capital property of the Trust and real rights in such immovables;

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

**“Personal Contributions”** means personal funds deposited to a Deferred Plan by an Avi Employee which are used to acquire Units under this Offering. Personal Contributions do not include any Avi Contributions made to an Avi Employee’s Deferred Plan;

**“Promissory Note”** means each promissory note issued by the Operating Avi Parties to the Trust in respect of each Loan Advance made by Trust to the Operating Avi Parties as more particularly described in Items 2.2.2 and 2.2.8 herein;

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

**“Redemption Notes”** means any promissory note issued by the Trust pursuant to the terms of Section 6 of the Declaration of Trust as a result of redemption request by a Trust Unitholder. See Item 2.6 - “Material Agreements - Summary of the Declaration of Trust”;

**“Redemption Price”** means one dollar (\$1.00) per Unit;

**“Securities”** means bonds, debentures, notes or other evidence or instruments of indebtedness, shares, stocks, options, warrants, special warrants, installment receipts, subscription receipts, rights, subscriptions, partnership interests, units or other evidence of title to or interest in the capital, assets, property, profits, earnings or royalties, of any Person;

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

**“Series”** means the alpha-numerical designation made by the Trustee with respect to the Units issued by the Trust, the proceeds of which correspond to a Loan made by the Trust to the Operating Avi Parties as more particularly described in Item 2.2.1 - “The Trust”;

**“Subscribers”** mean parties who subscribe for Units pursuant to this Offering;

**“Subscription Agreement”** means the subscription agreement entered into between a Subscriber and the Trust with respect the purchase of Units by a Subscriber under this Offering;

**“subsidiary”** shall have the meaning ascribed thereto in the Securities Act;

**“Tax Act”** means the *Income Tax Act* (Canada) and the regulation thereunder, as amended from time to time;

**“Transfer Agent”** means such Person as may from time to time be appointed by the Trust to act as registrar and transfer agent for the Units, together with any sub-transfer agent duly appointed by the Transfer Agent; provided, however, that where the Trust has not appointed a Person to act as a registrar and transfer agent of the Units, then the Trustee shall act as a registrar and transfer agent of the Units;

**“Trust”** means Avi Mutual Fund Trust, a trust formed by the Declaration of Trust, as the same may be amended, supplemented or restated from time to time;

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

**“Trustee”** means Avi MFT Corporate Trustee Inc., a corporation established under the laws of the Province of Alberta;

**“Unit”** or **“Trust Units”** means a trust unit of the Trust which represents an interest in the Trust as provided for in the Declaration of Trust and has the rights, privileges, restrictions and conditions set forth in the Declaration of Trust which Units may be issued in one or more Series as shall be designated by the Trustee in its sole discretion;

**“Unit Certificate”** means a certificate, in the form approved by the Trustee, evidencing one or more Units, issued and certified in accordance with the provisions of the Declaration of Trust;

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

**“Unit Subscription Price”** means the subscription price for a Unit, which is one dollar (\$1.00) per Unit; and

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



## ITEM 1 - USE OF AVAILABLE FUNDS

### 1.1 Available Funds

The following table discloses the estimated Available Funds of the Offering and the funds that will be available to the Trust after the Offering.

		Assuming Minimum Offering	Assuming \$10,000,000 Raised in Offering <sup>(1)</sup>
A	Amount to be raised by this Offering	\$75,000	\$10,000,000
B	Estimated expenses of the Offering <sup>(2)</sup>	Nil	Nil
C	Selling commissions and fees	Nil	Nil
D	Available Funds: $D = A - (B + C)$	\$75,000	\$10,000,000
E	Additional sources of funding required	Nil	Nil
F	Working Capital Deficiency	Nil	Nil
G	Total: $G = (D + E) - F$	\$75,000	\$10,000,000

(1) This Offering is not subject to a maximum amount and additional proceeds may be raised pursuant to this Offering.

(2) All expenses and fees related to the Offering will be borne by Avi Canada rather than the Trust pursuant to the terms of the Funding Agreement.

### 1.2 Use of Available Funds

The proceeds from the issue of the Units will be paid to the Trust, deposited in its bank account and administered on behalf of the Trust by the Trustee. The Trustee will either retain the funds in a treasury account yielding interest or may invest that portion of the funds of the Trust not yet expended from time to time in interest-bearing accounts in Canadian chartered banks, in debt securities of a Canadian federal, provincial or municipal government or in money market funds selected by the Trustee in its sole discretion.

All or substantially all of the Gross Proceeds will be used to provide Loans to the Operating Avi Parties, which will use such proceeds to carry on the Avi Business. The aggregate amount of the Loans will be contingent on the amount of funds raised pursuant to this Offering. See Item 2.2 - "Our Business".

#### *The Trust*

The Trust will use the Gross Proceeds of this Offering over the ensuing 12 months from the date of this Offering Memorandum as follows:

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming \$10,000,000 Raised in Offering
Provide Loans to the Operating Avi Parties	\$75,000	\$10,000,000
All other costs and expenses relating to the Trust's activities and business	Nil <sup>(1)</sup>	Nil <sup>(1)</sup>
<b>Total</b>	<b>\$75,000</b>	<b>\$10,000,000</b>

(1) All costs and expenses relating to the Trust's activities and business will be borne by Avi Canada rather than the Trust pursuant to the Funding Agreement.

#### *The Operating Avi Parties*

The Operating Avi Parties will use the proceeds of this Offering advanced by the Trust to them which shall be represented as the principal amount of the Loans over the ensuing 12 months from the date of this Offering Memorandum as follows:

Description of intended use of available funds listed in order of priority	Assuming Minimum Offering	Assuming \$10,000,000 raised in Offering
To be used for the purchase of undeveloped land and acquisition and development related costs. See Item 2.2.3 - "The Avi Business"	\$75,000	\$10,000,000
<b>Total</b>	<b>\$75,000</b>	<b>\$10,000,000</b>

### 1.3 Re-allocation

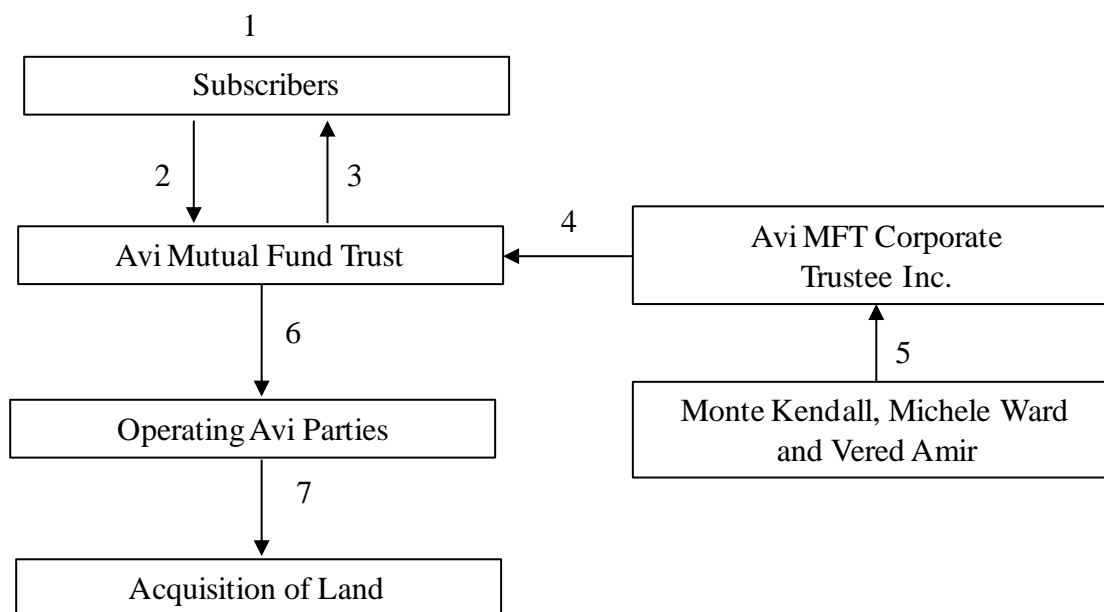
The Trust intends to use the Gross Proceeds as stated above. The Trust will re-allocate funds only for sound business reasons and in accordance with the Declaration of Trust.

The Operating Avi Parties intend to use the Gross Proceeds as stated above.

## ITEM 2 - BUSINESS OF THE TRUST

### 2.1 Structure

The following diagram and the sections that follow illustrate and describe the Trust's business structure.



1. Subscribers under this Offering are expected to be employees, officers and directors of the Operating Avi Parties.
2. Subscribers will invest their Personal Contributions in the Trust together with Matching Contributions made by the Operating Avi Parties. Investments by investors are expected to occur on February 28, May 31, August 31 and November 30 of each year while the Trust remains constituted.
3. The Trust will issue Subscribers Trust Units on the basis of one (1) unit for every dollar invested by them in the Trust.
4. Avi MFT Corporate Trustee Inc. is the Trustee of the Trust.
5. Vered Amir, Monte Kendall and Michele Ward are the officers and directors of the Trustee. Avi Canada is the sole shareholder of the Trustee.
6. The Trust will loan the Gross Proceeds of this Offering to Operating Avi Parties.
7. The Operating Avi Parties will use the proceeds of this Offering for deposits and/or payment of the purchase price for the acquisition of land and for acquisition and development costs associated such acquisitions.

#### 2.1.1 The Trust

The Trust is an unincorporated, open-ended, limited purpose mutual fund trust formed under the laws of the Province of Alberta on November 6, 2014 pursuant to the Declaration of Trust. The principal place of business of the Trust is 245 Forge Road SE, Calgary, Alberta, T2H 0S9.

The Initial Unitholder of the Trust is Craig Bentham of Calgary, Alberta. The rights and obligations of the Unitholders and the Trustee is governed by the Declaration of Trust and the laws of the Province of Alberta and Canada applicable thereto.

A Subscriber will become a Unitholder of the Trust upon the acceptance by the Trustee of such Subscriber's Subscription Agreement.

### **2.1.2    *The Trustee***

Avi MFT Corporate Trustee Inc. is the Trustee of the Trust. The principal place of business, records office and registered office of the Trustee is 245 Forge Road SE, Calgary, Alberta, T2H 0S9.

The Trustee, through its officers and directors, is responsible for the management and control of business and affairs of the Trust on a day-to-day basis in accordance with the terms of the Declaration of Trust.

### **2.1.3    *The Operating Avi Parties***

Avi Canada is a corporation established under the laws of the Province of Alberta on October 26, 2005.

Avi Land is a corporation established under the laws of the Province of Alberta on November 8, 2004.

Avi Calgary LP and Avi Edmonton LP were each registered as Alberta limited partnerships on November 30, 2011. Each of Avi Calgary GP and Avi Edmonton GP were incorporated as private Alberta corporations on November 30, 2011.

Avi Urban was incorporated as a private Alberta corporation on May 8, 2006.

The head office of each of the Operating Avi Parties is located at 245 Forge Road SE, Calgary, Alberta, T2H 0S9.

### **2.1.4    *Related Party Matters***

Avi Canada is sole shareholder of each of Avi Calgary GP, Avi Edmonton GP, Avi Urban, Avi Land and the Trustee.

Avi Canada is the sole limited partner of each of Avi Calgary LP and Avi Edmonton LP.

Monte Kendall and Michele Ward are each officers and directors of the Trustee and are the CEO (Kendall) and CFO (Ward) of each of Avi Calgary GP, Avi Edmonton GP, Avi Urban, Avi Land and Avi Canada. Vered Amir is a director of each of Avi Calgary GP, Avi Edmonton GP, Avi Urban, Avi Land and Avi Canada and is a shareholder of Avi Canada's sole corporate shareholder.

## **2.2       *Our Business***

### **2.2.1    *The Trust***

The Trust is in a start-up phase of development and has carried on limited business prior to this Offering and has limited financial and development history. Since creation, the Trust has been engaged in the preparation of this Offering, which has included, amongst other things, establishing the Trustee and retaining legal counsel.

The Trust has been created as an investment structure through which employees, officers and directors (collectively the "Avi Employees") of the Operating Avi Parties can choose to invest funds in the Trust which will ultimately be used in the furtherance of the Avi Business.

The Trustee in its sole direction may choose to issue Units or Discretionary Units to parties other than the Avi Employees.

The Operating Avi Parties currently provide a Deferred Plan matching program (the "Matching Program") to their Employees pursuant to which the Operating Avi Parties match, in dollar amounts (the "Avi Contributions"), the Deferred Plan contributions made by their Employees (the "Employee Contributions") pursuant to the terms and conditions of the Matching Program. Contributions made by Avi Employees to their Deferred Plans together with any Avi Contributions may be invested in the Trust in return for Trust Units by the Avi Employees.

While the Units issued under this Offering are redeemable on demand for the Redemption Price, the terms of the Declaration of Trust provide that in certain instances a Trust Unitholder will not be entitled to an immediate cash payment of the Trust Units acquired by a Trust Unitholder with funds from Avi Contributions. See the heading "Redemption Terms of Units" below and Item 2.6 - "Material Agreements - Summary of Declaration of Trust - Section 6 - Redemption of Units".

### **2.2.2    *Loans to the Operating Avi Parties***

The Trust's primary purpose and sole business is to loan funds raised by it to the Operating Avi Parties, with the objective of generating returns to Unitholders. All of the Gross Proceeds of the Offering will be used to provide Loans to the Operating Avi Parties to be used by these Parties towards the purchase of undeveloped land and acquisition and development related costs. The aggregate amount of the Loans will be contingent on the amount of funds raised pursuant to this Offering. See Item 1.2 - "Use of Available Funds".

The Units distributed by the Trust under this Offering during an individual Investment Period shall be designated as an individual Series. The gross proceeds from the sale and issuance of a Series of Units will be loaned to the Operating Avi Parties through a series of Loan Advances. In return for each Loan Advance from the Trust, the Operating Avi Parties will grant a Promissory Note to the Trust pursuant to which the Operating Avi Parties shall be obligated to pay interest on the principal amount of each Loan Advance at the Interest Rate.

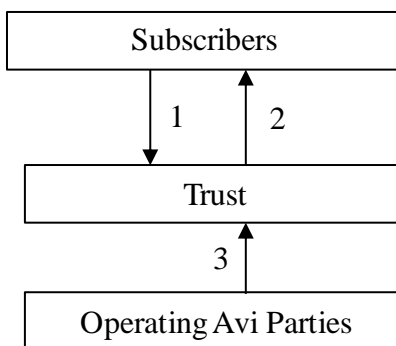
Interest payments shall be paid by the Operating Avi Parties to the Trust on a quarterly basis, on February 28, May 31, August 31 and November 30 during the term of a Loan Advance. The term of each Loan shall be on a demand basis.

The Unitholders of each Series of Units shall only be entitled to distributions of Cash Flow of the Trust, Income of the Trust and Net Realized Capital Gains of the Trust (as provided for in the Declaration of Trust), if any, arising from the Loan to which their Series of Units relates which is expected to be comprised of payments of interest and principal made by the Operating Avi Parties pursuant to each Loan. During the Investment Period of each Series of Units the Trust intends to distribute additional Units to Subscribers as payment of Cash Flow of the Trust during each Distribution Period, as the Trust intends to re-loan to the Operating Avi Parties all interest paid by the Operating Avi Parties with respect to each Loan Advance.

At the expiration of an Investment Period relating to a Series of Units, the Trust will thereafter make all payments of Cash Flow of the Trust to which a Series of Units is entitled by way of cash, subject to the terms and conditions of the Declaration of Trust. See Item 2.2.5 - “Distribution of Cash Flow of the Trust” and Item 2.6 - “Material Agreements - Summary of the Declaration of Trust - Section 5.1 - Computation of Cash Flow of the Trust”.

### **Illustration of Advance of Loan Proceeds**

The following diagram illustrates the advance of Loan proceeds from the Trust to the Operating Avi Parties.



1. All funds advanced by Subscribers to the Trust during a period commencing March 1 and ending the following February 28 will comprise the principal balance of Loan by the Trust to the Operating Avi Parties together with such interest under each Loan that is paid by the Operating Avi Parties to the Trust and then re-advanced by the Trust to the Operating Avi Parties.
2. All Trust Units issued by the Trust during the first twelve months of an Investment Period together with Trust Units issued to Subscribers as Cash Flow of the Trust relating to the Loans will be designated as an individual Series.
3. Each Loan Advance made by the Trust to the Operating Avi Parties under a Loan will be evidenced by a Promissory Note granted by the Operating Avi Parties to the Trust.

### **2.2.3 The Avi Business**

The following is a synopsis of the Avi Business from its inception to the date of this Offering Memorandum.

Over the last three decades the Avi Business has been based on the operation on five major principles: Fiscal Responsibility, Honesty, Professionalism, Reliability, and Friendliness. Looking forward, we will continue to show leadership in building exceptional homes and communities in urban and suburban settings.

We will continue to adopt and pioneer new technologies that will allow each of our customers to participate in the process of building their dream home. As we face new opportunities, we will always be guided by our business philosophy, which, at its heart, can be summed up with a simple commitment: We Deliver What We Promise.

## **Avi achievements**

### *33 years of sustained success*

Established in 1978, Homes by Avi (“HBA”) is one of the top five homebuilders in Alberta operating in Calgary and Edmonton markets. HBA also has a growing housing operation in Austin, Texas. Since its inception we have completed and worked on over 13,000 housing units. In 2014 alone, we completed 998 units.

HBA has received many industry awards– including the coveted National SAM Award – Builder of the Year 2007; Edmonton Builder of the Year 2007; Calgary Multi Family Builder of the Year 2007; Alberta Ralph Scurfield Builder of the Year 2013; and Alberta Multi Family Builder of the Year 2014. Annual production volumes and revenues have grown, on average, 12% since the inception of HBA. And despite having operated during several major economic downturns, HBA has never recorded an annual financial loss.

## **How We Do It: Constant Innovation**

HBA owes its success over the past three decades to its ability to adapt to the demands of the market.

### *1978 to 1989 – Building a Strong Foundation*

HBA Chairman Avi Amir is truly the pillar of HBA’s success. HBA’s earliest years saw Avi and a small team – including his wife, Rachel – tackling all aspects of construction and marketing. Whether by traveling to California to bring back the latest new home designs or building relationships with the industry’s key players, Avi led the HBA team in finding new ways to bring customers the quality and features that would set HBA apart from its competitors. Avi’s efforts bore fruit just a few years after starting operations when HBA began receiving coveted invitations from developers to build in many of Calgary’s new communities.

One of HBA’s earliest innovations was to be one of the earliest adopters of high efficiency, environmentally conscious homebuilding techniques. In 1983 HBA built one of the very first R-2000 homes in Calgary. R-2000 homes are built to demanding standards for energy efficiency and indoor air quality that far surpass others in the marketplace.

By 1984, HBA was building over 20 homes per year with annual revenues of over \$1.5 million.

### *The 1990s – Establishing HBA as a large-volume builder*

In 1990, HBA delivered 111 homes and recorded revenues of over \$16 million. Through its evolution into a large-volume builder, and to meet an ever-increasing demand for its homes, HBA adopted the newest technologies. Hand-drawn home plans were replaced with computerized plans from our design department. Manual bookkeeping, including “budget control cards,” were updated with a sophisticated accounting and cost control software system. By 1998, HBA was able to handle a production volume approaching 300 homes per year.

### *1998 – Leading Edge Urban Environmental Design*

Canada Lands Corporation (“CLC”), was charged by the Government of Canada with the re-development of Canadian Forces Base lands in southwest Calgary, had a vision of a new urban community incorporating leading edge urban design and responsible environmental guidelines. The result was Garrison Woods, an innovative and highly successful community located in southwest Calgary. Working closely with the CLC, HBA played a leading role in the development of this community. The tremendous recognition and numerous awards we received for our work in Garrison Woods not only helped propel HBA into the major league of large-volume production homebuilders in Calgary but also played a major role in CLC receiving major community developer awards at the national level.

### *1998 – Expansion into Edmonton*

Leveraging its success in Calgary, HBA became a top-ranked builder in Edmonton shortly after starting operations there in 1998. In 2007 HBA was honored with Edmonton Builder of the Year SAM Award, drew the largest number of building permits in the city, and were ranked “top three” in customer satisfaction by JD Power.

### ***1999 – Estate Homes***

HBA entered the estate home market in the Calgary community of Discovery Ridge in 1999. As of 2014, HBA has built 400 estate homes. Prices range from \$800,000 to \$1,500,000 in this market and HBA continues to be very active in this market.

### ***2000 – Multi-Family Homes***

Responding to the market's demand for contemporary-styled multi-family homes, HBA launched Avi Urban in 2000. Following its proven path of constant evolution, Avi Urban started learning the multi-family market by building smaller boutique-style niche developments, then gradually increased the volume and size of its projects. Avi Urban was selected by the City of Calgary in 2003 to participate in Bridges, a pioneering multi-storey, live-work, apartment-style community on the site of the former Calgary General Hospital. Successful projects in Calgary and Edmonton include the Prospect Hill, Griesbach Wood, Victoria Cross, Sandstone and Stonewater town-home communities. These, and its SAM Award as Multi-Family Builder of the Year in 2007 and Alberta Multi Family Builder of the Year in 2014, have solidified Avi Urban as a premier multi-family builder taking advantage of the ever present change in the market place to demand a higher percentage, year over year, of the total housing market. In 2014, this Division closed 300 homes.

### ***2003 – Customer Selection and Interior Design Centers***

A wide range of choices of quality interior finishes and fixtures is paramount for many modern homebuyers. HBA responded to their needs in 2003 with the Avi Definitions Selection Centre, where a homebuyer can meet with a certified interior design consultant who will help them define the look and style of their new home. In a one-stop shopping environment, customers choose from a wide array of floor coverings, cabinets, finishes, appliances and plumbing fixtures.

### ***2005 – “Mix ‘n’ Match” Homes***

While other builders continued to offer cookie-cutter homes for the entry-level purchasers, Avi Concept, HBA's “Mix ‘n’ Match” home design solution, offered homebuyers a major step forward in customization. Even customers in price sensitive markets could now choose from a wide variety of elevations, floor plans, fixtures and finishes. The popularity of this innovation with homebuyers created high demand among developers to offer Avi Concept homes in their communities – leading to a significant increase in HBA market share.

### ***2006 – Expansion to Austin, Texas***

Invited by its long-time industry partner, Brookfield Residential (formerly, Carma Developers), HBA entered the US market by opening an affiliate office in Austin, Texas in 2006. Today, HBA's production volume in Austin is approaching 100 homes in three new communities and continues to grow at a steady pace.

### ***2009 – Fee Simple Street Orientated Townhomes***

HBA were one of the first builders to present a fee simple option to townhome buyers with its Panatella Street Town project in Panorama in 2009 and its Walden Branches project in 2010. Since 2009 HBA has completed and has under construction 560 of these units. HBA still enjoys a competitive edge in this niche market.

### ***HBA Template for Success: Four Simple Steps***

In each of the major initiatives HBA has been guided by an established template for success.

It can be summarized as follows:

1. Recognize an opportunity and acknowledge an upcoming change.
2. Get your feet wet and learn the market.
3. Innovate product designs to the new target market.
4. Establish and control optimal market share.

## **OUR FUTURE**

### *Looking forward to the next ten years*

Prior to 2007, the long-term capital requirements of homebuilders had been relatively small, consisting mostly of deposits paid to land developers. This meant just a construction season's worth of lot supply (3 to 6 months). In more recent years, builders have found it necessary to carry a full year's worth of lot supply in their inventory and make representations to commit to another year's worth in order to keep their relative place in line.

However, conditions have changed. As serviced land supplies in Alberta's metropolitan areas have dwindled and new builders have entered the market, the environment for securing longer positions in new developments has become highly competitive. Simply building great homes is no longer enough to ensure success as a homebuilder. Today, even established high-volume builders, including HBA, find it necessary to secure their positions by participating in the purchase of undeveloped land, either alone or in partnership with land developers. While this new business paradigm necessitates new long-term capital for homebuilders, it also represents a significant new opportunity for HBA. To meet this opportunity HBA finds itself looking at commitments that take it into investments that secure building lots in the 3-10 year range.

As a result of the above factors HBA has organized the Trust and this Offering, to assist the Operating Avi Parties in raising funds to be used to acquire land for use by the Operating Parties. Funds raised under this Offering will be used for deposits and for the purchase price of land acquired by the Operating Avi Parties in Alberta as well as for all third party costs incurred by the Operating Avi Parties in the acquisition and development of such land.

Payments of principal and interest paid by the Operating Avi Parties to the Trust pursuant to the Loans will be made revenues arising from the operation of the Avi Business.

#### **2.2.4 Administration and Operation of The Trust**

##### **Administrative and Operating Expenses**

The Trust will generally be responsible to pay all costs and expenses related to its activities and business; however, Avi Canada has agreed to bear all such costs and expenses pursuant to the terms of the Funding Agreement.

##### **Operation of the Trust**

The Trust, in respect of its first taxation year, will elect, pursuant to subsection 132(6.1) of the Tax Act, that the Trust be deemed to be a mutual fund trust for the entire year. The Trustee will generally claim all maximum deductions available to the Trust or such lesser amounts as it determines to be in the best interest of the Unitholders for the purposes of computing its income pursuant to the Tax Act and to the extent required to reduce the taxable income of the Trust to nil. The Trust will provide the Unitholders who received distributions from the Trust in the prior calendar year, the information and forms needed by them in order to complete their tax returns.

The Trust will file such tax returns as are required by the Tax Act. Unitholders will report income, loss, capital gains or capital losses for income tax purposes as required under the Tax Act and as is generally described under Item 6 - "Income Tax Considerations and Deferred Plan Eligibility".

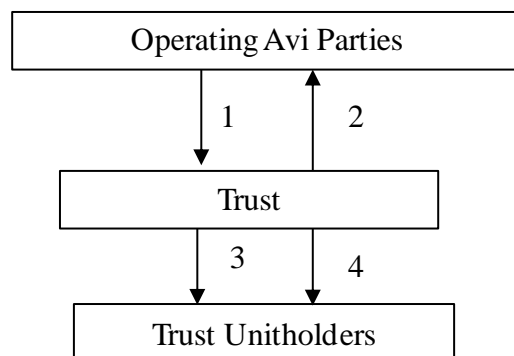
##### **The Trustee**

The Trustee will not be entitled to compensation for acting as Trustee of the Trust. The Trustee and its officers and directors will be entitled to be reimbursed by Avi Canada for any disbursements and out-of pocket expenses made by them in the performance of their duties and obligations under the Declaration of Trust.

#### **2.2.5 Distribution of Cash Flow of the Trust**

It is the intention of the Trust to distribute all interest and principal payments it receives from the Operating Avi Parties with respect to Loan Advances made by the Trust to the Operating Avi Parties to Unitholders.

The following is an example of intended distribution of funds received by the Trust from the Operating Avi Parties to Unitholders:



1. The Operating Avi Parties will pay the Trust interest at the Interest Rate with respect to of the outstanding balance of each Loan Advance on February 28, May 31, August 31 and November 30 of each year during the term of the Loan.
2. The Trust will loan all interest paid to it on the above basis back to the Operating Avi Parties.
3. The Trust will make distributions of Cash Flow of the Trust equal to interest payable under each Loan Advance by Operating Avi Parties to the Trust Unitholders during the Term of each Loan by way of a distribution of Units to the Trust Unitholders with the Units issued in this respect being valued at one dollar (\$1.00) per Unit.
4. After the 36 month anniversary of the first advance of each Loan the Trust will distribute as Cash Flow of the Trust to Trust Unitholders, cash received as interest payments under each Loan from the Operating Avi Parties.

#### **2.2.6 Factors Affecting Distributions**

The ability of the Trust to make cash distributions and the actual amount distributed will depend on payments it receives from the Operating Avi Parties pursuant to the Promissory Notes and will be subject to various factors including those referenced in Item 8 - “Risk Factors” section of this Offering Memorandum. It is important for Subscribers to consider the particular risk factors that may affect the Avi Business generally and therefore the availability and stability of the distributions to Unitholders. See Item 8 - “Risk Factors” for a more complete discussion of these risks and their potential consequences.

#### **2.2.7 Redemption of Units by the Trust**

Unitholders may redeem Units subject to certain restrictions set forth in the Declaration of Trust. The Redemption Price per Unit redeemed may be paid by the Trust through the issuance of Redemption Notes rather than in cash in in certain circumstances. Redemption Notes likely will not be a qualified investment for tax-exempt subscribers. See Item 6 - “Income Tax Considerations and Deferred Plan Eligibility”. Redemptions in certain circumstances will also be subject to various maximum redemptions limits as provided for in the Declaration of Trust. See Item 2.6 - “Material Agreements - Summary of the Declaration of Trust – Section 6 - Redemption of Units”.

**Subscribers should note that the redemption right is not intended to be the primary mechanism for Trust Unitholders to liquidate their investment.**

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### 2.2.8 Redemption Terms of the Units

The following is a summary of the terms and conditions under which the Units can be redeemed by Unitholders. Subscribers should refer to Item 2.6 - “Material Agreements - Summary of Declaration of Trust - Section 6 - Redemption of Units” for the full terms of the redemption rights of the Units”. Capitalized terms below that are not defined in this Offering Memorandum will have the same meanings as provided for in the Declaration of Trust.

<b>Redemption Right <sup>(1)</sup></b>	<b>Trust Unit Redemption Price</b>	<b>Payment Terms of Redemption Price</b>	<b>Notice Period for Redemption</b>	<b>Payment Date</b>
Section 6.2 Redemption Right During Investment Period	\$1.00	Cash payment of Personal Contribution Amounts and Promissory Notes <sup>(2)</sup> issued for any Avi Contribution.	No Notice period. A Trust Unitholder shall send a duly completed and properly executed notice requesting the Trust to redeem Trust Units, specifying the identity, capacity or authority of the person giving notice and number and Series of Trust Units along with the Trust Unit Certificate(s) to be redeemed shall be sent to the office of the Trust.	Cash payment to be paid within 30 days of the Trust receiving a Notice.
Section 6.3 Redemption of Units on an Investment Period Maturity Date	\$1.00	Cash payment of the full Redemption Price of Units being redeemed.	30 days prior to the Investment Period Maturity Date.	Cash payment to be paid within 30 days of the Investment Period Maturity Date to which the Trust Units being redeemed relate.
Section 6.4 Redemption of Units After an Investment Period Maturity Date	\$1.00	Subject to Note 3 below, a cash payment of the Redemption Price per Trust Unit of each Trust Unit redeemed plus any Cash Flow of the Trust that the Units being redeemed would be entitled to with respect to the interest payable under the Promissory Note to which the Series of Units relate.	Between March 1 and April 30 or between May 1 and October 31 in any year after.	Cash payment to be paid within 30 days of the Section 6.4 Redemption Notice being received by the Trust.
Section 6.4 Redemption Price Paid by Redemption Notes	\$1.00	If there is no Cash Redemption in certain circumstances pursuant to Section 6.5 then the Trust may issue Section 6.4 Redemption Notes. Trust Unitholders shall have 15 Business Days from the date of the Trustees’ notice to rescind their redemption. If they do not rescind, the Section 6.4 Redemption Price shall be paid by Redemption Notes.	No Notice period. A Trust Unitholder shall send a duly completed and properly executed notice requesting the Trust to redeem Trust Units, specifying the identity, capacity or authority of the person giving notice and number and Series of Trust Units along with the Trust Unit Certificate(s) to be redeemed shall be sent to the office of the Trust.	The Promissory Notes will be due and payable by the Trust on the third anniversary of the date of issuance.

<b>Redemption Right <sup>(1)</sup></b>	<b>Trust Unit Redemption Price</b>	<b>Payment Terms of Redemption Price</b>	<b>Notice Period for Redemption</b>	<b>Payment Date</b>
Section 6.7 Redemption by a Trust Unitholder where a Trust Unitholder is no longer employed by an Operating Avi Party	\$1.00	Cash payment of the full subscription price per Unit on the last day of an Investment Period for the Units being redeemed for their Personal Contributions and Redemption Notes <sup>(2)</sup> issued for the Avi Contribution.	No Notice period. A Trust Unitholder shall send a duly completed and properly executed notice requesting the Trust to redeem Trust Units, specifying the identity, capacity or authority of the person giving notice and number and Series of Trust Units along with the Trust Unit Certificate(s) to be redeemed shall be sent to the office of the Trust.	Cash payment to be paid within 60 days of the date of receipt of a Redemption Notice by the Trust.
Section 6.7 Redemption by a Trust Unitholder where employment of a Trust Unitholder is terminated for cause by an Operating Avi Party.	\$1.00	Personal Contributions will be paid in cash based on the Redemption Price per Trust Unit plus any Cash Flow of the Trust that the Units being redeemed would be entitled to with respect to the interest payable under the Promissory Note to which the series of Units relate. Any Avi Contribution will be paid by a Redemption Note <sup>(2)</sup> .	No Notice period. A Trust Unitholder shall send a duly completed and properly executed notice requesting the Trust to redeem Trust Units, specifying the identity, capacity or authority of the person giving notice and number and Series of Trust Units along with the Trust Unit Certificate(s) to be redeemed shall be sent to the office of the Trust.	Cash payment to be made within 30 days of the 6.4 Redemption Notice was received.
Section 6.8 Redemption by the Trust where Employment has been terminated by an Operating Avi Party for Cause:  Where Employment has been terminated by an Operating Avi Party for reasons other than for Cause:	\$1.00	Personal Contributions will be paid for the Redemption Price per Unit plus any Cash Flow of the Trust that the Units being redeemed would be entitled to with respect to the interest payable under the Promissory Note to which the series of Units relate. Avi Contribution amounts will be paid by a Redemption Note <sup>(2)</sup> .	No Notice period. A Trust Unitholder shall send a duly completed and properly executed notice requesting the Trust to redeem Trust Units, specifying the identity, capacity or authority of the person giving notice and number and Series of Trust Units along with the Trust Unit Certificate(s) to be redeemed shall be sent to the office of the Trust.  No Notice period. A Trust Unitholder shall send a duly completed and properly executed notice requesting the Trust to redeem Trust Units, specifying the identity, capacity or authority of the person giving notice and number and Series of Trust Units along with the Trust Unit Certificate(s) to be redeemed shall be sent to the office of the Trust.	Cash payment within 30 days of the receipt of a Section 6.4 Redemption Notice.  Cash payment within 30 days to be redeemed by the Trust on or before the 60 <sup>th</sup> day after delivering to the Trust a 6.8 Redemption Notice.

<b>Redemption Right <sup>(1)</sup></b>	<b>Trust Unit Redemption Price</b>	<b>Payment Terms of Redemption Price</b>	<b>Notice Period for Redemption</b>	<b>Payment Date</b>
6.9 Hardship Redemption	\$1.00	A Trust Unitholder or a personal representative may redeem the entire amount their Trust Units for Redemption Price per Unit. The aggregate amount will be paid in cash.	No Notice period. A Trust Unitholder or personal representative shall send a duly completed and properly executed notice requesting the Trust to redeem Trust Units, specifying the identity, capacity or authority of the person giving notice and number and Series of Trust Units along with the Trust Unit Certificate(s) to be redeemed shall be sent to the office of the Trust.	Trust shall pay the aggregate of the Hardship Redemption amount in cash within 30 days of receipt of a Hardship Redemption Notice.
6.10 Life Long Learning Plan or First Time Homeowner's Plan	\$1.00	A Trust Unitholder may redeem the entire amount of a Trust Unitholder's Trust Units for the subscription price per Unit. The aggregate amount will be paid in cash.	No Notice period. A Trust Unitholder shall send a duly completed and properly executed notice requesting the Trust to redeem Trust Units, specifying the identity, capacity or authority of the person giving notice and number and Series of Trust Units along with the Trust Unit Certificate(s) to be redeemed shall be sent to the office of the Trust.	Trust shall pay the aggregate of the Section 6.10 Redemption amount in cash within 30 days of receipt of a Section 6.10 Redemption Notice.

1. Section numbers referenced above refer to the corresponding Sections of the Declaration of Trust. See Item 2.6 - "Material Agreements - Summary of Declaration of Trust" for the full terms of the above redemption rights.
2. Terms of the Redemption Notes are as follows: Interest from and including the issue date of each note at a rate equal to lesser of (1) the RBC Prime Rate in effect as of the date a Section 6.2 Redemption Notice is received and (2) one half of the interest rate of the Promissory Notes related to the Series of Units being redeemed payable annually in arrears due and payable on the 5th anniversary of the date of issuance.
3. No Cash Redemption In Certain Circumstances - The Trust shall not be required to make a payment in cash of the Section 6.4 Redemption Price with respect to Trust Units tendered for redemption pursuant to a Section 6.4 Redemption Notice if: (a) in the sole opinion of the Trustee, the payment of the Section 6.4 Redemption Price in cash by the Trust would not be in the best interest of the Trust having regard to the then current cash position of the Trust; (b) or the Trust, in the sole opinion of the Trustee, is able to make a cash payment with respect to the Section 6.4 Redemption Price and the total amount payable by the Trust pursuant to Section 6.4 in respect of such Trust Units tendered for redemption in the same Section 6.4 Redemption Period exceeds \$500,000 (the "**Section 6.4 Redemption Period Limit**"); provided that the Trustee may, in its sole discretion, waive such limitation in respect of all Trust Units tendered for redemption pursuant to a Section 6.4 Redemption Notice. Trust Units tendered for redemption in any Section 6.4 Redemption Period in which the total amount payable by the Trust pursuant to Section 6.4(d) exceeds the Section 6.4 Redemption Period Limit will be redeemed for cash on a pro-rata basis up to the Section 6.4 Redemption Period Limit and, unless any applicable regulatory approvals are required, by a distribution of Redemption Notes under Section 6.6 below for the balance; or (c) the redemption of Trust Units will result in the Trust losing its status as a "mutual fund trust" for the purposes of the Tax Act.

## 2.3 Development Of The Business

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

- (i) The Trust and the Trustee have both been established;
- (ii) The Trust and Avi Canada have entered into the Funding Agreement;
- (iii) The Trust and the Operating Avi Parties have agreed to enter into the Loan Agreement upon the Initial Closing; and
- (iv) The Operating Avi Parties have agreed to grant the Trust a Promissory Note with respect to each Loan Advance made by the Trust to the Operating Avi Parties.

There have been no unfavorable developments affecting the Trust's business since its inception.

## 2.4 Short And Long Term Objectives

The Trust's primary purpose and sole business, and thus its short term and long term objective, is to raise \$10,000,000 or more under this Offering and to loan those funds to the Operating Avi Parties, with the objective of generating returns to Unitholders. The total principal amount of the Loans will be equal to the Gross Proceeds raised under this Offering.

All costs, expenses and fees associated with the Offering will be borne by Avi Canada rather than the Trust pursuant to the terms of the Funding Agreement and as such the Trust will not incur any costs in achieving its short or long term objectives.

Proceeds raised under this Offering will not be used to fund operational expenses of the Operating Avi Parties nor will the proceeds be used to pay for the costs of this Offering or the administration of the Trust.

## 2.5 Insufficient Funds

### *The Trust*

The Trust intends that all or substantially all of the Gross Proceeds of the Offering will be used to provide the Loans to the Operating Avi Parties. The Trust does not intend to hold any significant cash reserves. The proceeds of this Offering may not be sufficient to accomplish all of the Trust's proposed objectives and there is no assurance that alternative financing will be available.

## 2.6 Material Agreements

### *The Trust*

The only material agreements which have been entered into by the Trust since its formation are:

- the Declaration of Trust (see "Summary of the Declaration of Trust"); and
- the Funding Agreement (see "Summary of the Funding Agreement").

The Trust and the Operating Avi Parties intend to enter into the Loan Agreement upon the Initial Closing.

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## SUMMARY OF THE LOAN AGREEMENT

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The Trust and the Operating Avi Parties intend to enter into the Loan Agreement after the Initial Closing. The material terms of the Loan Agreement will be as follows:

**Loans** – the aggregate of all funds advanced by the Trust to the Operating Avi Parties between each 12 month period commencing March 1 and ending the following February 28 during the term of the Trust will be considered a separate Loan and will be evidenced by a Promissory Note issued by the Operating Avi Parties to the Trust which will include the terms below. The obligations of the Operating Avi Parties will be joint and several under the Loan Agreement and each Promissory Note granted by the Operating Avi Parties to the Trust.

**Interest Rate** – to be agreed to between the Trust and the Operating Avi Parties prior to date of the first advance under a Loan. With respect to the first Loan with respect to funds advanced between February 25, 2015 and February 28, 2015 and the second Loan with respect to funds advanced between March 1, 2015 and February 28, 2016, the interest rate will be eight percent (8%) per annum.

**Interest payments** – interest paid quarterly on each February 28, May 31, August 31 and November 30 during the term of a Loan. The Trust will loan the Operating Avi Parties all amounts paid by the Operating Avi Parties on account of interest with respect to a Loan.

**Principal Payments** – the whole of the principal amount of a Loan or any portion thereof so demanded by the Trust shall be payable on demand.

**Security** – Avi Canada will provide the Trust with security over all of its present and after acquired personal property which will be subordinate to security provided by Avi Canada to its institutional lenders and with respect to security provided by Avi Canada in respect of shareholders loans made by Avi Canada's sole shareholder. The other Operating Avi Parties will not provide security in respect of the Loans. See Item 8 - "Risk Factors".

In the event that the payment terms of any Loan Advance has been in default for 30 consecutive days, the Trustee shall call a Special Meeting of the Trust Unitholders for the purpose of obtaining direction from the Trust Unitholders as to whether the Trust Unitholders want to replace the Trustee with a Trustee appointed by the Trust Unitholders.

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## SUMMARY OF THE DECLARATION OF TRUST

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The following are the verbatim terms of the some of the Articles and Sections of the Declaration of Trust. This summary is subject to the complete terms and conditions of the Declaration of Trust. References to Articles and Section numbers below are to corresponding Articles and Section numbers in the Declaration of Trust. Capitalized terms below that are not defined in this Offering Memorandum will have the same meanings as provided for in the Declaration of Trust. A full copy of the Declaration of Trust is available to subscribers on the "My Avi" website or upon request by Subscribers to the Trustee.

### *General*

A Subscriber for Units will become a Unitholder of the Trust upon the acceptance by the Trustee of a subscription in the form approved from time to time by the Trustee.

### *1.10 Audit, Accounting and Reporting*

All accounting terms not specifically defined in this Declaration of Trust will be interpreted in accordance with GAAP. Where the character or amount of any asset or liability or item of revenue or expense or amount of equity is required to be determined, or any consolidation or other accounting computation is required to be made, for the purpose of this Declaration of Trust, such determination or calculation will, to the extent applicable and except as otherwise specified herein or as otherwise determined by the Trustee, be made in accordance with GAAP.

### *3.1 Nature of Trust Units*

The beneficial interests in the Trust shall be divided into interests of one class, described and designated as "Trust Units", which shall be entitled to the rights and subject to the limitations, restrictions and conditions set out herein. The Trustee, in its sole discretion may designate Trust Units issued by the Trust into separate Series based on the date of issue of such Trust Units, and the interest of each Trust Unitholder shall be determined by the number of Trust Units registered in the name of the Trust Unitholder in each Series;

Additionally the Trustee, in its discretion, shall be authorized to issue an individual Series or a number of Series of Trust Units (each a "**Discretionary Trust Unit Series**" and all Trust Units issued in a Discretionary Trust Unit Series shall be referred herein as "**Discretionary Trust Units**") which shall have all of the rights provided for in this Declaration of Trust other than with respect to the rights provided for under Section 5.7(a) and (b) and the rights of redemption provided for in Article 6 herein. The method of payment of distributions (the "**Method of Payment of Distributions**") other than with respect to Section 5.7(d) which shall be applicable in all respects to Discretionary Trust Units and rights of redemption (the "**Discretionary Trust Unit Redemption Rights**") with respect to all Discretionary Trust Unit Series shall be determined by the Trustee by way of a unanimous resolution (each such resolution shall be referred to as a "**Discretionary Trust Unit Series Trustee Resolution**") of the Trustee at the time a Discretionary Trust Units Series is issued by the Trust and this Declaration shall be considered to be amended as of the date of the Discretionary Trust Unit Series Trustee Resolution to the extent necessary to include the Method of Payment of Distributions and Discretionary Trust Unit Redemption Rights provided for in the Discretionary Trust Unit Series Trustee Resolution; and

Subject to Section 5.3, the Trust Units of each Series shall represent an equal undivided beneficial interest in any distribution from the Trust to which a Series of Units is entitled (whether of Income of the Trust, Net Realized Capital Gains or other amounts) and in any net assets of the Trust in the event of termination or winding-up of the Trust to which a Series of Units is entitled. All Trust Units in a Series shall rank among themselves equally and rateably without discrimination, preference or priority, whatever may be the actual date or terms of issue thereof. Each Trust Unit shall entitle the holder of record thereof to one vote at all meetings of Trust Unitholders or in respect of any written resolution of Trust Unitholders.

### **3.3 *Issue of Trust Units***

- a) Trust Units shall be issued pursuant to and in accordance with this Declaration of Trust;
- b) the Trustee is authorized to review and accept subscriptions for Trust Units received by the Trust and to issue Trust Units in Series pursuant thereto;
- c) in addition, Trust Units may be issued by the Trust at the times, to the persons, for the consideration and on the terms and conditions that the Trustee determines, and, without limiting the generality of the foregoing, the Trustee may authorize the Trust to pay a reasonable commission to any person in consideration of such person purchasing or agreeing to purchase Trust Units from the Trust or from any other person or procuring or agreeing to procure purchasers for Trust Units; and
- d) Trust Units shall only be issued as and when fully paid in money, property, including indebtedness, or past services, and are not to be subject to future calls or assessments, except that Trust Units to be issued under an offering may be issued for a consideration payable in instalments and the Trust may take a security interest over such Trust Units for unpaid instalments.

### **3.4 *Trust Units Non-Assessable***

No Units shall be issued other than as fully paid and non-assessable. No person shall be entitled, as a matter of right, to subscribe for or purchase any Unit, except in accordance with the provisions of the Declaration of Trust.

### **3.5 *Legal Ownership of Assets of the Trust***

The legal ownership of the assets of the Trust and the right to manage the investments of the Trust are vested exclusively in the Trustee and the Trust Unitholders shall have no interest therein other than the beneficial interest in the Trust Fund conferred by their Trust Units issued hereunder and they shall have no right to compel any partition, division, dividend or distribution of the Trust Fund or any of the assets of the Trust. The Trust Units shall be personal property and shall confer upon the holders thereof only the interest and rights specifically set forth in this Declaration of Trust. No Trust Unitholder has or is deemed to have any right of ownership in any of the assets of the Trust, including without limitation the Trust Fund.

### **3.6 *No Fractional Units***

Fractions of Units shall not be issued, except pursuant to distributions of additional Units to all Unitholders. Fractions of Units will not be entitled to vote at meetings of Unitholders.

### **3.7 *Consolidation of Trust Units***

Immediately after any pro-rata distribution of additional Trust Units to all holders of Trust Units pursuant to Section 5.7 (c), the number of the outstanding Trust Units will automatically be consolidated such that each such holder will hold after the consolidation the same number of Trust Units as such holder held before the distribution of additional Trust Units and each Trust Unit Certificate representing a number of Trust Units prior to the distribution of additional Trust Units is deemed to represent the same number of Trust Units after the distribution of additional Trust Units and the consolidation. Such consolidation shall not constitute a redemption or cancellation of Trust Units so consolidated and a Trust Unitholder whose Trust Units are consolidated shall not receive, and shall not be entitled to receive, any proceeds of disposition in respect thereof. Notwithstanding the foregoing, where tax is required to be withheld in respect of a Trust Unitholder's share of the distribution, the Trust shall withhold from the cash portion of such distribution, if any, or the Trust Unitholder shall make a cash payment to the Trust, of an amount equal to the amount of tax required to be remitted to the appropriate taxation authority by the Trust, or, if such withholding cannot be made by the Trust or such payment is not made by the Trust Unitholder:

- a) the consolidation of the Trust Units held by such Trust Unitholder will result in such Trust Unitholder holding that number of Trust Units equal to the number of Trust Units held by such Trust Unitholder prior

to the distribution minus the number of Trust Units withheld by the Trust on account of withholding taxes payable by the Trust Unitholder in respect of the distribution; and

- b) the consolidation shall not apply to any Trust Units so withheld.

Any Trust Units so withheld shall either be delivered to the appropriate taxation authority or sold, in which case the net proceeds shall be remitted to the appropriate taxation authority. Such Trust Unitholder will be required to surrender the Trust Unit Certificates, if any, representing such Trust Unitholder's original Trust Units, in exchange for a Trust Unit Certificate representing such Trust Unitholder's post-consolidation Trust Units other than the withheld Trust Units.

### **3.8      *Re-Purchase of Initial Trust Units by Trust***

Immediately after the issuance of one or more additional Trust Units, the Trust shall purchase the Initial Trust Units from the Settlor, and the Settlor shall sell the Initial Trust Units to the Trust, for a purchase price of one hundred dollars (\$100.00) and, upon the completion of such purchase and sale, the Initial Trust Units shall be cancelled and shall no longer be outstanding for any of the purposes of this Declaration of Trust.

### **3.9      *No Conversion, Retraction, Redemption or Pre-Emptive Rights***

Except as otherwise set forth herein, there are no conversion, retraction, redemption or pre-emptive rights attaching to the Trust Units.

## **4      INVESTMENTS OF TRUST FUND**

### **4.1      *Primary Investments***

All Trust Units issued by the Trust between February 18, 2015 and February 28, 2015 and thereafter between March 1, 2015 and February 28, 2016 and every such consecutive annual period thereafter during the term of the Trust will be designated as an individual Series. The net proceeds from the issuance of a Series of Trust Units will be loaned (each a "**Loan Advance**") to the Operating Avi Parties. In return for each Loan Advance from the Trust, the Operating Avi Parties will grant a Promissory Note to the Trust pursuant to which the Operating Avi Parties shall be obligated to pay interest on the principal amount of each Loan Advance on terms as shall be agreed to between the Trust and the Operating Avi Parties. The Trust Unitholders of each Series of Trust Units shall only be entitled to distributions of Cash Flow of the Trust, Income of the Trust and Net Realized Capital Gains of the Trust (as provide for in Section 5 herein), if any, arising from the Loan Advance to which their Series of Trust Units relates.

### **4.2      *Other Investments***

Funds within the Trust Fund that are not required to be distributed to Trust Unitholders and are not otherwise used by the Trustee to pay for the cost and expenses of administering the Trust may be deposited by the Trustee on behalf of the Trust Unitholders or may be used by the Trustee on behalf of the Trust Unitholders to acquire Permitted Investments from time to time.

### **4.3      *Investment Restrictions***

- a) The Trustee shall ensure that the Trust:
  - (i) complies at all times with the requirements of subsection 108(2) and subsection 132(6) of the Tax Act; and
  - (ii) does not take any action, or acquire or retain any investment, that would result in the Trust not being considered a "mutual fund trust" as defined by the Tax Act; and
- b) the Trustee may, prior to any investment or activity, obtain an opinion of Counsel confirming that the investment or activity will not affect the Trust's status as a "mutual fund trust" for purposes of the Tax Act, shall not cause the Trust to become a SIFT Trust (as defined in the Tax Act), or fail to comply with the provisions of subsection 132(7) of the Tax Act.

### **5.1      *Computation of Cash Flow of the Trust***

The “**Cash Flow of the Trust**”, for, or in respect of, any Distribution Period, with respect to a Series of Trust Units, shall be equal to the sum of:

- a) all amounts which are received by the Trust with respect to a Series of Trust Units, for or in respect of, the Distribution Period, including, without limitation, interest, dividends, distributions, proceeds from the disposition of securities, returns of capital and repayments of indebtedness (including without limitation all such amounts as aforesaid received from the Operating Avi Parties arising from payments of principal and interest made by the Operating Avi Parties pursuant to the terms of a Promissory Note), or any other payment; and
- b) all amounts received by the Trust with respect to a Series of Trust Units in any prior Distribution Period to the extent not previously distributed;

less the sum of:

- c) all amounts used for Permitted Investments with respect to a Series of Trust Units during the Distribution Period or set aside by the Trustee for investments;
- d) all costs and expenses of the Trust which, in the opinion of the Trustee, may reasonably be considered to have accrued and become owing in respect of, or which relate to, the Distribution Period, or a prior period if not accrued or deducted in determining the Cash Flow of the Trust with respect to a Series of Trust Units in such prior period;
- e) all debt repayments and interest costs and expenses, if any, incurred by the Trust in the Distribution Period with respect to a Series of Trust Units;
- f) all costs and expenses of the Trust relating to capital expenditures which, in the opinion of the Trustee, may reasonably be considered to have accrued and become owing during the Distribution Period, or a prior period if not accrued or deducted in such prior period with respect to a Series of Trust Units;
- g) all amounts contributed or loaned, or which the Trustee reasonably expects to contribute or loan, to an associate or affiliate of the Trust with respect to a Series of Trust Units; and
- h) any other amounts (including taxes) required by law or hereunder to be deducted, withheld or paid by or in respect of the Trust in the Distribution Period with respect to a Series of Trust Units.

### **5.2      *Computation of Income and Net Realized Capital Gains***

- a) The “**Income of the Trust**” for any taxation year of the Trust shall be the net income for the year determined pursuant to the provisions of the Tax Act (other than subsection 104(6) and paragraph 82(1)(b)) having regard to the provisions thereof which relate to the calculation of income of a trust, and taking into account such adjustments thereto as are determined by the Trustee in respect of dividends received or deemed to be received from taxable Canadian corporations, amounts paid or payable by the Trust to Trust Unitholders and such other amounts as may be determined in the discretion of the Trustee; provided, however, that capital gains and capital losses shall be excluded from the computation of net income; and
- b) the “**Net Realized Capital Gains**” of the Trust for any taxation year of the Trust shall be determined as the amount, if any, by which the aggregate of the capital gains of the Trust for the year calculated in accordance with the provisions of the Tax Act exceeds:
  - (i) the aggregate of the capital losses of the Trust for the year calculated in accordance with the provisions of the Tax Act;
  - (ii) any capital gains which are realized by the Trust as a result of a redemption of Trust Units pursuant to Article 6 and which have been designated to the redeeming Trust Unitholders;
  - (iii) any amount in respect of which the Trust is entitled to a capital gains refund under the Tax Act; and
  - (iv) the amount determined by the Trustee in respect of any net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for the year.



### **5.3      *Distribution of Cash Flow of the Trust***

The Trustee may on or before each Distribution Record Date, declare payable to the holders of each Series of Trust Units on such Distribution Record Date all or any part of the Cash Flow of the Trust for the Distribution Period which includes such Distribution Record Date to which each Series shall be entitled. The proportionate share for a Trust Unit of each Series of the amount of such Cash Flow of the Trust to which each Series is entitled (or portion thereof declared payable) shall be determined by dividing such amount by the number of issued and outstanding Trust Units of each Series on such Distribution Record Date. The share of such Cash Flow of the Trust (or portion thereof declared payable) to which each Series is entitled attributable to each holder of a Series of Trust Units shall be an amount equal to the proportionate share for each Trust Unit of a Series of the amount of such Cash Flow of the Trust (or portion thereof declared payable) to which each Series is entitled multiplied by the number of Trust Units of a Series owned of record by each such holder of Trust Units on such Distribution Record Date. Subject to Sections 5.7 and 5.8, Cash Flow of the Trust which has been declared to be payable to holders of a Series of Trust Units in respect of a Distribution Period shall be paid in cash on the Distribution Payment Date.

### **5.4      *Other Distributions***

- a) In addition to the distributions which are made payable to Trust Unitholders pursuant to Section 5.3, the Trustee may declare to be payable and make distributions to Trust Unitholders of record, from time to time, out of Income of the Trust, Net Realized Capital Gains, the capital of the Trust or otherwise, to which each Series is entitled, in any year, in such amount or amounts, and on such record dates as the Trustees may determine;
- b) Having regard to the present intention to allocate, distribute and make payable to Trust Unitholders all of the Income of the Trust, Net Realized Capital Gains and any other applicable amounts so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year, the following amounts shall be due and payable to Trust Unitholders of each Series of record on December 31 in each such year:
  - i. an amount equal to the amount, if any, by which the Income of the Trust for such year in respect of that Series of Trust Units exceeds the aggregate of the portions, if any, of each distribution made by the Trust pursuant to Section 5.3 and Section 5.4(a) which have been determined by the Trustee, pursuant to Section 5.5, to have been payable by the Trust out of Income of the Trust in respect of that Series of Trust Units for such year; and
  - ii. an amount equal to the amount, if any, by which the Net Realized Capital Gains of the Trust for such year in respect of that Series of Trust Units exceeds the aggregate of the portions, if any, of each distribution made by the Trust pursuant to Section 5.3 and Section 5.4(a) which have been determined by the Trustee, pursuant to Section 5.5, to have been payable by the Trust out of Net Realized Capital Gains in respect of that Series of Trust Units for such year;
- c) The proportionate share of each Trust Unit of the amount of any distribution made pursuant to either or both of Sections 5.4(a) and 5.4(b) shall be determined by dividing such amount by the number of issued and outstanding Trust Units of a Series of Trust Units on the applicable record date in respect of a distribution pursuant to Section 5.4(a) and on December 31 in respect of a distribution pursuant to Section 5.4(b). Each Trust Unitholder's share of the amount of any such distribution shall be an amount equal to the proportionate share of each Trust Unit of such amount multiplied by the number of Trust Units of a Series of Trust Units owned of record by each such Trust Unitholder on such applicable record date or December 31 in the year of such distribution, as the case may be. Subject to Section 5.7 and Section 5.8, amounts which are payable to Trust Unitholders pursuant to either Section 5.4(a) or 5.4(b) shall be paid in cash on the Distribution Payment Date which immediately follows the applicable record date in respect of a distribution pursuant to Section 5.4(a) or shall be payable December 31 in the applicable year in respect of a distribution pursuant to Section 5.4(b) and shall be paid forthwith, and in no event later than January 30 of the following year, subject to Section 5.6.

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

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

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

For greater certainty, it is hereby declared that each Trust Unitholder shall have the legal right to enforce payment of any amount payable to such Trust Unitholder as a result of any distribution, which is payable to such Trust Unitholder pursuant to this Article 5.

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

- a) Other than with respect to Discretionary Trust Units, distributions of interest paid by the Operating Avi Parties to the Trust pursuant to the terms of a Promissory Note during the Investment Period applicable to each Series of Units shall be paid by the Trust to Trust Unitholders through the issuance of Trust Units in the Series to which a Promissory Note relates;
- b) Upon the expiry of an Investment Period of a Series, distributions of interest paid by the Operating Avi Parties to the Trust pursuant to the terms of a Promissory Note will, other than with respect to Discretionary Trust Units, be paid in cash by the Trust to the Trust Unitholders of the Series to which the Promissory Note relates;
- c) With respect to Discretionary Trust Units, distributions of interest paid by the Operating Avi Parties to the Trust pursuant to the terms of a Promissory Note during the Investment Period applicable to each Discretionary Series of Trust Units shall be paid by the Trust to Trust Unitholders in accordance with the terms of the Discretionary Trust Unit Series Trustee Resolution;
- d) Where the Trustee determines that the Trust does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable pursuant to this Article 5 on the due date for such payment other than with respect to distributions made pursuant to subparagraph (a) above, the payment may, at the option of the Trustee include the issuance of additional Trust Units, or fractions of Trust Units, if necessary, having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustee to be available for the payment of such distribution; and
- e) the value of each Trust Unit which is issued pursuant to Sections 5.7(a) and (d) shall be one dollar (\$1.00) per Trust Unit.

### **5.8      *Withholding Taxes***

The Trustee may deduct or withhold from distributions payable to any Trust Unitholder all amounts required by law to be withheld from such distributions, whether those distributions are in the form of cash, additional Trust Units or otherwise. In the event of a distribution in the form of additional Trust Units or property other than cash, the Trustee may sell such Trust Units or other property of those Trust Unitholders to pay those withholding taxes and to pay all of the Trustees' reasonable expenses with regard thereto and the Trustee shall have the power of attorney of the Trust Unitholder to do so. Any such sale of Trust Units or property may be made by private sale and upon that sale, the affected Trust Unitholder shall cease to be the holder of those Trust Units or that property. In the event that withholding taxes are exigible on any distribution or redemption amounts distributed under this Declaration of Trust and the Trust was unable to withhold taxes from a particular distribution to a Trust Unitholder or has not otherwise withheld taxes on particular distributions to the Trust Unitholders, the Trust shall be permitted to withhold amounts from other distributions to satisfy the withholding tax obligation. Each Trust Unitholder, by its acceptance of Trust

Units, agrees that it shall indemnify and hold harmless the Trust for any amount required to be withheld as provided in this Section 5.8 and that such Trust Unitholder is entitled to subsequent distributions from the Trust only to the extent that such distributions are, in the sole opinion of the Trustee, in excess of amounts sufficient to discharge the required withholding. Each Trust Unitholder, by its acceptance of Trust Units, grants the Trustee the power to do so.

### **5.9      *No Liability for Sales***

The Trustee shall have no liability whatsoever to any Trust Unitholders and no resort shall be had to the Trust Fund or the Trustee, as the case may be, for satisfaction of any obligation or claim against the Trustee or the Trust in connection with the Trust's sale of Trust Units under any provision herein to comply with its statutory obligations to withhold and remit an amount otherwise payable to the Trust Unitholders.

## **6            REDEMPTION OF UNITS**

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

Each holder of Trust Units, other than holders of Discretionary Trust Units, shall be entitled to require the Trust to redeem at any time or from time to time at the demand of such holder of Trust Units all or any part of the Trust Units registered in the name of such holder of Trust Units at the prices determined and payable in accordance with the terms and conditions hereinafter provided. The Trustee shall be entitled in its discretion to determine and designate whether any payments made in respect of any redemption are on account of income or capital.

### **6.2      *Redemption Right During Investment Period***

- a) To exercise a right to require redemption of Trust Units of a Series during an Investment Period, a duly completed and properly executed notice (each a "**Section 6.2 Redemption Notice**") requesting the Trust to redeem Trust Units, in a form acceptable to the Trustee, acting reasonably, specifying the identity, capacity or authority of the person giving such notice and number and Series of Trust Units to be so redeemed, along with the Trust Unit Certificate(s) representing the Trust Units to be so redeemed, shall be sent by a Trust Unitholder to the Trust at the office of the Trust. The Trustee may request such further information or evidence, as it deems necessary, acting reasonably, to act on such Redemption Notice; and
- b) Trust Units shall be considered to be tendered for redemption on the date that the Trustee has, to its satisfaction, received the Section 6.2 Redemption Notice and other required documents or evidence as aforesaid.
- c) Upon receipt by the Trustee on behalf of the Trust of the Section 6.2 Redemption Notice, the holder of the Trust Units tendered for redemption shall be entitled to receive an aggregate redemption price for all Trust Units to be redeemed (hereinafter called the "**Section 6.2 Redemption Price**") equal to the Unit Subscription Price of each Trust Unit to be redeemed;
- d) The Section 6.2 Redemption Price payable in respect of the Trust Units surrendered for redemption shall be satisfied as follows:
  - (i) subject to Section 6.2(e) below, by way of a cash payment within 30 days of the receipt of a Section 6.2 Redemption Notice by the Trust with respect to all Trust Units acquired by the Trust Unitholder through contributions made personally by the Trust Unitholder (the "**Unitholder Contributions**") to his/her self-directed RRSP account during the Investment Period to which the Units to be redeemed relates including any Trust Units issued to the Trust Unitholder in accordance with distributions made by the Trust pursuant to Section 5.7(a) herein with respect to Trust Units acquired by the Trust Unitholder through Unitholder Contributions; and
  - (ii) the Section 6.2 Redemption Price with respect to Trust Units acquired by a Trust Unitholder from all amounts contributed by any of the Operating Avi Parties (each an "**Avi Party RRSP Contribution**") to the Trust Unitholder's self-directed RRSP account held during the Investment Period applicable to the Series of Units for which a Section 6.2 Redemption Notice has been received including any Trust Units issued to the Trust Unitholder in accordance with distributions made by the Trust pursuant to Section 5.7(a) herein with respect to Trust Units acquired by the Trust Unitholder through Avi Party RRSP Contributions with all funds (collectively the "**Avi Party Contribution Amount**") received through any Avi Party RRSP Contributions shall, subject to all necessary regulatory approvals, be paid and satisfied by the Trust issuing promissory notes (the "**Section 6.2 Redemption Notes**"). The Section 6.2 Redemption Notes shall be promissory notes issued in series, or otherwise, by the Trust and

issued to redeeming Trust Unitholders in principal amounts equal to the aggregate of the Section 6.2 Redemption Price per Trust Unitholder representing the Avi Party Contribution Amount that will not be paid in cash and having the following terms and conditions:

1. unsecured and bearing interest from and including the issue date of each such note at a rate equal to lesser of (i) the Royal Bank of Canada Prime Rate in effect as of the date a Section 6.2 Redemption Notice is received; and (ii) one half of the interest rate of the Promissory Note related to the Series of Units being redeemed, payable annually in arrears (with interest after as well as before maturity, default and judgment, and interest on overdue interest at such rate);
  2. subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into by the Trustee with holders of senior indebtedness;
  3. due and payable on the fifth anniversary of the date of issuance;
  4. subject to earlier repayment without penalty; and
  5. subject to the other standard terms and conditions as would be included in a promissory note of this kind, as may be approved by the Trustee.
- e) The Trust shall not be required to make cash payments for redemptions of Units pursuant to subparagraph (d)(i) above in excess of \$50,000 (the “**Section 6.2 Redemption Limit**”) per month (each a “**Section 6.2 Redemption Period**”) provided that the Trustee may, in its sole discretion, waive such limitation in respect of all Trust Units tendered for redemption pursuant to a Section 6.2 Redemption Notice. Trust Units tendered for redemption in any Section 6.2 Redemption Period in which the total amount payable by the Trust pursuant to subparagraph (d)(i) above exceeds the Section 6.2 Redemption Limit will be redeemed for cash on a pro-rata basis up to the Section 6.2 Redemption Limit;
- f) Any remaining unpaid balance over and above the Section 6.2 Redemption Limit shall be paid by the Trust on or before the last day of the month following the month in which a payment is made by the Trust pursuant subparagraph (e) above, subject always to such payments, together the aggregate of payments to be made by the Trust pursuant to subparagraph (d)(i) above in the month in question not exceeding the Section 6.2 Redemption Limit. In the event that the aggregate of such payments to be made by the Trust pursuant to subparagraphs (d)(i) and (e) above in any one month exceed the Section 6.2 Redemption Limit, payments shall be made by the Trust in the following priority: (i) Payments required by subparagraph (e) first followed by payments required by subparagraph (d)(i) secondly; and
- g) Payments made by the Trust of the Section 6.2 Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former holder of Trust Units unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former holders of Trust Units in respect of the Trust Units so redeemed.

### **6.3 Redemption of Units on an Investment Period Maturity Date**

- a) Trust Units of Series may be redeemed by a Trust Unitholder for the full Subscription Price per Unit (the “**Section 6.3 Redemption Price**”) on the last day (each an “**Investment Period Maturity Date**”) of an Investment Period of the Units to be redeemed upon the Trust Unitholder providing the Trustee with a duly completed and properly executed notice (each a “**Section 6.3 Redemption Notice**”) requesting the Trust to redeem Trust Units, in a form acceptable to the Trustee, acting reasonably, 30 days prior to the Investment Period Maturity Date, specifying the identity, capacity or authority of the person giving such notice and number and Series of Trust Units to be so redeemed, along with the Trust Unit Certificate(s) representing the Trust Units to be so redeemed, shall be sent by a holder of Trust Units to the Trust at the office of the Trust. The Trustee may request such further information or evidence, as it deems necessary, acting reasonably, to act on a Section 6.3 Redemption Notice;

- b) Trust Units shall be considered to be tendered for redemption on the date that the Trustee has, to its satisfaction, received the Section 6.3 Redemption Notice and other required documents or evidence as aforesaid;
- c) The Section 6.3 Redemption Price payable in respect of the Trust Units surrendered for redemption shall be satisfied by way of a cash payment within 30 days of the Investment Period Maturity Date to which Trust Units being redeemed relate; and
- d) Payments made by the Trust of the Section 6.3 Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former holder of Trust Units unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former holders of Trust Units in respect of the Trust Units so redeemed.

#### **6.4 Redemption of Units After an Investment Period Maturity Date**

- a) To exercise a right to require redemption of Trust Units of a Series at any time after the Investment Period Maturity Date applicable to the Trust Units, a duly completed and properly executed notice (each a “**Section 6.4 Redemption Notice**”) requesting the Trust to redeem Trust Units, in a form acceptable to the Trustee, acting reasonably, shall be sent by a holder of Trust Units to the Trust at the office of the Trust between March 1 and April 30 or between May 1 and October 31 in any year after (each of the above periods shall be referred to herein as a “**Section 6.4 Redemption Period**”) specifying the identity, capacity or authority of the person giving such notice and number and Series of Trust Units to be so redeemed, along with the Trust Unit Certificate(s) representing the Trust Units to be so redeemed. The Trustee may request such further information or evidence, as it deems necessary, acting reasonably, to act on a Section 6.4 Redemption Notice; and
- b) Trust Units shall be considered to be tendered for redemption on the date that the Trustee has, to its satisfaction, received the Section 6.4 Redemption Notice and other required documents or evidence as aforesaid.
- c) Upon receipt by the Trustee on behalf of the Trust of the Section 6.4 Redemption Notice, the holder of the Trust Units tendered for redemption shall be entitled to receive a price per Trust Unit (hereinafter called the “**Section 6.4 Redemption Price**”) equal to the Unit Subscription Price of each Trust Unit to be redeemed together with any Cash Flow of the Trust that the Unit to be redeemed would be entitled to with respect to the interest payable under the Promissory Note to which the Series of Units relate as provided for in Section 4.1 herein up to the date on which the Section 6.4 Redemption Price is paid in accordance with sub-paragraph (d) below;
- d) Subject to Sections 6.5 and 6.6 below, the Section 6.4 Redemption Price payable in respect of the Trust Units surrendered for redemption shall be satisfied by way of a cash payment within 30 days of the end of the Section 6.4 Redemption Period in which a Section 6.4 Redemption Notice was received; and
- e) Payments made by the Trust of the Section 6.4 Redemption Price are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former holder of Trust Units unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former holders of Trust Units in respect of the Trust Units so redeemed.

#### **6.5 No Cash Redemption in Certain Circumstances**

The Trust shall not be required to make a payment in cash of the Section 6.4 Redemption Price with respect to Trust Units tendered for redemption pursuant to a Section 6.4 Redemption Notice if:

- a) in the sole opinion of the Trustee, the payment of the Section 6.4 Redemption Price in cash by the Trust would not be in the best interest of the Trust having regard to the then current cash position of the Trust; or
- b) the Trust, in the sole opinion of the Trustee, is able to make a cash payment with respect to the Section 6.4 Redemption Price and the total amount payable by the Trust pursuant to Section 6.4 in respect of such Trust Units tendered for redemption in the same Section 6.4 Redemption Period exceeds \$500,000 (the “**Section 6.4 Redemption Period Limit**”); provided that the Trustee may, in its sole discretion, waive such limitation in respect of all Trust Units tendered for redemption

pursuant to a Section 6.4 Redemption Notice. Trust Units tendered for redemption in any Section 6.4 Redemption Period in which the total amount payable by the Trust pursuant to Section 6.4(d) exceeds the Section 6.4 Redemption Period Limit will be redeemed for cash on a pro-rata basis up to the Section 6.4 Redemption Period Limit and, unless any applicable regulatory approvals are required, by a distribution of Redemption Notes under Section 6.6 below for the balance; or

- c) the redemption of Trust Units will result in the Trust losing its status as a “mutual fund trust” for the purposes of the Tax Act.

#### **6.6 Section 6.4 Redemption Price Paid by Redemption Notes**

If, pursuant to Section 6.5, a cash payment for the whole of all the Trust Units tendered for redemption by a Trust Unitholder pursuant to a Section 6.4 Redemption Notice is not applicable to Trust Units tendered for redemption, then the Trustee, as soon as reasonably practicable, shall advise the Trust Unitholders in writing that the Section 6.4 Redemption Price for the Trust Units tendered for redemption pursuant to Section 6.4 will be paid in part by Section 6.4 Redemption Notes (as defined below), and such Trust Unitholders shall have 15 Business Days from the date of the Trustees’ notice hereunder to rescind their redemption. If not rescinded, the Section 6.4 Redemption Price shall, subject to all necessary regulatory approvals, be paid and satisfied by the Trust issuing promissory notes (the “**Section 6.4 Redemption Notes**”). Section 6.4 Redemption Notes shall be promissory notes issued in series, or otherwise, by the Trust and issued to redeeming Trust Unitholders in principal amounts equal to the aggregate of the Section 6.4 Redemption Price per Trust Unit that will not be paid in cash and having the following terms and conditions:

- i. unsecured and bearing interest from and including the issue date of each such note at the same interest rate as the Promissory Note related to the Series of Trust Units being redeemed, payable annually in arrears (with interest after as well as before maturity, default and judgment, and interest on overdue interest at such rate);
- ii. subordinated and postponed to all senior indebtedness and which may be subject to specific subordination and postponement agreements to be entered into by the Trustee with holders of senior indebtedness;
- iii. due and payable on the third (3rd) anniversary of the date of issuance;
- iv. subject to earlier repayment without penalty; and
- v. subject to the other standard terms and conditions as would be included in a promissory note of this kind, as may be approved by the Trustee.

#### **6.7 Redemption by Trust Unitholder where Trust Unitholder ceases to be employed by an Avi Party**

- a) Where the employment of a Trust Unitholder, or an individual who is the annuitant of a registered retirement savings plan that is a Trust Unitholder is terminated by an Avi Party, other than through termination of employment for Cause, such person may request redemption or cause the Trust Unitholder to request redemption of some or all of their Trust Units by providing a duly completed and properly executed notice (each a “**Section 6.7(a) Redemption Notice**”) requesting the Trust to redeem Trust Units, in a form acceptable to the Trustee, acting reasonably, specifying the identity, capacity or authority of the person giving such notice and number and Series of Trust Units to be so redeemed, along with the Trust Unit Certificate(s) representing the Trust Units to be so redeemed to the Trust at the office of the Trust. The Trustee may request such further information or evidence, as it deems necessary, acting reasonably, to act on such Section 6.7(a) Redemption Notice. The redemption price payable per Unit by the Trust with respect to Trust Units redeemed pursuant to a Section 6.7(a) Redemption Notice will be the Section 6.3 Redemption Price which will be paid in cash by the Trust within 60 days of the date of receipt of the Section 6.7(a) Redemption Notice by the Trust;
- b) Where the employment of a Trust Unitholder, or an individual who is the annuitant (each an “**Annuitant**”) of a registered retirement savings plan that is a Trust Unitholder ceases to be employed by an Avi Party as a result of the resignation of employment by the Trust Unitholder or an Annuitant, such person may request redemption or cause the Trust Unitholder to request redemption of some or all of their Trust Units by providing a duly completed and properly executed notice (each a “**Section 6.7(b) Redemption Notice**”) requesting the Trust to redeem Trust Units, in a form acceptable to the Trustee, acting reasonably, specifying the identity, capacity or authority of the person giving such notice and number and Series of Trust Units to be so redeemed, along with the Trust Unit Certificate(s) representing the Trust Units to be so redeemed to the Trust at the office of the Trust. The Trustee may

- request such further information or evidence, as it deems necessary, acting reasonably, to act on such Section 6.7(b) Redemption Notice. The redemption price payable per Trust Unit by the Trust with respect to Trust Units redeemed pursuant to a Section 6.7(b) Redemption Notice will be the Section 6.3 Redemption Price which will be paid in accordance with the terms and conditions of subparagraph (d) below;
- c) Where a Trust Unitholder, or an individual who is the annuitant of a registered retirement savings plan that is a Trust Unitholder ceases to be employed by an Avi Party as a result of having been terminated for Cause, such person may request redemption of some or all of their Trust Units by providing a duly completed and properly executed notice (each a “**Section 6.7(c) Redemption Notice**”) requesting the Trust to redeem Trust Units, in a form acceptable to the Trustee, acting reasonably, specifying the identity, capacity or authority of the person giving such notice and number and Series of Trust Units to be so redeemed, along with the Trust Unit Certificate(s) representing the Trust Units to be so redeemed to the Trust at the office of the Trust. The Trustee may request such further information or evidence, as it deems necessary, acting reasonably, to act on such Section 6.7(c) Redemption Notice. The redemption price payable per Trust Unit by the Trust with respect to Trust Units redeemed pursuant to a Section 6.7(c) Redemption Notice will be the Section 6.4 Redemption Price;
  - d) The Trust shall pay the Section 6.3 Redemption Price to Trust Unitholders that have requested redemption of their Trust Units pursuant to a Section 6.7(b) Redemption Notice and shall pay the Section 6.4 Redemption Price to Trust Unitholders have requested redemption of their Trust Units pursuant to a Section 6.7(c) Redemption Notice as follows:
    - (i) by way of a cash payment within 60 days of the receipt of a Section 6.7(b) or Section 6.7(c) Redemption Notice by the Trust of the Unit Subscription Price with respect to all Trust Units acquired by the Trust Unitholder through contributions made personally by Trust Unitholder (the “**Unitholder Contribution**”) to his/her self-directed RRSP account during the Investment Period to which the Trust Units to be redeemed relates including any Trust Units issued to the Trust Unitholder in accordance with distributions made by the Trust pursuant to Section 5.7(a) herein with respect to Trust Units acquired by the Trust Unitholder through Unitholder Contributions; and
    - (ii) with respect to Trust Units acquired by a Trust Unitholder from all amounts contributed by any of the Operating Avi Parties (each an “**Avi Party RRSP Contribution**”) to the Trust Unitholder’s self-directed RRSP account held during the Investment Period applicable to the Series of Units for which a Section 6.7(b) Redemption Notice or Section 6.7(c) Redemption Notice has been received including any Trust Units issued to the Trust Unitholder in accordance with distributions made by the Trust pursuant to Section 5.7(a) herein with respect to Trust Units acquired by the Trust Unitholder through Avi Party RRSP Contributions with all funds (collectively the “**Avi Party Contribution Amount**”) received through any Avi Party RRSP Contributions shall, subject to all necessary regulatory approvals, be paid and satisfied by the Trust issuing promissory notes (the “**Section 6.7 Redemption Notes**”) on the same terms and conditions as the Section 6.2 Redemption Notes.
  - e) Payments made by the Trust with respect to redemptions of Trust Units occurring pursuant subparagraphs (a) and (d) above are conclusively deemed to have been made upon the mailing of a cheque and Section 6.7 Redemption Notes in a postage prepaid envelope addressed to the former holder of Trust Units unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former holders of Trust Units in respect of the Trust Units so redeemed other than with respect to amounts due and owing under the Section 6.7 Redemption Notes.

#### **6.8 Redemption by the Trust where Trust Unitholder ceases to be employed by an Avi Party**

The Trust may at any time during the term of the Trust, upon written notice to a Trust Unitholder (each a “**Section 6.8 Redemption Notice**”), redeem some or all of the Trust Units of a Trust Unitholder, or a Trust Unitholder that is a registered retirement savings plan, the annuitant of which is a Trust Unitholder whose employment has been terminated by an Avi Party, whether for Cause or otherwise, for the Section 6.4 Redemption Price, which shall be paid by the Trust as follows:

- (i) with respect to a Trust Unitholder whose employment with an Avi Party has not been terminated for Cause, the Trust shall pay the Trust Unitholder the Section 6.4 Redemption Price with respect to

the Trust Units to be redeemed by the Trust on or before the 60th day after delivery by the Trust of the Section 6.8 Redemption Notice and conditions of Section 6.7(e) herein shall apply in all respects to payments made pursuant this subparagraph; and

- (ii) with respect to a Trust Unitholder whose employment with an Avi Party has been terminated for Cause, the Trust shall pay the Trust Unitholder the Section 6.4 Redemption Price with respect to the Trust Units to be redeemed by the Trust in accordance with the terms and conditions of Section 6.7 (d) herein and the terms and conditions of Section 6.7(e) herein shall apply in all respects to payments made pursuant this subparagraph.

#### **6.9     *Hardship Redemption***

- a) A Trust Unitholder, or his or her personal representative, as the case may be, shall be entitled to request the Trust to redeem (a “**Hardship Redemption**”) up to the entire amount of a Trust Unitholder’s Trust Units, for the Unit Subscription Price per Unit (the “**Hardship Redemption Amount**”), at any time upon written notice (a “**Hardship Redemption Notice**”) to the head office of the Trust, in the event of:
  - (i) the death or long term disability (as such disability is defined under the benefits plan of the Avi Party with whom the Trust Unitholder is employed) of an individual Trust Unitholder holding Trust Units; or
  - (ii) the death or long term disability (as such disability is defined under the benefits plan of the Avi Party with whom the Trust Unitholder or the annuitant of registered retirement savings plan that is a Trust Unitholder is employed) of the spouse of an individual Trust Unitholder holding Trust Units. The approval of any request for a Hardship Redemption shall only occur when permitted by law. The Trust shall pay the aggregate of the Hardship Redemption Amount in cash to a Trust Unitholder within 30 days of the receipt of a Hardship Redemption Notice; and
- b) Payments made by the Trust with respect to redemptions of Trust Units occurring pursuant subparagraph (a) above are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former holder of Trust Units unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former holders of Trust Units in respect of the Trust Units so redeemed.

#### **6.10     *Redemption in Additional Limited Circumstances***

- a) A Trust Unitholder, shall be entitled to request the Trust to redeem (a “**Section 6.10 Redemption**”) up to the entire amount of a Trust Unitholder’s Trust Units, for the Unit Subscription Price per Trust Unit (the “**Section 6.10 Redemption Amount**”), at any time upon written notice (the “**Section 6.10 Redemption Notice**”) to the office of the Trust, in the event of:
  - (i) the Trust Unitholder electing to use funds invested in Trust Units in the furtherance of a Life Long Learning Plan (as that term is defined under the Tax Act); or
  - (ii) the Trust Unitholder electing to use funds invested in Trust Units to acquire a home under the First Time Homeowner’s Plan (as that term is defined under the Tax Act).
- b) The approval of any request for a Section 6.10 Redemption shall only occur when permitted by law. The Trust shall pay the aggregate of the Section 6.10 Redemption Amount in cash to a Trust Unitholder within 30 days of the receipt of a Section 6.10 Redemption Notice; and
- c) Payments made by the Trust with respect to redemptions of Trust Units occurring pursuant subparagraph (a) above are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former holder of Trust Units unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former holders of Trust Units in respect of the Trust Units so redeemed.

#### **6.11     *Discretionary Redemption by the Trust***

- a) Notwithstanding anything to the contrary in Sections 6.2, 6.3, 6.4, 6.7, 6.9 and 6.10 herein and subject always to Section 6.8 herein, the Trust may at any time during the term of the Trust, upon 30 days written notice, redeem some or all of the Trust Units of a Trust Unitholder for a price per Trust



Unit equal to of the Unit Subscription Price of each Trust Unit to be redeemed together with any Cash Flow of Trust that the Unit to be redeemed would be entitled to with respect to the interest payable under the Promissory Note to which the Series of Units relate as provided for in Section 4.1 herein; and

- b) Payments made by the Trust with respect to redemptions of Trust Units occurring pursuant subparagraph (a) above are conclusively deemed to have been made upon the mailing of a cheque in a postage prepaid envelope addressed to the former holder of Trust Units unless such cheque is dishonoured upon presentment. Upon such payment, the Trust shall be discharged from all liability to the former holders of Trust Units in respect of the Trust Units so redeemed.

#### **6.12 *Purchase for Cancellation***

The Trust may from time to time purchase for cancellation some or all of the Trust Units (or other securities of the Trust which may be issued and outstanding from time to time) by private agreement or pursuant to tenders received by the Trust upon request for tenders addressed to all holders of record of Trust Units.

#### **6.13 *Cancellation of all Redeemed Trust Units***

All Trust Units which are redeemed or purchased for cancellation under this Article 6 shall be cancelled and such Trust Units shall no longer be outstanding and shall not be reissued.

### **8 *APPOINTMENT, RESIGNATION AND REMOVAL OF THE TRUSTEE***

#### **8.1 *Appointment of Trustee***

A person who is appointed as a Trustee, other than the Initial Trustee whose consent to act is given by its signature hereto, must, either before or after such election or appointment, consent in writing to do so. Upon the later of a person being appointed as a Trustee hereunder and executing and delivering to the Trust a consent substantially as set forth in Section 8.1, such person shall become a Trustee hereunder and shall be deemed to be a party (as a Trustee) to this Declaration of Trust, as amended from time to time.

#### **8.2 *Ceasing to Hold Office***

The Trustee ceases to hold office when:

- a) it resigns or shall be declared bankrupt or insolvent or shall enter into liquidation, whether compulsory or voluntary, to wind up its affairs;
- b) they are removed in accordance with Section 8.3; or
- c) they cease to be duly qualified to act as a Trustee as provided under Section 7.2.

A resignation of a Trustee becomes effective 60 days from the date a written resignation is received by the Trust, or on the date specified in the resignation, whichever is later.

Upon a Trustee ceasing to hold office as such hereunder, such Trustee shall cease to be a party (as a Trustee) to this Declaration of Trust; provided, however, that such Trustee shall continue to be entitled to be paid any amounts owing by the Trust to that Trustee and to the benefits of the indemnity provided in this Declaration of Trust. Upon the resignation or removal of a Trustee, or upon a Trustee otherwise ceasing to be a Trustee, such Trustee shall cease to have the rights, privileges and powers of a Trustee hereunder, shall execute and deliver such documents as the successor Trustee(s) shall require for the conveyance of any Trust property, including without limitation the Trust Fund, held in such Trustee's name, shall account to the successor Trustee(s) as they may require for all property which that Trustee holds as Trustee, and shall thereupon be discharged as a Trustee.

#### **8.3 *Removal of a Trustee***

The Trust Unitholders may remove any Trustee from office, by Extraordinary Resolution at a meeting of Trust Unitholders called for that purpose only in the event that the Loan Advance has been in default for a period of 30 consecutive days. Notice of such removal shall be provided to such Trustee no less than 15 days prior to the effective date of the removal unless otherwise agreed to in writing. A vacancy created by the removal of a Trustee may be filled by Ordinary Resolution at the meeting of Trust Unitholders at which that Trustee is removed or, if not so filled, shall be filled as set forth in Section 8.5.

#### **8.4      *Vacancies***

No vacancy of the office of the Trustee shall operate to annul this Declaration of Trust or affect the continuity of the Trust. If a Trustee ceases to hold office for any reason, and such cessation results in the board of Trustees not having a majority of Trustees who are residents of Canada for the purposes of the Tax Act (the “**Residents**”), the Trustees will, as soon as possible, fill the vacancy in accordance with Section 8.5 in order that a majority of Trustees shall be Residents, and if necessary, one or more Trustees who are not residents, to be determined by the Trustees at any time, shall resign (temporarily or otherwise) so that a majority of Trustees shall be Residents.

#### **8.5      *Filling Vacancies***

The remaining Trustees or Trustee (as the case may be) may fill a vacancy of the resulting through the resignation or death of a Trustee without the approval of the Trust Unitholders

#### **9.1      *Powers of the Trustee***

- a) Subject to the terms and conditions of this Declaration of Trust, the Trustee may exercise from time to time in respect of the Trust Fund and the investments and affairs of the Trust any and all rights, powers and privileges that could be exercised by a legal and beneficial owner thereof;
- b) subject to the specific limitations contained in this Declaration of Trust, the Trustee shall have, without further or other action or consent, and free from any power of control on the part of the Trust Unitholders, full, absolute and exclusive power, control and authority over the Trust Fund and over, and management of, the affairs of the Trust to the same extent as if the Trustee were the sole and absolute beneficial owner of the Trust Fund in their own right, to do all such acts and things as in their sole judgment and discretion are necessary or incidental to, or desirable for, carrying out the trust created hereunder. In construing the provisions of this Declaration of Trust, presumption shall be in favour of the granted powers and authority to the Trustee. The enumeration of any specific power or authority herein shall not be construed as limiting the general powers or authority or any other specified power or authority conferred herein on the Trustee. To the maximum extent permitted by law the Trustee shall, in carrying out investment activities, not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees;
- c) except as expressly prohibited by law, the Trustee may grant or delegate to any person the authority and the powers of the Trustee under this Declaration of Trust as the Trustee may in its discretion deem appropriate, necessary or desirable to carry out and effect the actual management and administration of the duties of the Trustee under this Declaration of Trust, without regard to whether the authority is normally granted or delegated by trustees.

#### **9.2      *Specific Powers and Authorities***

Subject to any other express limitations contained in this Declaration of Trust and in addition to any other powers and authorities conferred by this Declaration of Trust or which the Trustee may have by virtue of any present or future statute or rule of law, the Trustee without any action or consent by the Trust Unitholders shall have and may exercise at any time and from time to time the following powers and authorities which may or may not be exercised by the Trustee in such manner and upon such terms and conditions as it may from time to time determine proper, provided that the exercise of such powers and authorities does not adversely affect the status of the Trust as a “mutual fund trust” for purposes of the Tax Act or cause the Trust to become a “SIFT trust” for purposes of the Tax Act, or fail to comply with the provisions of 132(7) of the Tax Act:

- a) to supervise the activities and manage the investments and affairs of the Trust;
- b) to maintain records and provide reports to Trust Unitholders;
- c) to open, operate and close accounts and other similar credit, deposit and banking arrangements and to negotiate and sign banking and financing contracts and agreements;
- d) without limit as to amount, issue any type of debt securities or convertible debt securities and borrow money or incur any other form of indebtedness for the purpose of carrying out the purposes of the Trust or for other expenses incurred in connection with the Trust and for such purposes may draw, make, execute and issue promissory notes and other negotiable and non-negotiable instruments or securities and evidences of indebtedness, secure the payment of sums so borrowed or indebtedness incurred and mortgage, hypothecate, pledge, assign or grant a security

interest in any money owing to the Trust or in Trust Funds or engage in any other means of financing the Trust;

- e) to obtain security, including encumbrances on assets, to secure the full payment of monies owed to the Trust and the performance of obligations in favour of the Trust, and to exercise all of the rights of the Trust, and to perform all of the obligations of the Trust, under such security;
- f) to exercise and enforce any and all rights of foreclosure, to bid on property on sale or foreclosure, to take a conveyance in lieu of foreclosure with or without paying a consideration therefor and in connection therewith to revive the obligation on the covenants secured by such security and to exercise and enforce in any action, suit or proceeding at law or in equity any rights or remedies with respect to any such security or guarantee;
- g) to establish places of business of the Trust;
- h) to manage the Trust Fund and to, sell, transfer and assign the Trust Fund; however, the Trustee shall not sell all or substantially all of the Trust Fund without the consent of the Trust Unitholders by Extraordinary Resolution;
- i) to invest, hold shares, trust units, beneficial interests, partnership interests (other than general partnership interests), joint venture interests or other interests in any person necessary or useful to carry out the purpose of the Trust;
- j) to cause title to any of the Trust assets to be drawn up in the name of such person on behalf of the Trust or, to the extent permitted by applicable law, in the name of the Trust, as the Trustee shall determine;
- k) to determine conclusively the allocation to capital, income or other appropriate accounts of all receipts, expenses and disbursements;
- l) to enter into any agreement or instrument to create or provide for the issue of Trust Units or (including any firm or best efforts underwriting agreement), to cause such Trust Units to be issued for such consideration as the Trustee, in its sole discretion, may deem appropriate and to do such things and prepare and sign such documents, including the prospectus and any registration rights agreement, to qualify such Trust Units for sale in whatever jurisdictions they may be sold or offered for sale;
- m) to enter into any agreement in connection with, or to facilitate, the issuance of Exchangeable Securities;
- n) to determine conclusively the value of any or all of the Trust Fund from time to time and, in determining such value, to consider such information and advice as the Trustee in its sole judgment, may deem material and reliable;
- o) to collect, sue for and receive all sums of money or other property or items that are believed due to the Trust;
- p) to effect payment of distributions to the holders of Trust Units as provided in Article 5;
- q) to invest funds of the Trust as provided in Article 4;
- r) if the Trustee becomes aware by written notice that the beneficial owners of 49% or more of the Trust Units or securities exchangeable into Trust Units then outstanding are, or may be, Non-Residents or that such situation is imminent, the Trustee shall obtain such advice as they deem appropriate in order to ascertain the tax and other implications that such level of Non-Resident ownership may have for the Trust and Trust Unitholders and if and to the extent that they determine that such level of Non-Resident ownership would have material adverse tax or other consequences to the Trust or Trust Unitholders, shall ensure that appropriate limitations on Non-Resident ownership as provided in Section 13.5 are met;
- s) to possess and exercise all the rights, powers and privileges pertaining to the ownership of securities owned by the Trust to the same extent that any person might, unless otherwise limited herein, and, without limiting the generality of the foregoing, to vote or give any consent, request or notice, or waive any notice, either in person or by proxy or power of attorney, with or without power of substitution, to one or more persons, which proxies and powers of attorney may be for

meetings or actions generally or for any particular meeting or action and may include the exercise of discretionary power;

- t) where reasonably required, to engage, employ or contract with or retain on behalf of the Trust any persons as agents, representatives, employees or independent contractors (including without limitation, investment advisors, registrars, underwriters, accountants, lawyers, appraisers, brokers, consultants, technical advisors, depositories, custodians, transfer agents or otherwise) in one or more capacities;
- u) except as prohibited by applicable law, to delegate any of the powers and duties of the Trustee to any one or more agents, representatives, officers, employees, independent contractors or other persons the doing of such things and the exercise of such powers hereunder as the Trustee may from time to time reasonably require, so long as any such delegation is not inconsistent with any of the provisions of this Declaration of Trust and subject at all times to the general control and supervision of the Trustee as provided for herein;
- v) to engage in, intervene in, prosecute, join, defend, compromise, abandon or adjust, by arbitration or otherwise, any actions, suits, disputes, claims, demands or other litigation or proceedings, regulatory or judicial, relating to the Trust, the assets of the Trust or the Trust's affairs, to enter into agreements therefor, whether or not any suit or proceeding is commenced or claim asserted and, in advance of any controversy, to enter into agreements regarding the arbitration, adjudication or settlement thereof;
- w) to arrange for insurance contracts and policies insuring the Trust, its assets, any affiliate of the Trust and/or any or all of the Trustee(s) or the Trust Unitholders, including against any and all claims and liabilities of any nature asserted by any person arising by reason of any action alleged to have been taken or omitted by the Trust or by the Trustee or Trust Unitholders;
- x) to cause legal title to any of the assets of the Trust to be held by and/or in the name of a Trustee, or except as prohibited by law, by and/or in the name of the Trust or any other custodian or person, on such terms, in such manner, with such powers in such person as the Trustee may determine and with or without disclosure that the Trust or the Trustee are interested therein; provided, however, that should legal title to any of the Trust assets be held by and/or in the name of any person or persons other than the Trustee or the Trust, the Trustee shall require such person or persons to execute a trust agreement acknowledging that legal title to such assets is held in trust for the benefit of the Trust;
- y) to redeem Trust Units (or rights, warrants, convertible securities, options or other securities) for such consideration as the Trustee may deem appropriate in its sole discretion, such redemption to be subject to the terms and conditions of this Declaration of Trust;
- z) to use its reasonable commercial efforts to ensure that the Trust qualifies at all times as a "mutual fund trust" pursuant to Section 132(6) of the Tax Act and not take any action that would result in the Trust, or any entity in which the Trust has invested being considered a "SIFT trust" or a "SIFT partnership" as defined in the Tax Act;
- aa) in addition to the mandatory indemnification provided for in Section 9.8 to the extent permitted by law to indemnify, or enter into agreements with respect to the indemnification of, any person with whom the Trust has dealings including, without limitation, the Trustee, or the Transfer Agent, to such extent as the Trustee shall determine and to the extent permitted by law;
- bb) without the approval or confirmation of Trust Unitholders, enact and from time to time amend or repeal by-laws not inconsistent with this Declaration of Trust containing provisions relating to the Trust, the Trust assets and the conduct of the affairs of the Trust, but not in conflict with any provision of this Declaration of Trust;
- cc) to pay all taxes or assessments, of whatever kind or nature, whether within or outside Canada, imposed upon or against the Trustee in connection with the Trust assets, undertaking or Income of the Trust, or imposed upon or against the Trust assets, undertaking or Income of the Trust or Net Realized Capital Gains, or any part thereof and to settle or compromise disputed tax liabilities and for the foregoing purposes to make such returns, take such deductions, and make such designations, elections, allocations and determinations in respect of the Income of the Trust or Net Realized Capital Gains distributed to holders of Trust Units in the year and any other matter as

shall be permitted under the Tax Act and analogous provisions of any provincial income tax legislation (provided that to the extent necessary the Trustee will seek the advice of Counsel or the Auditors), and do all such other acts and things as may be deemed by the Trustee in its sole discretion to be necessary, desirable or convenient;

- dd) to guarantee the obligations of any subsidiary of the Trust, and granting security interests in the Trust assets as security for such guarantee;
- ee) to subdivide or consolidate from time to time the issued and outstanding Trust Units;
- ff) to provide indemnities for the directors and officers of any affiliate of the Trust;
- gg) to form any subsidiary of the Trust for the purpose of making any Permitted Investment and entering into or amending any agreement on such terms as may be approved by the Trustee;
- hh) to purchase Trust Units for cancellation in accordance with applicable regulatory requirements; and
- ii) to do all such other acts and things as are incidental to the foregoing, and to exercise all powers which are necessary or useful to carry on the purpose and activities of the Trust, to promote or advance any of the purposes for which the Trust is formed and to carry out the provisions of this Declaration of Trust whether or not specifically mentioned herein.

The Trustee shall, except as may be prohibited by applicable law, have the right to delegate authority for the above-referenced matters to a manager or administrator if the Trustee determines in its sole discretion that such delegation is desirable to effect the administration of the duties of the Trustee under this Declaration of Trust.

### **9.3      *Restrictions on Trustee's Powers***

In respect of any obligations that the Trust is required to assume, the Trustee will use its commercially reasonable efforts to ensure that these are in writing and contain provisions to exempt the Trust Unitholders from any liability thereunder and to limit any such liability in respect of the Trust Fund.

### **9.5      *Standard of Care***

In carrying out its functions under this Declaration of Trust, the Trustee shall act honestly and in good faith, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and act in good faith in accordance with the intent of the provisions of this Declaration of Trust respecting the relative rights of the Trust Unitholders.

### **9.8      *Indemnification of Trustee***

The Trustee shall be fully indemnified and saved harmless out of the Trust Fund in respect of:

any liability and all losses, damages, costs, charges and expenses sustained or incurred in respect of any action, suit or proceeding that is proposed or commenced against the Trustee for or in respect of any act, omission or error in respect of the Trust and the Trustee's execution of all duties and responsibilities and exercise of all powers and authorities pertaining thereto;

- a) all other costs, charges, taxes, penalties and interest in respect of unpaid taxes; and
- b) all other expenses and liabilities sustained or incurred by the Trustee in respect of the administration or termination of the Trust;

Unless any of the foregoing arise out of the gross negligence, wilful misconduct or fraud of the Trustee. This indemnification shall survive the termination of the Trust and the resignation or removal of the Trustee.

Notwithstanding any other provision of this Declaration of Trust, and whether such losses or damages are foreseeable or unforeseeable, the Trustee shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

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

The provisions of this Declaration of Trust, except where specifically provided otherwise, may only be amended by Extraordinary Resolution; provided that the provisions of this Declaration of Trust may also be amended by the Trustee(s) without the consent, approval or ratification of the Trust Unitholders or any other person at any time:

- a) for the purpose of ensuring continuing compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the Trustee or the Trust;
- b) in a manner which provides additional protection for the Trust Unitholders or to obtain, preserve or clarify the provision of desirable tax treatment to the Trust Unitholders;
- c) ensuring that the Trust will satisfy the provisions of the Tax Act with respect to retaining its qualification as a “mutual fund trust”, pursuant to subsection 132(6) of the Tax Act, as the Tax Act may be amended from time to time;
- d) to ensure that the Trust is not considered a “SIFT trust” as defined in the Tax Act;
- e) in a manner which, in the opinion of the Trustee supported by opinion of Counsel, is necessary or desirable as a result of changes in Canadian taxation laws;
- f) to remove any conflicts or inconsistencies in this Declaration of Trust or to make minor corrections which are, in the opinion or advice of counsel, necessary or desirable and not prejudicial to the Trust Unitholders;
- g) to change the status of, or the laws governing, the Trust which, in the opinion of Counsel, is desirable in order to provide Trust Unitholders with the benefit of any legislation limiting their liability; or
- h) to include Method of Payment of Distributions and Discretionary Trust Unit Redemption Rights of any Discretionary Series of Trust Units issued by the Trust in accordance with Section 3.1(b);

but notwithstanding the foregoing, no such amendment shall modify the voting rights of any Trust Unit or reduce the fractional undivided interest in the Trust assets represented by any Trust Unit without the consent of the holder of such Trust Unit, and no amendment shall reduce the percentage of votes required to be cast at a meeting of the Trust Unitholders for the purpose of this Section 11.1 without the consent of the holders of all of the Trust Units then outstanding.

## **12 MEETINGS OF UNITHOLDERS**

### **12.1 General and Special Meetings of Unitholders**

General meetings of the Trust Unitholders shall be called, at a time and at a place in Canada set by the Trustee. The business transacted at such meetings shall include the presentation of the financial statements of the Trust for the preceding fiscal years, the appointment of Auditors for the ensuing years, and the transaction of such other business as Trust Unitholders may be entitled to vote upon as hereinafter provided in this Article 12 or as the Trustee may determine or as may be properly brought before the meeting;

- a) special meetings of the Trust Unitholders may be called by the Trustee at any time and for any purpose;
- b) the Trustee shall call a special meeting in the event that the payment terms of any Loan Advance has been in default for 30 consecutive days for the purpose of obtaining direction from the Trust Unitholders as to whether the Trust Unitholders want to replace the Trustee with a Trustee appointed by the Trust Unitholders;
- c) Trust Unitholders holding in the aggregate not less than 25% of all votes entitled to be voted at a meeting of Trust Unitholders may requisition the Trustee to call a special meeting of Trust Unitholders for the purposes stated in the requisition other than to remove the Trustee(s), unless such removal is to occur in accordance with the terms and conditions of sub-paragraph (d) above. The requisition shall:
  - (i) be in writing;
  - (ii) set forth the name and address of, and number of Trust Units and Exchangeable Securities (and votes attached thereto which, in the aggregate, must not be less than 25% of all votes entitled to be voted at a meeting of Trust Unitholders) held by each person who is supporting the requisition; and

- (iii) state in reasonable detail the business to be transacted at the meeting and shall be sent to the Trustee.
- d) upon receiving a requisition complying with the foregoing, the Trustee shall call a meeting of Trust Unitholders to transact the business referred to in the requisition, unless:
  - (i) a record date for a meeting of Trust Unitholders has been fixed;
  - (ii) the Trustee has called a meeting of Trust Unitholders and have given notice thereof pursuant to Section 12.2; or
  - (iii) in connection with the business as stated in the requisition:
    - (A) it clearly appears that a matter covered by the requisition is submitted by the Trust Unitholders primarily for the purpose of enforcing a personal claim or redressing a personal grievance against the Trust, the Trustee, or the Trust Unitholders, or primarily for the purpose of promoting general economic, political, religious, social or similar causes or primarily for a purpose that does not relate in a significant way to the business or affairs of the Trust;
    - (B) the Trust, at the Trust Unitholder's request, had previously included a matter substantially the same as a matter covered by the requisition in an information circular relating to a meeting of Trust Unitholders held within 36 months preceding the receipt of such requisition and the Trust Unitholders failed to present the matter, in person or by proxy, at the meeting;
    - (C) substantially the same matter covered by the requisition was submitted to Trust Unitholders in an information circular relating to a meeting of Trust Unitholders held within 36 months preceding the receipt of such requisition and the matter covered by the requisition was defeated; or
    - (D) the rights conferred by this Section 12.1 are being abused to secure publicity;
- e) if the Trustee does not, within 90 days after receiving the requisition, call a meeting (except where the grounds for not calling the meeting are one or more of those set forth in Section 12.1(c)(iv)(C) above), any Trust Unitholder who signed the requisition may call the meeting in accordance with the provisions of Article 12, *mutatis mutandis*;
- f) meetings of Trust Unitholders shall be held in Calgary, Alberta, or at such other place in Canada as the Trustee shall designate;
- g) the chair of any general or special meeting shall be a person designated by the Trustee for the purpose of such meeting;
- h) the Trustee, the Auditors and any other person approved by the Trustee or the chair of the meeting may attend meetings of the Trust Unitholders;
- i) any person entitled to attend a meeting of Trust Unitholders may participate in the meeting, subject to and in accordance with applicable securities laws, if any, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Trust makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of this Declaration of Trust to be present at the meeting; and
- j) if the Trustee or the Trust Unitholders call a meeting of Trust Unitholders pursuant to this Declaration of Trust, the Trustee or Trust Unitholders, as the case may be, may determine that the meeting shall be held, subject to and in accordance with applicable securities laws, if any, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

## **12.2 Notice of Meetings**

Notice of all meetings of Trust Unitholders shall be given by unregistered mail, postage prepaid, addressed to each Trust Unitholder at the Trust Unitholder's last address on the books of the Trust, mailed at least 21 days and not more than 50 days before the meeting. Such notice shall specify the time when, and the place where, such meeting is to be held and shall specify the nature of the business to be transacted at such meeting in sufficient detail to permit a Trust Unitholder to form a reasoned judgment thereon, together with the text of any Extraordinary Resolution, at the time of mailing of the notice, proposed to be passed. Any adjourned meeting, other than a meeting adjourned for lack of a quorum under Section 12.3, may be held as adjourned without further notice. The accidental omission to give notice or the non-receipt of such notice by a Trust Unitholder shall not invalidate any resolution passed at any such meeting. Notwithstanding the foregoing, a meeting of Trust Unitholders may be held at any time without notice if all the Trust Unitholders are present or represented thereat or those not so present or represented have waived notice. Any Trust Unitholder (or a duly appointed proxy of a Trust Unitholder) may waive any notice required to be given under the provisions of this Section 12.2, and such waiver, whether given before or after the meeting, shall cure any default in the giving of such notice.

## **12.3 Quorum**

At any meeting of the Trust Unitholders, subject as hereinafter provided, a quorum shall consist of two or more individuals present in person either holding personally or representing as proxies not less in aggregate than ten percent (10%) of the votes attached to all outstanding Units. In the event of such quorum not being present at the appointed place on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting, if called by request of Trust Unitholders, shall be terminated and, if otherwise called, shall stand adjourned to such day being not less than seven (7) days later and to such place and time as may be appointed by the chair of the meeting. If at such adjourned meeting a quorum as above defined is not present, the Trust Unitholders then present either personally or by proxy shall form a quorum, and any business may be brought before or dealt with at such an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same.

## **12.4 Voting Rights of Trust Unitholders**

Only Trust Unitholders of record shall be entitled to vote and each Unit shall entitle the holder or holders of that Unit on a poll vote at any meeting of Trust Unitholders to the voting rights set out herein. Every question submitted to a meeting shall, unless a poll vote is demanded, be decided by a show of hands vote, on which every person present and entitled to vote shall be entitled to one vote per Unit held by such person. At any meeting of Trust Unitholders, any holder of Units entitled to vote thereat may vote by proxy and a proxyholder need not be a Trust Unitholder, provided that no proxy shall be voted at any meeting unless it shall have been received by the Transfer Agent for verification at least 24 hours prior to the commencement of such meeting, or such lesser time as the chairman of the meeting may allow. When any Unit is held jointly by several persons, any one of them may vote at any meeting in person or by proxy in respect of such Unit, but if more than one of them shall be present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote purporting to be executed by or on behalf of a Trust Unitholder shall be deemed valid unless challenged at or prior to its exercise, and the burden of proving invalidity shall rest on the challenger.

## **12.5 Resolutions Binding the Trust**

Notwithstanding any other provision of this Declaration of Trust, a resolution in writing executed by Trust Unitholders holding more than 50% or 66⅔% of the votes, as the case may be, attached to outstanding Units at any time shall be as valid and binding as an Ordinary Resolution or an Extraordinary Resolution, respectively, for all purposes of this Declaration of Trust as if such Trust Unitholders had exercised at that time all of the voting rights to which they were then entitled under Section 12.5 or Section 12.6 in favour of such resolution at a meeting of Trust Unitholders duly called for the purpose.

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

It is in the best interest of Trust Unitholders that the Trust always qualify as a "mutual fund trust" under the Tax Act and in order to ensure the maintenance of such status:

## **13.6 Transfer of Units**

Trust Units shall be transferable on the register or one of the branch transfer registers only by the Trust Unitholders of record thereof or their executors, administrators or other legal representatives or by their agents or attorneys duly authorized in writing, and only upon delivery to the Trust or to the Transfer Agent of the certificate therefor,



properly endorsed or accompanied by a duly executed instrument of transfer or power of attorney and accompanied by all necessary transfer or other taxes imposed by law, together with such evidence of the genuineness of such endorsement, execution and authorization and other matters that may reasonably be required by the Transfer Agent, and no transfer of Units shall be effective or shall be in any way binding upon the Trust until the transfer has been recorded on the register or one of the branch transfer registers maintained by the Transfer Agent. Upon such delivery the transfer shall be recorded on the register or branch transfer registers and a new certificate for the Units shall be issued to the transferee and a new certificate for the balance of Units not transferred shall be issued to the transferor

#### ***13.12 Power of Attorney***

Each Trust Unitholder hereby grants to the Trustee, and its respective successors and assigns, a power of attorney constituting the Trustee, as the case may be, with full power of substitution, as such Trust Unitholder's true and lawful attorney to act on the Trust Unitholder's behalf, with full power and authority in the Trust Unitholder's name, place and stead, and to execute, under seal or otherwise, swear to, acknowledge, deliver, make or file or record when, as and where required

#### ***14.1 Term of Trust***

Subject to the other provisions of this Declaration of Trust, the Trust shall continue for a term ending (21) years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II, alive on November 6, 2014. For the purpose of terminating the Trust by such date, the Trustee shall commence winding-up the affairs of the Trust on such date as may be determined by the Trustee, being not more than two years prior to the end of the term of the Trust.

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

The Trust Unitholders may vote by Extraordinary Resolution to terminate the Trust at any meeting of Trust Unitholders duly called for such purpose, following which the Trustee shall commence to wind-up the affairs of the Trust (and shall thereafter be restricted to only such activities). Such Extraordinary Resolution may contain such directions to the Trustee as the Trust Unitholders determine.

#### ***14.3 Procedure Upon Termination***

Upon being required to commence wind-up the affairs of the Trust, the Trustee shall as soon as reasonably practicable give notice thereof to the Trust Unitholders, which notice shall designate the time or times at which Trust Unitholders may surrender their Units for cancellation and the date at which the registers of Units of the Trust shall be closed.

#### ***14.4 Powers of the Trustee Upon Termination***

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

#### ***14.5 Sale of Investments***

The Trustee shall be under no obligation to invest the proceeds of any sale of investments or other assets or cash forming part of the Trust assets after the date referred to in Section 14.3 and, after such sale, the sole obligation of the Trustee under this Declaration of Trust shall be to hold such proceeds or assets in trust for distribution under Section 14.6.

#### ***14.6 Distribution of Proceeds or Assets***

After paying, retiring or discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Trust and providing for indemnity against any other outstanding liabilities and obligations, the Trustee shall, subject to obtaining all necessary regulatory approvals, distribute the remaining part of the proceeds of the sale of the assets together with any cash forming part of the Trust assets among the holders of each Series of Trust Units in accordance with their pro-rata interests with respect to a Series of Trust Units.

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## SUMMARY OF THE FUNDING AGREEMENT

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This is a summary only and is subject to the complete terms and conditions of the Funding Agreement.

Avi Canada and the Trust have entered into the Funding Agreement pursuant to which Avi Canada has agreed to pay all costs and fees associated with this Offering.

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

#### 3.1 Compensation and Securities Held

##### 3.1.1 The Trust

The following table sets out information about each of officers and directors of the Trustee and the Initial Unitholder of the Trust and each person who, directly or indirectly, beneficially owns or controls ten percent (10%) or more of any Trust Units. No compensation has been paid since inception of the Trust:

Name and municipality of principal residence	Position held and date of obtaining that position <sup>(1)</sup>	Compensation paid by the Trust since inception and the compensation anticipated to be paid in current financial year <sup>(2)</sup>	Number, type and percentage of securities of the Trust held after completion of the Minimum Offering	Number, type and percentage of securities of the Trust held after completion of the Offering
<b>Craig Bentham</b> , Calgary, Alberta	Initial Unitholder	Nil	Nil	Nil
<b>P. Lamont Kendall</b> Calgary, Alberta	Director and President of the Trustee	Nil	Nil	Nil
<b>Michele Ward</b> Calgary, Alberta	Director, CFO, and Vice-President of the Trustee	Nil	Nil	Nil
<b>Vered Amir</b> Calgary, Alberta	Director and Vice-President of the Trustee	Nil	Nil	Nil

(1) Each of these individuals have held these positions since establishment of the Trust.

(2) No salaries or fees will be paid to the Trustees or any other officer, director or employee of the Operating Avi Parties from the funds raised under this Offering.

**THE REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK FOR FORMATTING PURPOSES**

### 3.2 Management Experience

The names, municipalities of residence, offices held with the Trust, and principal occupations of the directors and officers of the Trustee for the past five (5) years are as follows:

Name	Office Held	Principal Occupation and Related Experience
P. Lamont Kendall Calgary, Alberta	President and director of the Trustee of the Trust	Mr. Monte Kendall graduated from the University of Western Ontario with a Bachelor of Arts Degree in 1974. He achieved his Chartered Accountant designation in 1980 and shifted his focus to the building industry with Alberta New Home Warranty shortly after achieving his designation. In 1999, Monte joined HBA as VP Finance and progressed to Chief Financial Officer in 2006 and then was named the company's CEO in 2012. Mr. Kendall takes great pride in both his participation of the growth of HBA over the past 15 years as well as ensuring its continued success through strategic planning.
Michele Ward Calgary, Alberta	Vice-President, CFO and director of the Trustee of the Trust	Mrs. Michele Ward graduated from the University of Alberta with a Bachelor of Commerce Degree in 1995. She achieved her Chartered Accountant designation in 1998 and continued her career for another 13 years in public practice until she left her position as Partner at MNP LLP to join industry. In 2012, Michele joined HBA as Chief Financial Officer to act in all financial aspects including financial monitoring and reporting, improvement over controls and processes, financial forecasting and planning, financial and tax compliance, corporate risk assessment and corporate restructuring.
Vered Amir Calgary, Alberta	Vice-President and director of the Trustee of the Trust	Mrs. Vered Amir has been an integral part of the success of HBA for over 20 years. Her passion for finance and land acquisition was established early in her career, leading to managing teams within the organization specializing in these areas. Today Mrs. Amir continues to support HBA as a dedicated director and strategic advisor.

### 3.3 Penalties, Sanctions and Bankruptcy

- (i) There is no penalty or sanction that has been in effect during the last ten (10) years, and no cease trade order that has been in effect for a period of more than 30 consecutive days during the last ten (10) years, against any executive officer, director or control person of the Trust or the Trustee or against an issuer of which any of the foregoing was an executive officer, director or control person at the time; and
- (ii) No 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, has been in effect during the last ten (10) years with regard to any executive officer, director or control person of the Trust or the Trustee or any issuer of which any of the foregoing was an executive officer, director or control person at that time.

### 3.4 Loans

The Trust intends to loan the Gross Proceeds of this Offering to the Operating Avi Parties in accordance with the terms and conditions of the Loan Agreement. See Item 2.6 - "Material Agreements – Summary of the Loan Agreement".

## ITEM 4 - CAPITAL STRUCTURE

### 4.1 Trust's Capital

The following table sets out the capitalization of the Trust as at February 18, 2015, both before and after giving effect to this Offering.

Description of Security	Number Authorized to be Issued	Number Outstanding as at February 18, 2014	Number Outstanding After Minimum Offering <sup>(1)</sup>	Assuming \$10,000,000 Offering <sup>(2) (3) (4)</sup>
Units	Unlimited	100	75,000 representing gross proceeds of \$75,000	10,000,000 representing gross proceeds of \$10,000,000

(1) Assumes redemption of the Initial Units held by Initial Unitholder.

(2) The Offering is not subject to a maximum amount and additional Units may be issued pursuant to the Offering.

(3) Does not include any Discretionary Units that may be issued in the discretion of the Trustee.

(4) Does not include any Units issued as representing Cash Flow of the Trust.

### 4.2 Long-Term Debt

#### *The Trust*

As of the date of this Offering Memorandum, the Trust has no debt.

### 4.3 Prior Sales

In the last 12 months, the following Units of the Trust have been issued:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
November 6, 2014	Units	100 <sup>(1)</sup>	\$1.00	\$100

(1) After the Initial Closing of the issuance of Units, the interest of the Initial Unitholder is expected to be redeemed by the Trust in the amount of his initial capital contribution of \$100.

## ITEM 5 - SECURITIES OFFERED

### 5.1 Terms of Securities

#### **Purpose of the Trust**

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit shall entitle the holder thereof to one vote at any meeting of the Unitholders or in respect of any written resolution of Unitholders and represents an equal undivided beneficial interest in any distribution from the Trust (whether of income, net realized capital gains or other amounts) and in any net assets of the Trust in the event of termination or winding-up of the Trust. All Units shall rank among themselves equally and rateably without discrimination, preference or priority, whatever may be the actual date or terms of issue thereof.

Each Unit is transferable (subject to the terms of the Declaration of Trust and applicable securities laws) and is not subject to any conversion or pre-emptive rights and entitles the holder thereof to require the Trust to redeem any or all of the Units held by such holder. See Item 2.6 - "Material Agreements - Summary of Declaration of Trust - Section 6 - Redemption of Units".

The Units do not represent a traditional investment and should not be viewed by investors as "shares" in the Trust. The Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The price per Unit will not be a function of anticipated distributable income from the Trust and the ability of the Trust to effect long-term growth in the value of the Trust. Instead, the value of the Units will be directly related to the Loan and the Operating Avi Parties' ability to generate sufficient revenue from the Avi Business to allow the Operating Avi Parties to meet their payment obligations of principal and interest under the Loan. See Item 8 - "Risk Factors".

The Units are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that act or any other legislation. Furthermore, the Trust is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

#### ***Limited Liability***

The Declaration of Trust provides that no Unitholder, in its capacity as such, shall incur or be subject to any liability, direct or indirect, absolute or contingent, in contract or in tort or of any other kind to any person, and no resort will be had to, nor will recourse or satisfaction be sought from, the private property of any Unitholder for any liability whatsoever in connection with the Trust’s assets, the obligations or the activities or affairs of the Trust, any actual or alleged act or omission of the Trustee, any transaction entered into by the Trustee or any taxes, levies, imposts or charges or fines, penalties or interest in respect thereof payable by the Trust. In the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Unitholder’s share of the Trust’s assets represented by its Units.

The Declaration of Trust provides that the Trustee must make all reasonable efforts to include as a specific term of any obligations or liabilities being incurred by the Trust or the Trustee on behalf of the Trust, a contractual provision to the effect that none of the Unitholders or the Trustee shall have any personal liability or obligations in respect thereof. The omission of any such statement shall not render any of such parties liable to any person for such omission.

Notwithstanding the terms of the Declaration of Trust, Unitholders may not be protected from liabilities of the Trust to the same extent a shareholder is protected from the liabilities of a corporation. Personal liability may also arise in respect of claims against the Trust (to the extent that claims are not satisfied by the Trust) that do not arise under contracts, including claims in tort, claims for taxes and possibly certain other statutory liabilities. See Item 8 – “Risk Factors”.

The activities of the Trust will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability to the Unitholders for claims against the Trust, including by obtaining appropriate insurance, where available and to the extent commercially feasible having contracts signed by or on behalf of the Trust include a provision that such obligations are not binding upon Unitholders personally.

#### ***Distributions***

The Trustee shall, on or before each Distribution Record Date, declare payable to the Unitholders on such Distribution Record Date all or any part of the Cash Flow of the Trust for the Distribution Period.

The Declaration of Trust provides that December 31 of each year, the Trust’s income that has not otherwise been distributed will be payable for such amount that the Trust will not be liable for ordinary income taxes for such year. The Trustee, on behalf of the Trust, will review the Trust’s distribution policy from time to time. The actual amount of cash, if any, distributed will be dependent on various economic factors and is at the Discretion of the Trustee.

It is currently intended that the Trust will make Distributions to Unitholders in the form of additional Units or cash or a combination of Units and cash, as determined by the Trustee, in its sole Discretion, from time to time. Any Units issued to Unitholders pursuant to a distribution in specie will be subject to resale and transfer restrictions and cannot be resold or transferred except as permitted by applicable securities law. The Trustee may, in its sole and unfettered Discretion, consolidate the Units outstanding immediately after any such distribution of additional Units.

#### ***Rights of Redemption***

Each holder of Units shall be entitled to require the Trust, on the demand of such holder of Units, to redeem all or any part of the Units registered in the name of such holder of Units at the Redemption Price. See Item 2.6 - “Material Agreements - Summary of the Declaration of Trust - Section 6 - Redemption of Units” for the specific terms of Unitholder’s rights of redemption.

## 5.2 Subscription Procedure

An investor who wishes to subscribe for Units must:

1. complete and execute the subscription agreement which accompanies this Offering Memorandum, including all applicable exhibits and/or schedules thereto;
2. (i) pay the subscription price by certified cheque or bank draft dated the date of the subscription in the amount of one dollar (\$1.00) for each Unit subscribed for made payable to “**Avi Mutual Fund Trust**”; or (ii) if using funds from Deferred Plans, pay the subscription price of one dollar (\$1.00) for each Unit subscribed in the manner agreed to between the Deferred Plan administrator and the Trustee; and
3. complete and execute any other documents deemed necessary by the Trustee to comply with applicable securities laws;

and deliver the foregoing (other than with respect to any payments arising from sub-paragraph 2(ii) above) to the Trustee at 245 Forge Road SE, Calgary, Alberta, T2H 0S9, or such other location which the Trustee may specify. If the conditions of closing are not satisfied within the required time, all documents and subscription funds will be returned to the subscribers without interest or deduction.

A Subscriber will become a Unitholder of the Trust following the acceptance of a subscription by the Trustee. If a subscription is withdrawn or is not accepted by the Trustee, all documents will be returned to the subscriber within 30 days following such withdrawal or rejection without interest or deduction.

The Initial Closing is expected to be held on or before February 28, 2015 and subsequent closings may occur from time to time and at any time on such other dates as the Trustee determines. If subscriptions for \$75,000 are not received and accepted and certain other conditions have not been satisfied or waived on or before February 28, 2015, subscriptions and subscription funds will be returned to Subscribers without interest or deduction. The Subscription Agreement will include terms that provide for the subscription of Units by each Subscriber on February 28, May 31, August 31 and November 30 (each a “Subscription Date”) of each year with funds comprising a Subscriber’s Personal Contribution and corresponding Matching Contribution during each such intervening 3 month period between Subscription Dates. Subscribers can advise the Trust, upon written notice within 2 business days of a Subscription Date, that a Subscriber does not wish to proceed with his/her subscription on a Subscription Date and a Subscriber’s funds represented by any Employee Contribution will be released to the Subscriber in accordance with the terms and conditions of the Matching Program.

## 5.3 Offering Jurisdictions

The Offering is being made pursuant to the following exemptions from the prospectus requirements contained in the applicable securities laws:

- (i) in Alberta pursuant to the exemptions from the prospectus requirements afforded by Section 2.9(1) of NI 45-106 (the “**Offering Memorandum Exemption**”) and Section 2.9(2) of NI 45-106 (the “**Eligible Investor Exemption**”); and
- (ii) in British Columbia pursuant to the exemptions from the prospectus requirements afforded by the Offering Memorandum Exemption.

The Offering Memorandum Exemption is available for distributions to Subscribers who are resident in Alberta, who are purchasing as principals, who receive this Offering Memorandum prior to signing the Subscription Agreement and who sign a Risk Acknowledgment Form.

The foregoing exemptions relieve the Trust from the provisions of the applicable Canadian securities laws of each of the Offering Jurisdictions which otherwise would require the Trust to file and obtain a receipt for a prospectus. Accordingly, prospective Subscribers will not receive the benefits associated with subscription for securities issued pursuant to a filed prospectus, including the review of material by any securities regulatory authority.

Closings of the Offering will occur from time to time on such dates as may be determined by the Trust. The Trust undertakes to hold all subscription funds in trust for at least two business days prior to investing such funds in accordance with the disclosure set out in Item 1.2 - “Use of Available Funds” and will return subscription funds to you without interest or deduction if: (a) you give notice to the Trust of cancellation of your Subscription Agreement no later than midnight on the second business day after you sign the Subscription Agreement; or (b) if the Subscription Agreement is not accepted.

All Subscription Agreements are subject to acceptance by the Trust and satisfaction of the conditions set forth in the Subscription Agreement provided with this Offering Memorandum. The Trust may, in its sole discretion, reject any Subscription Agreement in whole or in part. No Unit shall be deemed to have been issued until the Trust accepts the Subscriber's Subscription Agreement in writing. No Subscriber shall have any recourse against the Trust if a Subscription Agreement is rejected in whole or in part.

The Trust will not accept any Subscription Agreement unless the sale of Units to the Subscriber would qualify for an exemption from the prospectus and/or registration requirements under applicable Canadian securities legislation.

**Neither the Trust, the Trustee nor any other Operating Avi Party or any affiliate or associate of the foregoing is responsible for, and undertakes no obligation to determine the general investment needs and objectives of a potential investor and the suitability of the Units having regard to any such investment needs and objectives of the potential investor.**

## **ITEM 6 - INCOME TAX CONSEQUENCES AND DEFERRED PLAN ELIGIBILITY**

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

### **6.1 General**

In the opinion of Counsel, the following summary fairly describes the principal Canadian federal income tax considerations under the Tax Act generally applicable to a Unitholder who acquires Units pursuant to this Offering and who, for the purposes of the Tax Act, is resident in Canada, holds the Units as capital property and deals at arm's length with, and is not affiliated with, the Trust. Units generally will be capital property to a Unitholder provided the Unitholder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired the Units in one or more transactions considered to be an adventure in the nature of trade. A Unitholder who would not otherwise hold Units as capital property may be entitled to make an irrevocable election under subsection 39(4) of the Tax Act to treat the Unitholder's "Canadian securities" (as defined in the Tax Act), including the Units, as capital property.

This summary is not applicable to a Unitholder: (i) that is a "financial institution" for purposes of the market to market rules; (ii) that is a "specified financial institution"; (iii) an interest in which is a "tax shelter" or a "tax shelter investment"; or (iv) which has elected to compute its income in accordance with the "functional currency" reporting rules, all within the meaning of the Tax Act. Such Unitholders should contact their own tax advisors having regard to their own particular circumstances.

This summary is based on the facts set out in this Offering Memorandum, the provisions of the Tax Act in force as of the date hereof, Proposed Amendments, existing case law and Counsel's understanding of the current published administrative policies and assessing practices of the CRA. Counsel can provide no assurance that any Proposed Amendments will be enacted in the form proposed, or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the Offering and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action or changes in the administrative policies or assessing practices of the CRA. This summary does not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is based upon the assumption that the Trust will, at all times, qualify as a mutual fund trust within the meaning of the Tax Act. Further, this summary is based on the assumption that the tax payable under paragraph 122(1)(b) of the Tax Act ("SIFT Tax") on income of trust that is a specified investment flow-through trust ("SIFT Trust") as defined in the Tax Act will not apply to the Trust.

**This summary is of a general nature only and is not intended to be relied on as legal or tax advice or representations to any particular Unitholder. Consequently, prospective Unitholders are urged to seek independent tax advice regarding the consequences to them of investing in the Units, in their own particular circumstances.**

### **6.2 Status of the Trust**

The Trust intends to at all times qualify as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act, and counsel has advised that the Trust will elect under section 132(6.1) of the Tax Act to qualify as a "mutual fund trust" from the beginning of its first taxation year upon obtaining a minimum of one hundred and fifty (150)

Unitholders. This summary is based upon the assumption that the Trust will, at all times, qualify as a mutual fund trust within the meaning of the Tax Act.

In order for the Trust to maintain its status as a “mutual fund trust” under the Tax Act, the Trust cannot carry on an active business and is limited in the types of investments it may make. The Declaration of Trust contains restrictions to this effect. In addition, in order to maintain its status as a mutual fund trust, the Trust cannot, and may not at any time, reasonably be considered to be established or maintained primarily for the benefit of non-residents of Canada unless, at all times, all or substantially all of its property consists of property other than certain “taxable Canadian property” (as defined in the Tax Act). Proposed Amendments released on September 16, 2004 would modify this provision. Under the Proposed Amendments, a trust would cease to qualify as a mutual fund trust if the fair market value of all Units held by non-residents or partnerships that are not “Canadian Partnerships” is more than 50% of the fair market value of all issued and outstanding Units, unless no more than 10% of the fair market value of the Trust’s property is attributable at any time to certain types of “taxable Canadian property” (as defined in the Tax Act) and certain other specified types of property. On December 6, 2004, the Minister of Finance (Canada) (the “Minister”) suspended implementation of these Proposed Amendments pending further discussion with the private sector. Taking into consideration the anticipated Subscribers in the Trust and the restriction on ownership of Units by non-residents, the Trustee does not anticipate that these Proposed Amendments (if enacted as proposed) would lead to a loss of mutual fund trust status for the Trust. See Item 2.6 - “Summary of the Declaration of Trust” for more information.

**If the Trust does not qualify or ceases to qualify as a mutual fund trust, the income tax considerations would, in some respects, be materially different from those described below. See Item 8 “Risk Factors – Mutual Fund Trust Status” for more information.**

### **6.3 SIFT Rules**

A SIFT Trust is not permitted to claim a deduction for distributions paid out of non-portfolio earnings (“NPE”). Amounts distributed to beneficiaries of a SIFT Trust out of NPE are treated as taxable dividends in the hands of the beneficiaries, and are subject to SIFT Tax at a rate that is equivalent to the combined Canadian federal and provincial general corporate tax rate, with the provincial component determined as a weighted average of the general provincial corporate tax rates in each province in which the SIFT Trust has a permanent establishment. For 2015, the rate of SIFT Tax payable by a SIFT Trust with a permanent establishment in Alberta is twenty-five (25%) percent.

NPE of a SIFT Trust is defined as the total of the income from businesses carried on in Canada, income from non-portfolio properties (“NPP”) (other than dividends) and taxable capital gains from dispositions of NPP (and capital gains dividends from mutual fund corporations), in each case less losses and allowable capital losses applicable to these sources. NPP is defined as: (a) Canadian real, immovable or resource properties if the total fair market value of such properties is greater than fifty (50%) percent of the equity value of the SIFT Trust; (b) a property that the SIFT Trust (or a non-arm’s length person or partnership) uses in the course of carrying on a business in Canada; and (c) investments in another entity (which is resident in Canada or is a Canadian resident partnership (a “Subject Entity”)) that have a fair market value greater than ten (10%) percent of the Subject Entity’s equity value or investments in a Subject Entity where the SIFT Trust holds securities of the Subject Entity or its affiliates that have a total fair market value greater than fifty (50%) percent of the equity value of the SIFT Trust.

The Trustee does not intend to list Units of the Trust on a stock exchange or other public market. This summary is based on the assumption that the SIFT Tax will not apply to the Trust.

### **6.4 Taxation of the Trust**

The Trust will be subject to tax under Part I of the Tax Act on the amount of its income for a taxation year, including the taxable portion of net realized capital gains. In computing its income for tax purposes, the Trust may deduct reasonable administrative expenses and 20% of its respective share of the total issue expenses of the Offering, prorated for any taxation year which is less than 365 days, to the extent that the expenses were not otherwise deductible in a preceding year. The taxation year of the Trust ends on December 31.

Upon the actual or deemed disposition of a security held by the Trust as capital property, the Trust will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such security. The Trust will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemption of Units during the year (“capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may



not completely offset the tax liability of the Trust for such taxation year which may arise upon the sale of securities in connection with redemptions of Units.

The Trust will also be entitled to deduct from its income for a taxation year otherwise determined, after taking into account the inclusions and deductions outlined above, the portion of such income that becomes payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Trust or a Unitholder is entitled in the year to enforce payment of the amount. The Declaration of Trust requires that the Trust distribute or make payable its net income for tax purposes for each taxation year of the Trust to Unitholders to such an extent that the Trust will not be liable in any taxation year for income tax under Part I of the Tax Act on such net income (after taking into account any applicable losses of the Trust).

## **6.5 Taxation of Unitholders**

### **6.5.1 Trust Distributions**

A Unitholder will generally be required to include in computing income for a particular taxation year of the Unitholder the portion of the net income of the Trust for a taxation year, including taxable dividends and net realized taxable capital gains, that is paid or payable to the Unitholder in that particular taxation year, whether that amount is paid in cash, additional Units, Trust Assets or otherwise. Income of a Unitholder from the Units will generally be considered to be income from property for purposes of the Tax Act. Any loss of the Trust cannot be allocated to and treated as a loss of a Unitholder.

Provided that appropriate designations are made by the Trust, the portion of its taxable capital gains and taxable dividends received from taxable Canadian corporations that are paid or payable to a Unitholder will retain their character as taxable capital gains and taxable dividends to the Unitholder for purposes of the Tax Act. Such dividends, when designated to a Unitholder that is an individual, will be subject to the gross-up and dividend tax credit provisions normally applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules for eligible dividends. Income of the Trust that is designated as taxable dividends from taxable Canadian corporations or as net realized capital gains may increase an individual Unitholder's liability for alternative minimum tax.

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

The adjusted cost base of a Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Unit, with certain adjustments. Units issued to a Unitholder as a non-cash distribution of income will have a cost amount equal to the amount of such income. A Unitholder will generally be required to average the cost of all newly-acquired Units with the adjusted cost base of Units held by the Unitholder as capital property in order to determine the adjusted cost base of the Unitholder's Units at any particular time.

### **6.5.2 Disposition of Units**

On the disposition or deemed disposition of Units, a Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the Unitholder's proceeds of disposition are greater (or less) than the aggregate of the Unitholder's adjusted cost base of the Units and any reasonable costs incurred by the Unitholder in connection with the disposition. The taxation of capital gains or capital losses is described below under "Capital Gains and Capital Losses".

### **6.5.3 Redemption of Units**

The redemption of Units in consideration for cash, Trust Assets or Redemption Notes, as the case may be, will be a disposition of such Units for proceeds equal to the amount of such cash or the fair market value of such Trust Assets or Redemption Notes, less any portion thereof that is considered to be a distribution of the income of the Trust. Redeeming Unitholders will consequently realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (less any portion thereof that is considered a distribution of the Trust's income) is greater (or

less) than the Unitholder's aggregate adjusted cost base of the Units so redeemed and any reasonable costs of disposition.

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

Generally, one-half of any capital gain realized or deemed to be realized by a Unitholder in a taxation year will be included in the Unitholder's income for the year as a taxable capital gain. Subject to specific rules in the Tax Act, one-half of any capital loss realized or deemed to be realized by a Unitholder in a taxation year is an allowable capital loss which must be deducted from any taxable capital gain realized by the holder in the year of disposition. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances provided for in the Tax Act. A Unitholder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" as defined in the Tax Act, may be liable to pay an additional refundable tax of 6 $\frac{2}{3}$ % on certain investment income, including taxable capital gains. Capital gains realized by a Unitholder who is an individual (other than certain trusts) may give rise to a liability for alternative minimum tax.

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

Provided the Trust qualifies as a mutual fund trust within the meaning of the Tax Act, prior to the 91st day after the end of the Trust's first taxation year and assuming the Trust elects under the Tax Act to be a mutual fund trust from its inception, the Units, when issued, will be a qualified investment under the Tax Act for a Deferred Plan, subject to the specific provisions of any such plan.

**Not all securities are eligible for investment in an RRSP, RRIF or TFSA. You should consult your own professional advisers to obtain advice on the eligibility of these securities for these types of Deferred Plans.** RRSPs, RRIFs and TFSAs are subject to rules in Part XI.01 of the Tax Act that may result in negative tax consequences if a trust governed by an RRSP, RRIF or TFSA acquires a security that is a "prohibited investment" for that particular RRSP, RRIF or TFSA as defined in Part XI.01, notwithstanding that the security may otherwise be a qualified investment for Deferred Plans. The Units will generally not be a prohibited investment for an RRSP, RRIF or TFSA if the controlling individual of the RRSP, RRIF or TFSA deals at arm's length with the Trust for the purposes of the Tax Act and the controlling individual does not have a "significant interest" (within the meaning of subsection 207.01(4) of the Tax Act) in the Trust, or a corporation, partnership or trust with which the Trust does not deal at arm's length for the purposes of the Tax Act. Generally, an individual will have a significant interest in the Trust if at any time, the individual, together with other individuals, corporations, trusts and partnerships that do not deal at arm's length with the individual, hold at any time Units that have a fair market value of 10% or more of the fair market value of all the outstanding Units of the Trust. Unitholders should consult their own tax advisors as to whether the Units will be a prohibited investment in their particular circumstances.

Finally, there can be no assurance that the Canadian federal income tax laws and administrative policies of the CRA respecting the status of the Units as qualified investments for Deferred Plans will not be changed in a manner that adversely affects the Unitholders. In that event, negative tax consequences will result and potential Subscribers should consult with their own professional advisors in this regard.

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

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

The Trust has not retained an underwriter in respect of the sale and distribution of the Units. The officers and directors of the Trustee may be involved directly in the selling of Units but will not receive any fees for affecting such sales.

### **ITEM 8 - RISK FACTORS**

An investment in the Trust is speculative and contains certain risks. Prospective Subscribers should carefully consider, among other factors, the matters described below, each of which could have an adverse effect on the value of the Units. As a result of these factors, as well as other risks inherent in any investment, there can be no assurance that the Trust will meet its business objectives. The Trust's returns may be unpredictable and, accordingly, the Trust's Units are not suitable as the sole investment vehicle for an investor or for an investor that is looking for a predictable source of cash flow. An investor should only invest in the Trust as part of an overall investment strategy.

Based on, among others, the factors described below, the possibility of partial or total loss of capital will exist and Subscribers should not subscribe unless they can readily bear the consequences of such loss.

## **Risks associated with the Trust**

### ***Conflicts of interest***

Avi Canada is sole shareholder of each of Avi Calgary GP, Avi Edmonton GP, Avi Urban, Avi Land and the Trustee.

Avi Canada is the sole limited partner of each of Avi Calgary LP and Avi Edmonton LP.

Monte Kendall and Michele Ward are each officers and directors of the Trustee and are the CEO (Kendall) and CFO (Ward) of each of Avi Calgary GP, Avi Edmonton GP, Avi Urban, Avi Land and Avi Canada. Vered Amir is a director of each of Avi Calgary GP, Avi Edmonton GP, Avi Urban, Avi Land and Avi Canada and is a shareholder of Avi Canada's sole corporate shareholder.

There may be occasions when the Operating Avi Parties encounter conflicts of interest in connection with the Trust's activities.

The Declaration of Trust permits the Trustee (and the Operating Avi Parties) to take actions to resolve a material conflict of interest without the approval of the Trust Unitholders provided that each of the Operating Avi Parties uses reasonable best efforts to resolve any such conflict of interest as equitably as possible under the prevailing facts and circumstances. There is no independent committee or other persons representing the Trust Unitholders in situations involving conflicts of interests between the Operating Avi Parties and/or the Trust Unitholders. Accordingly, the Unitholders are relying on the ability, honesty and integrity of the Trustee, its officers and directors and the Operating Avi Parties to resolve any such material conflicts of interests, which resolutions might have been different had the interests of Unitholders been represented by independent persons in such circumstances.

The terms of the Loan Agreement provide that in the event that the payment terms of any Loan Advance has been in default for 30 consecutive days, the Trustee shall call a Special Meeting of the Trust Unitholders for the purpose of obtaining direction from the Trust Unitholders as to whether the Trust Unitholders want to replace the Trustee with a Trustee appointed by the Trust Unitholders.

### ***Loan Security***

The Trust will only have security over the present and after acquired personal property of Avi Canada. The other Operating Avi Parties will not provide any security in respect of the Loans and as such the Trust will be an unsecured creditor of the Operating Avi Parties other than Avi Canada.

Avi Canada has limited assets, the primary of which are the limited partnership units it owns as sole limited partner in each of Avi Edmonton LP and Avi Calgary LP and the shares it owns in the other Operating Avi Parties.

Avi Canada has granted security (collectively the "Prior Security"), as guarantor under a number of guarantees (collectively the "Guarantees"), over its present and after acquired personal property to: (i) private and institutional lenders (each a "Lender") with respect of loans (each a "Operating Loan") provided to the Operating Avi Parties; and (ii) to a shareholder of Avi Canada with respect to shareholders loans (collectively the "Shareholder Loans") advanced to Avi Canada by that shareholder. Subscribers should note that security granted by Avi Canada in favour of the Trust will also be subordinated to security provided to Lenders with respect to financing provided by Lenders to the Operating Avi Parties after the date of this Offering Memorandum.

As of the date of this Offering Memorandum the total exposure of Avi Canada under the Guarantees and with respect to the Shareholder Loans is \$119,450,000. This amount will increase and decrease over time as Operating Loans are paid out and new Operating Loans are entered into. In addition the amount of the Shareholders' Loan may also increase or decrease over the term of the Loans.

As the Trust will be an unsecured creditor of the Operating Avi Parties, other than Avi Canada, the Trust will be subordinate to secured creditors of those Operating Parties which will include Lenders (who have loaned funds to these Operating Avi Parties both previous to the date of this Offering Memorandum as well as after the date of this Offering Memorandum.

In the event of a default by an Operating Avi Party of its obligations under an Operating Loan, a Lender may seek recourse from Avi Canada for amounts due and owing as a result of such a default. If Avi Canada is unable to pay such amounts, the Lender may seize Avi Canada's present and after acquired personal property which could include

Avi Canada's equity interest in the other Operating Avi Parties. Were this event to occur, there may be little if any assets left in Avi Canada to secure the Loans.

In the event of a default by the Operating Avi Parties under any of the Loans, the Trust may choose to enforce its security over Avi Canada's assets. There will be intervening encumbrances, such as the Priority Security or other interests of other third parties that will or may stand in priority to the Trust's security which may prevent the Trust from realizing on or enforcing some or all of its security against the assets of Avi Canada. There may be principals at law or at equity that may prevent the Trust from enforcing some or all of its security against the assets of Avi Canada. The assets of Avi Canada may not have a sufficient value to satisfy any outstanding debt obligations to the Trust. The same risks apply with respect to the any steps that the Trust may take as an unsecured creditor of the Operating Avi Parties other than Avi Canada.

In certain circumstances, applicable legislation provides for the granting of security over the assets of entities to secure repayment of liabilities owing by such entities to certain parties. Such legislated security sometimes is granted priority over security granted by the entity itself. An example is that certain taxation authorities (including the Canadian Revenue Agency) are provided with such legislated priority security over the assets of a taxpayer with respect to certain amounts owing by the taxpayer to the taxation authority. Such priority security would have priority over the security granted to the Trust over the assets of Avi Canada.

#### ***No assurance of investment return***

The success of the Trust and, accordingly, a return on investment for a purchaser of Units, is entirely dependent upon the Operating Avi Parties ability to meet its payment obligations of principal and interest pursuant to the Loan, which in turn will be dependent upon the success of the Operating Avi Parties. **As a result, there is no assurance or guarantee that the Trust and, correspondingly, the purchasers of Units pursuant to this Offering, will earn a return on their investment. Unitholders could lose the entire amount of their investment.**

#### ***Nature of investment***

An investment in the Trust requires a long-term commitment, with no certainty of return. Investments made by the Trust may not generate current income.

#### ***Concentration of investments***

The Trust's investments will be limited to that of a single asset being the Loans to the Operating Avi Parties. The Operating Avi Parties business operates in a single industry (being the Avi Business). Concentration of the Trust's investments in such a manner involves greater risk to an investor of Units than the exposure generally associated with more diversified investment funds, and may result in greater fluctuations in returns.

#### ***Reliance on the Trustee***

All decisions with respect to the Trust Assets and the operations of the Trust are expected to be made exclusively by the officers and directors of the Trustee. Unitholders will have no right to make any decisions with respect to the Trust's business and affairs. No prospective investor should purchase a Unit in the Trust unless such prospective investor is willing to entrust all aspects of the management of the Trust to officers and directors of the Trustee.

#### ***Dependence on key personnel***

The success of the Trust will depend in large part upon the services of key personnel employed by the Operating Avi Parties. The loss of any of these individuals, for any reason, could have a material adverse effect on the prospects of the Operating Avi Parties and, as a result, the Trust. Failure to retain or to attract additional key employees with necessary skills could have a material adverse impact upon growth and profitability of the Avi Business. The contributions of key personnel employed by Operating Avi Parties to the immediate future operations of the Avi Business is likely to be of central importance and the loss of any one of these individuals could have a material adverse effect on the Avi Business and, as a result, the Trust. There can be no assurance that such personnel will remain with the Operating Avi Parties.

#### ***Limited working capital***

The Trust will have a limited amount of working capital, as all or substantially all of the Gross Proceeds of the Offering will be used to provide the Loans.

### ***Termination of the Trust***

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

### ***Leverage of the Trust***

The Trust may borrow or incur indebtedness for any purpose, including for the purposes of acquiring investments, distributing Trust Income or Trust Capital Gains or redeeming Units. The requirement to repay principal and pay the associated debt service costs could impair the Trust's ability to make distributions to Unitholders, particularly if the value of the Trust's investments decline and/or the Trust is unable to liquidate some or all of its investments to refinance any such borrowings. If the Trust is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the ability of the Trust to make distributions would be impaired and the value of the Units could be significantly reduced or even eliminated.

In addition, if the borrowings are used to acquire investments, the interest expense and banking fees incurred in respect of any such loans may exceed the incremental capital gains and tax benefits generated by the investments. There can be no assurance that the borrowing strategy employed by the Trust will enhance returns.

### ***Risks relating to redemption***

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

### ***Lack of independent counsel representing Unitholders***

The Trust and the Trustee have consulted with and retained for their benefit legal counsel to advise them in connection with the formation and terms of the Trust and the Offering of Units. Unitholders have not, however, as a group been represented by independent legal counsel. Therefore, to the extent that the Unitholders could benefit by further independent review, such benefit will not be available unless individual Unitholders retain their own legal counsel. There has been no review by independent counsel on behalf of the Subscribers of the Offering Memorandum or any other documentation in relation to the Offering.

### ***Liability for return of distributions***

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

### ***Recourse to the Trust's Assets***

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

### ***Indemnification***

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

### ***Effect of expenses on returns***

Although Avi Canada has agreed to bear all costs and expenses related to the activities and business of the Trust, the Trust generally remains responsible to pay the same. Accordingly, if Avi Canada were to fail or refuse to pay any such costs or expenses, the Trust would remain liable to pay the same, and if it were to do so, such costs and expenses would reduce, and could eliminate, the actual returns to the Unitholders.

### ***Lack of regulatory oversight***

The Trust is not subject to any regulatory oversight in Canada.

### ***Risks associated with the Units***

#### ***No Regulatory Review***

Subscribers under this Offering will not have the benefit of a review of this Offering Memorandum by any regulatory authorities.

#### ***Restrictions on redemption and transfer; Illiquidity of Units***

It is intended that the Trust will continue for an indefinite term. As a result, a Unitholder's principal source of liquidity for its Units will be through its right of redemption. Unitholders should be aware that redemption rights in their favour are subject to significant limitations and restrictions. See Item 2.6 - "Material Agreements - Summary of Declaration of Trust - Redemption of Units".

There will be no public market for the Units and an application for listing of the Units on a stock exchange will not be made. Units in the Trust are highly illiquid investments and should only be acquired by Subscribers able to bear the economic risk of an investment in the Units for an indefinite period of time. The Units are being sold on a "private placement" basis in reliance upon exemptions from prospectus and registration requirements of applicable securities laws and therefore are subject to significant statutory restrictions on transfer or sale. The Units will be subject to "hold periods" under applicable securities legislation and, as the Trust is currently not a "reporting issuer" in any province or territory, the "hold periods" may never expire. Additionally, Unitholders will not be permitted to transfer or sell their Units without the consent of the Trustee, which may be withheld in the Trustee's sole discretion, and may be subject to the satisfaction of certain other conditions, including the provision of an opinion of counsel that such a transfer would not subject the Trust or the Unitholders to any regulatory or tax burdens or result in violation of any applicable law or governmental regulation.

#### ***Distribution of income***

Although the Trust intends to make distributions quarterly, there is no guarantee that it will be able to do so. See "Risks associated with the Trust – No assurance of investment return" below.

The Trust will distribute Trust Income and Trust Capital Gains for each taxation year, so that Trust Income and Trust Capital Gains may be taxable to Unitholders and the Trust will not have any obligation to pay tax under the Tax Act. Payment of distributions is intended to be made in cash, but the Trust may, in certain circumstances, make distributions by distributing additional Units. See Item 2.6 - "Summary of the Declaration of Trust – Unit Distributions". In the event that the Trust does not make cash distributions, Unitholders will have to rely solely on the redemption of their Units to obtain a cash return on their investment in Units.

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

Trust Units of each Series are entitled to an equal undivided beneficial interest in any distribution from the Trust to which a Series of Units is entitled. The Units do not represent debt instruments and there is no principal amount owing to Unitholders under the Units, and the Units are not insured against loss through the Canadian Deposit Insurance Corporation.

#### ***Units are intended to be held by taxable and tax exempt Subscribers***

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

### ***Mutual fund trust status***

It is intended that the Trust will qualify as a mutual fund trust for the purposes of the Tax Act. However, there can be no assurance that the Canadian federal income tax laws and administrative policies of the CRA respecting the treatment of mutual fund trusts and unit trusts will not be changed in a manner which adversely affects the holders of Units. If the Trust fails to meet one or more conditions to qualify as a mutual fund trust, the income tax considerations described under this Offering Memorandum would, in some respects, be materially different.

If the Trust ceases to qualify as a mutual fund trust, the Units will cease to be a qualified investment for trusts governed by Deferred Plans.

If at any time an RRSP, RRIF or TFSA acquires Units that are not qualified investments or are a prohibited investment (as defined in the Tax Act) or holds Units that cease to be qualified investments or become a prohibited investment, the annuitant of the RRSP or RRIF or the holder of the TFSA will be liable for a penalty tax equal to fifty (50%) percent of the fair market value of the Units; however, the penalty tax may be refundable if the Units are disposed of by the end of the calendar year following the calendar year in which the penalty tax is imposed. In addition, an RRSP, RRIF or TFSA may be subject to tax on the income attributable to the holding of non-qualified investments, including tax on full capital gains, if any, realized on the disposition of the Units.

Where, at the end of a month, an RESP or DPSP holds Units that are not qualified investments, the RESP or DPSP must, in respect of that month, pay a tax equal to one (1%) percent of the fair market value of the Units at the time such Units were acquired by the RESP or DPSP. If a DPSP acquires Units that are not qualified investments at the time of acquisition, a penalty tax equal to 100% of the fair market value of the Units will be payable by the DPSP trust; however, the penalty tax may be refundable where the DPSP trust subsequently disposes of the Units.

If an RESP acquires Units that are not qualified investments, the CRA may revoke the RESP's registration, in which case the RESP will become taxable under Part I of the Tax Act and any Canadian Education Savings Grant payments will have to be repaid.

If at any time an RDSP acquires Units that are not qualified investments or holds Units that cease to be qualified investments, the holder of the RDSP will be liable for a penalty tax equal to fifty (50%) percent of the fair market value of the Units; however, the penalty tax may be refundable if the Units are disposed of by the end of the calendar year following the calendar year in which the penalty tax is imposed.

### ***Eligibility of Trust Assets or Redemption Notes for investment by deferred plans***

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

### ***Tax treatment of Units and Unitholders***

Canadian federal or provincial income tax legislation may be amended, or their interpretation changed, so as to alter fundamentally the tax consequences of holding or disposing of Units or the investments held by the Trust. The alternative minimum tax could limit tax benefits available to Unitholders.

There is no assurance that income tax laws or administrative practices of tax officials in the various jurisdictions of Canada will not be changed in a manner which will adversely alter the tax treatment of Unitholders.

### ***Tax characterization of Trust Income and Trust Capital Gains***

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

### ***SIFT status***

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

## **Risks associated the Avi Business**

### ***Acquisition Risk***

The operation of a residential home building business entails risks that investments made in such a business will fail to perform in accordance with expectations. In operating of the Avi Business, the Operating Avi Parties will incur certain risks, including the expenditure of funds on, and the devotion of management's time to development of projects that may not come to fruition. Additional risks inherent in acquisitions include risks that projects will not achieve anticipated sales levels and that estimates of the project development costs may prove inaccurate.

### ***General Real Estate Ownership Risks***

All real estate property investments are subject to a degree of risk and uncertainty. Property investments are affected by various factors including general economic conditions, local real estate markets, demand for new homes, competition from other builders and various other factors. Certain significant expenditures, including property taxes, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real estate property regardless of whether a Project is producing any income. Real estate property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity will tend to limit the Operating Avi Parties' ability to vary its land portfolio promptly in response to changing economic or investment conditions. If for whatever reason, liquidation of assets is required, there is a risk that sale proceeds realized might be less than the current book value of the Operating Avi Parties' real estate holdings or that market conditions would prevent prompt disposition of assets. The Operating Avi Parties may, in the future, be exposed to a general decline of demand by buyers for their homes.

### ***Financing Risks***

There is no assurance that the Operating Avi Parties' will be able to obtain sufficient financing to finance the acquisition of land for the development of their Projects, or, if available, that Operating Avi Parties' will be able to obtain financing on commercially acceptable terms. Further, there is no assurance or guarantee that any financing, if obtained, will be renewed when they mature or, if renewed, renewed on the same terms and conditions (including the rate of interest). In the absence of mortgage financing, the amount of land which the Operating Avi Parties' will be able to purchase, which may affect the return on an investment in Units. Even if the Operating Avi Parties are successful in obtaining adequate financing, the Operating Avi Parties may not be able to generate sufficient funds through the development of their projects to service their financing. If a default occurs under any of the financing, one or more of the lenders could exercise its rights including, without limitation, foreclosure or sale of the lands owned by the Operating Avi Parties.

### ***Interest Rate Fluctuations***

The financing may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Operating Avi Parties cost of borrowing.

### ***Environmental Matters***

Under various environmental and ecological laws, the Operating Avi Parties and/or their subsidiaries could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in lands owned or acquired by them. The failure to deal effectively with such substances may adversely affect the Operating Avi Parties' ability to develop homes upon such lands or to borrow using the lands as collateral, and could potentially also result in claims against the Operating Avi Parties by third parties.

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

**Neither the Trust, the Trustee, nor any Operating Avi Party or any affiliate or associate of the foregoing is responsible for, and undertakes no obligation to determine the general or specific investment needs and objectives of a potential investor and the suitability of the Units having regard to any such investment needs and objectives of the potential investor.**



## **ITEM 9 - REPORTING OBLIGATIONS**

The Trust will send to Unitholders within 90 days of the Fiscal Year end and, in any event, on or before any earlier date prescribed by Applicable Laws, annual financial statements of the Trust for the Fiscal Year ended immediately prior to such period, which information shall consist of a balance sheet, income statement and statement of cash flows and a summary of significant accounting policies and other explanatory information.

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

The Trust is not a “reporting issuer” or equivalent under the securities legislation of any jurisdiction. Accordingly, the Trust is not subject to the “continuous disclosure” requirements of any securities legislation and there is therefore no requirement that the Trust make ongoing disclosure of its affairs including, without limitation, the disclosure of financial information on a quarterly basis or the disclosure of material changes in the business or affairs of the Trust.

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

## **ITEM 10 - RESALE RESTRICTIONS AND REDEMPTION RIGHTS**

### **10.1 General Statement**

The Units will be subject to a number of resale restrictions, including restrictions on trading. Until the restriction on trading expires, you will not be able to trade the Units unless you comply with an exemption from the prospectus and registration requirements under securities legislation. Additionally, Unitholders will not be permitted to transfer their Units without the consent of the Trustee. See Item 2.6 - “Summary of the Declaration of Trust - Transfer of Units and Restrictions on Non-Resident Ownership”.

### **10.2 Restricted Period**

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

The Trustee must approve of any proposed disposition. It is the responsibility of each individual Subscriber to ensure that all forms required by the applicable securities legislation are filed as required upon disposition of the Units acquired pursuant to this Offering.

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

## ITEM 11 - PURCHASERS' RIGHTS

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

### 11.1 Two Day Cancellation Right

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

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

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

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

#### *Rights of Purchasers in Alberta*

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

- (a) the Trust to cancel your agreement to buy these securities, or
- (b) for damages against the Trust, every Person who was a Trustee at the date of this Offering Memorandum and every other Person who signed this Offering Memorandum.

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

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

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

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

- (a) the Trust to cancel your agreement to buy these securities, or
- (b) for damages against the Trust, every Person who was a Trustee at the date of this Offering Memorandum and every other Person who signed this Offering Memorandum.

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

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

## **ITEM 12 - FINANCIAL STATEMENTS**



Deloitte LLP  
700, 850 - 2 Street SW  
Calgary, AB T2P 0R8  
Canada

Tel: (403) 267-1700  
Fax: (403) 213-5791  
[www.deloitte.ca](http://www.deloitte.ca)

## **INDEPENDENT AUDITOR'S CONSENT**

To: Avi Mutual Fund Trust

We consent to the use of our report to the unit holders of Avi Mutual Fund Trust (the "Trust") on the financial statements of the Trust as at and for the period ended December 31, 2014 and a summary of significant accounting policies and other explanatory information included in the offering document of the Trust dated February 18, 2015, relating to the offering of a minimum of 75,000 units in the Trust at \$1.00 per unit. Our report is dated February 13, 2015.

*Deloitte LLP*

Chartered Accountants  
February 18, 2015

Financial statements of

# **Avi Mutual Fund Trust**

December 31, 2014

# Avi Mutual Fund Trust

December 31, 2014

## Table of contents

Independent Auditor's Report .....	1-2
Statement of financial position .....	3
Statement of cash flows .....	4
Notes to the financial statements .....	5-9

## **Independent Auditor's Report**

To the Trustees of  
Avi Mutual Fund Trust

We have audited the accompanying financial statements of Avi Mutual Fund Trust, which comprise the statement of financial position as at December 31, 2014, the statement of cash flows for the 56-day period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Information**

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 the 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 the financial statement 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 Avi Mutual Fund Trust as at December 31, 2014 and its cash flows for the 56-day period then ended in accordance with International Financial Reporting Standards.

*Deloitte LLP*

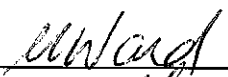
Chartered Accountants  
February 13, 2015

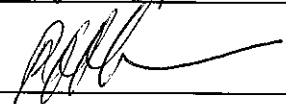
# Avi Mutual Fund Trust

Statement of financial position  
as at December 31, 2014

	\$
<b>Asset</b>	
Current asset	
Due from related party	100
<b>Unitholders' equity</b>	
Trust units	
Class A trust units (Note 7)	100

Approved by the Board

 Director

 Director

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

Page 3

# Avi Mutual Fund Trust

## Statement of cash flows

56-day period from November 6, 2014 to December 31, 2014

	\$
<b>Investing activities</b>	
Advances to related party	(100)
Proceeds from issuance of Class A trust units	100
	-
<b>Net change in cash and cash, end of period</b>	-

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

Page 4

# Avi Mutual Fund Trust

## Notes to the financial statements

December 31, 2014

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### 1. Nature of operations

Avi Mutual Fund Trust (the "Trust") is an unincorporated open-ended trust established by the Trust's Declaration of Trust dated November 6, 2014 (the "Declaration of Trust"). The Trust intends to be a mutual fund trust for the purposes of the Income Tax Act (Canada).

The Trust was formed to raise funds pursuant to an offering memorandum (Note 8) for the purposes of entering into a loan agreement with the Operating Avi Parties (a group of companies, including affiliates and subsidiaries of Homes by Avi (Canada) Inc., Homes by Avi Urban (2006) Inc., Homes by Avi (Calgary) GP Inc., Homes by Avi (Calgary) LP, Homes by Avi (Edmonton) GP Inc., Homes by Avi (Edmonton) LP, and Avi Land Corporation). The Operating Avi Parties are considered to be related parties due to common officers and directors with the Trustee. The Operating Avi Parties operate in the home building industry and intend to use these funds for the investment in land and other acquisition and development related costs.

The Trustee of the Trust is the Avi MFT Corporate Trustee (the "Trustee"). The Trustee, through its officers and directors, is responsible for the management and control of business and affairs of the Trust on a day-to-day basis in accordance with terms of the Declaration of Trust.

The address of the Trust is 245 Forge Road SE, Calgary, Alberta, T2H 0S9.

### 2. Basis of presentation

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

No revenue, personnel or general and administrative expenses were incurred during the 56-day period ended December 31, 2014, and accordingly a statement of income and comprehensive income has not been presented.

These financial statements were authorized for issue by the Trustee of the Trust on February 13, 2015.

### 3. Significant accounting policies

These financial statements have been prepared in accordance with IFRS using the historical cost basis and are stated in Canadian dollars, which is the Trust's functional currency.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand as well as all term deposits with maturities of 90 days or less when purchased and term deposits that are redeemable.

#### *Financial instruments*

##### Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("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.

The Trust classifies its financial assets as follows:

Due from related party

Loans and receivables

# Avi Mutual Fund Trust

## Notes to the financial statements

December 31, 2014

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### 3. Significant accounting policies (continued)

#### *Financial instruments (continued)*

##### Impairment of financial assets

At each reporting date, the Trust assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. The Trust reviews the carrying amounts of its financial assets recorded at amortized cost, including mortgages receivable, to determine whether there is objective evidence that those financial assets have suffered an impairment loss. A financial asset, or group of financial assets, is impaired when objective evidence demonstrates that the estimated future cash flows of the financial asset or group of financial assets have been negatively impacted. Objective evidence that a financial asset is impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower on interest and principal repayments, restructuring of a loan or advance by the Trust on terms that the Trust would not otherwise consider, or other observable data which indicates that there is a measureable decrease in the estimated cash flows.

If an impairment loss has occurred, the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the loss is recognized in profit or loss and classified as a financing expense.

##### Financial liabilities - classification as debt or equity

Financial instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement.

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Assets in this category include the amount due from related party, which is classified as a current asset in the statement of financial position.

Loans and receivables are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment losses. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### Trust units

The Trust's units are redeemable at the option of the holder and, therefore, are considered puttable instruments. Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with International Accounting Standard ("IAS") 32, Financial Instruments: Presentations, in which case, the puttable instrument may be presented as equity. The Trust's units were determined to meet the conditions of IAS 32, and are therefore classified and accounted for as equity.

# Avi Mutual Fund Trust

## Notes to the financial statements

December 31, 2014

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### 4. New accounting standards and interpretations

In addition to the foregoing accounting policies outlined, the IASB has issued certain new standards, interpretations and amendments to existing standards which are not effective until accounting periods subsequent to December 31, 2014 and which have not yet been adopted by the Trust:

- i. In July 2014, the IASB completed the final elements of IFRS 9, Financial Instruments. The standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The standard will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 9 will be applied by the Trust on January 1, 2018, and the Trust is currently evaluating the impact of the standard on the Trust's financial statements.
- ii. IFRS 15, Revenue from Contracts from Customers, is effective for annual periods beginning on or after January 1, 2017.

Management is currently assessing the new requirements; however, it is anticipated that the adoption of these new standards, interpretations and amendments is unlikely to have a significant impact on the Trust's financial statements.

### 5. Determination of fair values

Certain of the Trust's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of the amount due from related party approximates its carrying value due to the asset's short-term nature.

The significance of inputs used in making fair value measurements for assets and liabilities measured at fair value is examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

### 6. Financial risk management

#### *Overview*

The Trust's planned operations will expose it to a variety of financial risks that arise as a result of its operating and financing activities:

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

This note presents information about the Trust's exposure to each of the above risks, the Trust's objectives, policies and processes for measuring and managing risks, and the Trust's management of capital.

The Trust employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Trust's business objectives and risk tolerance levels. While the Trustees have the overall responsibility for the establishment and oversight of the Trust's risk management framework, management has the responsibility to administer and monitor these risks.

# Avi Mutual Fund Trust

## Notes to the financial statements

December 31, 2014

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### 6. Financial risk management (continued)

#### *Credit risk*

Credit risk is the risk of financial loss to the Trust if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk at December 31, 2014 is as follows:

	\$
Carrying amount	
Due from related party	<b>100</b>

The Trust manages the credit exposure by monitoring the related party's ability to pay.

#### *Liquidity risk*

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they are due. The Trust's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Trust's ongoing liquidity will be impacted by various external events and conditions.

The Trust does not have any financial liabilities at December 31, 2014.

#### *Market risk*

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

The Trust does not have any financial instruments subject to market risk at December 31, 2014.

#### *Interest rate risk*

Interest rate cash flow risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate price risk is the risk that a financial instrument's fair value will fluctuate as a result of changes in market interest rates. As the Trust does not have any interest-bearing debt, the Trust is not exposed to interest rate cash flow or price risk.

The Trust had no interest rate swaps or financial contracts in place as at December 31, 2014 or during the 56-day period then ended.

#### *Capital management*

The Trust's capital management policy is to maintain a strong capital base that optimizes the Trust's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its unitholders. The Trust intends to maintain a flexible capital structure to maximize its ability to pursue additional investment opportunities, which considers the Trust's early stage of development and the requirement to sustain future development of the business.

The Trust will manage its capital structure and make changes to it in light of changes to economic conditions and the risk characteristics of the nature of the business. The Trust considers its capital structure to include unitholders' equity and working capital. In order to maintain or adjust the capital structure, the Trust may from time to time issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure.

The Trust currently has no debt outstanding and monitors capital based on its current working capital, projected cash flow from operations and anticipated capital expenditures.

The Trust is not subject to externally imposed capital requirements.

# Avi Mutual Fund Trust

## Notes to the financial statements

December 31, 2014

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### 7. Trust units

The Declaration of Trust provides that an unlimited number of trust units (the "Units") may be issued. At the discretion of the Trustees, the Trust may designate Units issued into separate series based on the date of issue of such Units, and the interest of each unitholder will be determined by the number of Units registered in the name of the unitholder in each series. Units of each series represent an equal undivided beneficial interest in any distribution of the Trust to which a series of Units is entitled, and in the net assets of the Trust in the event of termination or winding-up of the Trust to which a series of Units is entitled. Each Unit entitles the holder to one vote at all meetings of unitholders for each whole Unit held.

Each unitholder is entitled to require the Trust to redeem all or any part of their Units. The redemption price will be in accordance with the Declaration of Trust.

#### *Issued and outstanding*

	Number	Amount
	#	\$
Initial trust units	100	100

The Trust was formed on November 6, 2014, and 100 initial trust units were issued at \$1 per Unit in 2014.

### 8. Subsequent events

#### *Offering memorandum*

The Trust has prepared an offering memorandum (the "offering"), for the offer of Units with no maximum and a minimum of 75,000 Units at a price of \$1 per Unit for total gross proceeds of \$75,000.

All selling commissions, service fees and marketing fees will be paid for by Homes by Avi (Canada) Inc., one of the entities in the Operating Avi Parties.

The Trust intends to complete the initial closing on or about February 28, 2015 (or such earlier or later date as may be approved by the Trust in its sole discretion).

The net proceeds of the offering will be used to enter into a loan agreement with the Operating Avi Parties.

#### *Funding agreement*

Homes by Avi (Canada) Inc. and the Trust will enter into a funding agreement pursuant to which Homes by Avi (Canada) Inc. will pay all costs incurred by the Trust in connection with the transactions described in the offering including, without limitation, all selling commissions, service fees, marketing fee, trustee fee and offering costs, as well as all legal costs.



**ITEM 13 – DATE AND CERTIFICATE**

Dated February 18, 2015

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

**AVI MUTUAL FUND TRUST**

**BY THE DIRECTORS OF AVI MFT CORPORATE TRUSTEE INC.**

*signed “P. Lamont Kendall”*

**P. LAMONT KENDALL**

*signed “Michele Ward”*

**MICHELE WARD**

*signed “Vered Amir”*

**VERED AMIR**

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## SUBSCRIPTION AGREEMENT FOR UNITS

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### AVI MUTUAL FUND TRUST

#### **PLEASE MAKE SURE THAT YOUR SUBSCRIPTION INCLUDES:**

1. A signed copy of this Subscription Agreement;
2. A cheque or bank draft in an amount equal to the Aggregate Subscription Amount, payable to “**Avi Mutual Fund Trust**”; and
3. if you are resident in British Columbia, you must complete the following table pursuant to the instructions below:

**Insider Status**

The Subscriber either [check appropriate box]:

- ☐ is an “Insider” of the Trust as defined in the *Securities Act* (British Columbia); or
- ☐ is not an Insider of the Trust

**Registrant Status**

The Subscriber either [check appropriate box]:

- ☐ is a “Registrant” as defined in the *Securities Act* (British Columbia); or
- ☐ is not a Registrant

4. A properly completed and duly executed copy of the appropriate investor qualification forms:
  - If the subscriber is a resident in Alberta and is subscribing for more than \$10,000 in Units, one (1) copy of the Eligible Investor Representation Letter in the form attached to this Subscription Agreement as Exhibit 1; and
  - If the subscriber is a resident in Alberta or British Columbia two (2) copies of the Risk Acknowledgement in the form attached to this Subscription Agreement as Exhibit 2 (one copy may be retained for your records); and
  - Two (2) properly completed and duly executed Risk Acknowledgment in the form attached to this Subscription Agreement as Exhibit 3 (one copy may be retained for your records).

#### **PLEASE DELIVER YOUR SUBSCRIPTION TO:**

**AVI MUTUAL FUND TRUST**

245 Forge Road SE  
Calgary, Alberta T2H 0S9

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**TO: Avi Mutual Fund Trust (the "Trust")**

Refer to Section 1.1 "Definitions" in the "Terms and Conditions of Subscription for Units of Avi Mutual Fund Trust" attached hereto for the meanings of capitalized words and phrases that are used but not defined in this Agreement.

The undersigned (hereinafter referred to as the "Subscriber") hereby irrevocably subscribes for and agrees to purchase the number of Units of the Trust (the "Units") in accordance with the terms of the Offering Memorandum dated February 18, 2015 for the aggregate subscription amount set forth below, representing a subscription price of Cdn. \$1.00 per Unit, upon and subject to the "Terms and Conditions of Subscription for Units of Avi Mutual Fund Trust" attached hereto. **In addition to this face page, the Subscriber must also complete all applicable Exhibits attached hereto.**

<p>_____ Full Legal Name of Subscriber (please print)</p> <p>By: _____ Signature of Subscriber</p> <p>_____ Name of Signatory (please print name of individual whose signature appears above if different than name of Subscriber)</p> <p><u>February 25, 2015</u> Date of Execution</p> <p>_____ Social Insurance Number / Business Number</p> <p>_____ Subscriber's Address (line one)</p> <p>_____ Subscriber's Address (line two)</p> <p>_____ Telephone Number (including area code)</p> <p>_____ E-mail Address</p> <p><b>Register the Units as follows:</b></p> <p><u>Olympia Trust Company ITF</u> Name</p> <p>_____ Account reference</p> <p><u>2200, 125 – 9 Avenue SE</u> <u>Calgary, AB T2G 0P6</u> Address (including postal code)</p>	<p><b>Number of Units:</b> Equal to that number of Units that may be acquired between February 25, 2015 and November 30, 2015 from funds comprising the aggregate of my Employee Contributions and associated Avi Contributions made on my behalf to Olympia Trust pursuant to the Matching Program and includes any Units issued by the Trust as distributions of Cash Flow of the Trust.</p> <p><b>Deliver the Units as follows:</b></p> <p><u>Olympia Trust Company ITF</u> Name</p> <p>_____ Account reference</p> <p>_____ Contact Name</p> <p><u>2200, 125 – 9 Avenue SE Calgary, AB T2G 0P6</u> Address (including postal code)</p> <p>_____ Telephone Number (including area code)</p>
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**FOR OFFICE USE ONLY**

**ACCEPTANCE:** The Trust hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.

<p><b>Avi Mutual Fund Trust</b></p> <p>Per: _____</p>	<p>Date of acceptance:</p>	<p>Certificate No. Issued:</p>
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**TERMS AND CONDITIONS OF SUBSCRIPTION FOR UNITS OF  
AVI MUTUAL FUND TRUST**

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**1. DEFINITIONS**

1.1 In this Subscription Agreement, unless the subject matter or context is inconsistent therewith, the following words and terms have the following meanings:

- (a) **“Aggregate Subscription Price”** means the amount set forth on the face page of this Subscription Agreement.
- (b) **“Avi Contribution”** means any dollar amount contributed by an Operating Avi Party to a Deferred Plan of the Subscriber which is used to acquire Units under the Offering;
- (c) **“Closing”** means the closing of the purchase and sale of the Units to the Subscriber;
- (d) **“Cash Flow of the Trust”** shall have the meaning provided for in Section 5.1 of the Declaration of Trust – “Computation of Cash Flow of the Trust”;
- (e) **“Closing Date”** and **“Closing Time”** have the meanings specified in Section 5 of this Subscription Agreement;
- (f) **“Declaration of Trust”** means the Declaration of Trust made as of November 6, 2014 and amended February 18, 2015 by and between Avi MFT Corporate Trustee Inc., as Trustee, and Craig Bentham, as the Initial Unitholder, and each person who is or becomes a holder of units of the Trust, as the same may be amended, restated or modified from time to time;
- (g) **“Deferred Plans”** mean registered retirement savings plans (**“RRSPs”**), registered retirement income funds (**“RRIFs”**), deferred profit sharing plans (**“DPSPs”**), registered education savings plans (**“RESPs”**), registered disability savings plans (**“RDSPs”**) and tax free savings accounts (**“TFSAAs”**), all as defined in the Tax Act; individually herein referred to as a **“Deferred Plan”**;
- (h) **“Employee Contribution”** any dollar amount contributed by the Subscriber to a Deferred Plan of the Subscriber which is used to acquire Units under the Offering;
- (i) **“Matching Program”** means the Deferred Plan matching program offered by the Operating Avi Parties pursuant to which the Operating Avi Parties match, in dollar amounts, the Deferred Plan contributions made by their employees pursuant to the terms and conditions of the Matching Program;
- (j) **“Offering”** means the offering by the Trust of Units pursuant to the Offering Memorandum;
- (k) **“Offering Memorandum”** means the offering memorandum (and any amendments thereto) of the Trust dated February 18, 2015 offering Units in certain jurisdictions of Canada, or such other later dated offering memorandum as may be provided by the Trust to the Subscriber;
- (l) **“Operating Avi Parties”** or **“Operating Parties”** means Homes By Avi (Canada) Inc., Homes By Avi Urban (2006) Inc., Homes By Avi (Calgary) GP, Inc., Homes By Avi (Calgary) LP, Homes By Avi (Edmonton) GP Inc., Homes By Avi (Edmonton) LP, Avi Land Corporation Inc., and any of their respective affiliates and subsidiaries;
- (m) **“Register”** means the records of the Trust in which are recorded the names and addresses of the Unitholders, the number of Units held by each Unitholder and particulars of transfer of Units;
- (n) **“Subscriber”** means the subscriber for Units who has executed this Subscription Agreement;
- (o) **“Subscription Agreement”** means this subscription agreement and power of attorney, which includes the face page, the “Terms and Conditions of Subscription for Units of Avi Mutual Fund Trust”, and the Exhibits attached hereto, as amended or supplemented from time to time;
- (p) **“Tax Act”** means the *Income Tax Act* (Canada), including the regulations enacted thereunder, all as amended from time to time;
- (q) **“Trust”** means Avi Mutual Fund Trust, an unincorporated trust formed under the laws of the Province of Alberta pursuant to the Declaration of Trust;

- (r) “**Trustee(s)**” means, at any particular time, those persons who are, in accordance with the provisions of the Declaration of Trust, the trustee of the Trust at that time;
- (s) “**Trust Materials**” means any notice, instrument, communication or other document to be sent by the Trust to a Unitholder, and includes, without limitation, annual financial statements of the Trust and any information release or update concerning the Trust and its business;
- (t) “**Unitholder**” or “**holder of Units**” means a person whose name appears on the Register as a holder of Units;
- (u) “**Units**” mean Units of the Trust;
- (v) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.

## 2. **OFFERING AND SUBSCRIBER BOUND AS A UNITHOLDER**

- 2.1 The Subscriber acknowledges that the subscription for Units is subject to rejection, acceptance or allotment by the Trust in whole or in part at any time.
- 2.2 The Subscriber acknowledges that the Units subscribed for by the Subscriber hereunder form part of a larger issue and sale by the Trust.
- 2.3 The Subscriber acknowledges and agrees that upon acceptance of this Subscription Agreement by the Trust and satisfaction of the subscription price owed by the Subscriber to the Trust for the Units, the Subscriber will become a Unitholder of the Trust and will be bound by the terms of the Declaration of Trust, which agreement sets forth the rights and obligations of a Unitholder of the Trust.
- 2.4 The Subscriber acknowledges and agrees that this Subscription Agreement represents a continuous subscription for Units under the Offering Memorandum pursuant to the terms of the Matching Program. The issue of Units by to the Subscriber by the Trust will occur on February 28, May 31, August 31 and November 30 (each a “Subscription Date”) of each year with funds comprising a Subscriber’s Personal Contribution and corresponding Avi Contribution during each such intervening 3 month period between Subscription Dates. Subscribers can advise the Trust, upon written notice within 2 business days of a Subscription Date, that a Subscriber does not wish to proceed with his/her subscription on a Subscription Date and a Subscriber’s funds represented by any Employee Contribution will be released to the Subscriber in accordance with the terms and conditions of the Matching Program.
- 2.5 The Subscriber agrees to be bound as a Unitholder pursuant to the terms and conditions of the Declaration of Trust.
- 2.6 The Units being purchased under this Subscription Agreement will have the attributes of Units as set forth in the Declaration of Trust, a summary of which is contained in the Offering Memorandum.
- 2.7 In respect to this subscription for Units the Subscriber hereby acknowledges having received the Offering Memorandum, prior to executing this Subscription Agreement, for the purpose of evaluating an investment in the Units, and that in so evaluating an investment in the Units the Subscriber has relied on the Offering Memorandum and has not relied on any other information or representation other than as stated herein and therein.

## 3. **POWER OF ATTORNEY**

- 3.1 The Subscriber hereby expressly ratifies, confirms and agrees to the power of attorney granted by it to the Trustee pursuant to Article 13.12 of the Declaration of Trust. The Subscriber further does irrevocably make, constitute and appoint the Trustee(s) (whether acting individually or collectively) to act, with full power of substitution, as the Subscriber’s true and lawful attorney and agent to act on the Subscriber’s behalf, with full power and authority in the Subscriber’s name, place and stead to execute, under seal or otherwise, swear to, acknowledge, deliver, make, file or record (and to take all requisite actions in connection with such matters) when, as and where required:
  - (a) the Declaration of Trust any amendment, supplement or restatement of this Declaration of Trust and any other instrument required or desirable to qualify, continue and keep in good standing the Trust as a mutual fund trust;
  - (b) any instrument, deed, agreement or document in connection with carrying on the affairs of the Trust as authorized in the Declaration of Trust, including all conveyances, transfers and other documents required to effect any sale, transfer, repurchase or other disposition of the Units necessitated, required or permitted under the Declaration of Trust;
  - (c) all conveyances, transfers and other documents required in connection with the dissolution, liquidation or termination of the Trust in accordance with the terms of the Declaration of Trust;

- (d) any and all elections, determinations or designations whether jointly with third parties or otherwise, under the Tax Act or any other taxation or other legislation or similar laws of Canada or of any other jurisdiction in respect of the affairs of the Trust or of a unitholder's interest in the Trust;
- (e) any amendment to the Declaration of Trust which is authorized from time to time as contemplated by the Declaration of Trust.

3.2 The Subscriber hereby declares that the power of attorney granted herein and in Article 13.12 of the Declaration of Trust is, to the extent permitted by applicable law, irrevocable, is a power coupled with an interest, and shall survive the insolvency, death, mental incompetence, disability and any subsequent legal incapacity of the Subscriber and shall survive the assignment and transfer by the Subscriber of all or part of the Subscriber's interest in the Trust and will extend to and bind the heirs, executors, administrators and other legal representatives and successors and assigns of the Subscriber. The Subscriber agrees to be bound by any representations or actions made or taken by the Trustee(s) pursuant to this power of attorney and hereby waives any and all defences which may be available to contest, negate or disaffirm any actions taken by the Trustee(s) in good faith under this power of attorney. This power of attorney shall continue in respect of each and every one of the current Trustee(s) so long as they are a trustee of the Trust, and shall also continue in respect of each new trustee of the Trust.

3.3 This power of attorney shall not revoke any previous general or continuing power of attorney granted by the Subscriber and will not itself be revoked by any future grant of a general or continuing power of attorney by the Subscriber and the Subscriber hereby agrees not to take any action in the future which would result in the termination of this power of attorney.

#### 4. REPRESENTATIONS AND WARRANTIES OF THE SUBSCRIBER

4.1 The Subscriber hereby represents, warrants, acknowledges and covenants, as applicable, to the Trust and its counsel (and acknowledges that the Trust and its counsel, are relying thereon) both at the date hereof and at the Closing Time (as herein defined) that:

- (a) the Subscriber is, or is deemed to be, purchasing the Units as principal for the Subscriber's own account, not for the benefit of any other person, and for investment only and not with a view to the resale or distribution of all or any of the Units; and
- (b) the Subscriber confirms that the Subscriber (and, if the Subscriber is not purchasing as principal, each beneficial purchaser for whom the Subscriber is acting) it is resident in or otherwise subject to applicable securities laws of the jurisdiction set out as the "Subscriber's Address" or "Principal's Address", as the case may be, on the face page hereof and it fully complies with one or more of the criteria set forth below:
  - (i) if the Subscriber is resident in or otherwise subject to the applicable securities laws of **Alberta**, and is subscribing for **more than \$10,000 in Units**, has duly completed and executed a copy of the **Representation Letter** in the form attached hereto as **Exhibit 1**; and
  - (ii) if the Subscriber is resident in or otherwise subject to the applicable securities laws of Alberta or British Columbia, it has received or been provided with a copy of the Offering Memorandum and has duly completed and **executed two (2) copies of the Risk Acknowledgement** in the form attached hereto as **Exhibit 2** (one copy for each of the Trust and the Subscriber); and
  - (iii) two (2) duly completed and executed Risk Acknowledgement in the form attached hereto as Exhibit 3 (one copy may be retained for your records); and
- (c) the Subscriber has been independently advised to consult with the Subscriber's own legal advisers as to restrictions with respect to trading in the Units imposed by applicable securities legislation in the jurisdiction in which the Subscriber resides or to which the Subscriber is otherwise subject and confirms that no representation (written or oral) has been made to the Subscriber by or on behalf of the Trust with respect thereto; and
- (d) the Subscriber is aware of the attributes and characteristics of the Units, the risks relating to an investment therein and of the fact that the Subscriber may not be able to resell the Units, except in accordance with limited exemptions under applicable securities legislation and regulatory policy, and the Subscriber understands and confirms that it has been advised, pursuant to the Offering Memorandum, that:

**UNLESS PERMITTED UNDER APPLICABLE SECURITIES LEGISLATION, THE SUBSCRIBER CANNOT TRADE THE UNITS BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE DATE THAT AVI MUTUAL FUND TRUST BECOMES A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.**



and the Subscriber agrees that any certificates representing Units will bear a legend indicating that the resale of the Units is restricted and the Subscriber further agrees that it is the Subscriber's responsibility to comply with such restrictions before selling the Units; and

- (e) the Subscriber acknowledges that:
  - (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Units; and
  - (ii) there is no government or other insurance covering the Units; and
  - (iii) there are risks associated with the purchase of the Units; and
  - (iv) there are restrictions on the Subscriber's ability to resell the Units and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Units; and
  - (v) the Trust is relying on an exemption from the requirements to provide the Subscriber with a prospectus and, as a consequence of acquiring Units pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (Alberta) and/or other applicable securities laws will not be available to the Subscriber;
- (f) if the Subscriber is a corporation, partnership, unincorporated association or other entity, it has been duly incorporated or created, it is valid and subsisting under the laws of its jurisdiction of incorporation or creation, it has the legal capacity, power and authority to enter into and be bound by this Subscription Agreement and all necessary approvals of directors, shareholders or otherwise in respect of its entering into this Subscription Agreement have been given and obtained; and
- (g) if the Subscriber is an individual, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto; and
- (h) this Subscription Agreement has been duly and validly authorized, executed and delivered by, and constitutes a legal, valid, binding and enforceable obligation of, the Subscriber; and
- (i) the Subscriber has such knowledge in financial and business affairs as to be capable of evaluating the merits and risks of its investment and is able to bear the economic risk of loss of its investments; and
- (j) the Subscriber is aware that there is no market and may never be a market for the Units and that none is expected to develop, and acknowledges and confirms that no representation has been made to it with respect to the future value or price of the Units or that the Units will be listed on any stock exchange or that application has been or will be made for such listing; and
- (k) the Subscriber has not relied upon, nor has it requested, nor does it have any need to receive, any prospectus, sales or advertising literature, or any other document, other than the Offering Memorandum describing the business and affairs of Trust which has been prepared for delivery to, and review by, prospective purchasers in order to assist them in making an investment decision in respect of the Units; and
- (l) the Subscriber understands, acknowledges and is aware that the Units are being offered for sale only on a "private placement" basis and that the sale and delivery of the Units is conditional upon such sale being exempt from the requirements under applicable securities legislation as to the filing of a prospectus and, as a consequence (i) it is restricted from using most of the civil remedies available under applicable securities legislation; (ii) it may not receive information that would otherwise be required to be provided to it under securities legislation; and (iii) the Trust is relieved from certain obligations that would otherwise apply under applicable securities legislation; and
- (m) if required by applicable securities legislation, regulations, rules, instruments, policies or orders or by any securities commission, stock exchange or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Trust in filing, such reports, undertakings and other documents with respect to the issue of the Units as may be required; and
- (n) the Subscriber will not resell the Units except in accordance with the provisions of applicable securities legislation and stock exchange rules, if applicable, in the future; and
- (o) the entering into of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber and, if the Subscriber is not a natural person, any of the Subscriber's constituting documents, or any agreement to which the Subscriber is a party or by which it is bound; and

- (p) the Subscriber acknowledges that it has been encouraged, and has had the opportunity, to obtain independent legal, income tax and investment advice with respect to its subscription for the Units (including, but not limited to, applicable resale restrictions) and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber for purposes of giving the representations, warranties and covenants under this Subscription Agreement; and
- (q) the Subscriber has been independently advised as to or acknowledges that it is aware of the potential tax consequences to the Subscriber with respect to the acquisition of the Units, and confirms that no representation has been made to it by or on behalf of the Trust with respect thereto; and
- (r) the Subscriber covenants that it will not knowingly transfer the Units, in whole or in part, in a manner that would not conform with these representations, warranties or covenants or with the terms of the Declaration of Trust. The Subscriber further acknowledges that it may, after becoming a Unitholder, be obliged, from time to time, to provide the Trust with further information as may be required by the Trust; and
- (s) where the Subscriber is not a natural person, it pre-existed the Offering, has a *bona fide* purpose other than investment in the Units, and it has not been created, formed or established, and is not used, solely or primarily (i) to purchase securities under exemptions where there is no exemption available to directly distribute securities to the persons or companies beneficially owning or controlling the Subscriber; or (ii) in the case of a Subscriber subject to the *Securities Act* (Manitoba) to purchase or hold securities in reliance on an exemption from the dealer registration requirements or prospectus requirements; and
- (t) the Subscriber confirms that neither the Trust nor its Trustee(s), affiliate(s), advisor(s) or agent(s), have made any representations (written or oral) to the Subscriber (i) regarding the future value of the Units; (ii) that any person will resell or repurchase the Units; or (iii) that any person will refund the purchase price of the Units other than as provided in this Subscription Agreement; and
- (u) the Subscriber does not act jointly or in concert with any other person for the purposes of the acquisition of the Units; and
- (v) the Subscriber acknowledges and agrees that upon acceptance by the Trust of this Subscription Agreement and satisfaction of any closing conditions the Aggregate Subscription Price is immediately releasable to the Trust; and
- (w) the Subscriber acknowledges that there is no assurance that future financings by the Trust will be available or, if available, will be available on reasonable terms; any such future financings may have a dilutive effect on current security-holders, including the Subscriber; and

## 5. CLOSING

- 5.1 The Subscriber agrees to deliver to the Trust not later than 2:00 p.m. (MST) on the day that is two business days before the Closing Date:
- (a) this duly completed and executed Subscription Agreement;
  - (b) Representation Letter – National Instrument 45-106 Eligible Investor attached to this Agreement as Exhibit “1”, as applicable;
  - (c) two completed and signed copies of the Risk Acknowledgement Form (Form 45-106F4) attached to this Agreement as Exhibit “2”;
  - (d) two completed and signed copies of the Risk Acknowledgement Form attached to this Agreement as Exhibit “3”; and
  - (e) such other reports, undertakings and other documents as the Trust may request.
- 5.2 The sale of the Units will be completed at the offices of the Trust, in Calgary, Alberta on such date as the Trust may determine (the “**Closing Date**”), and shall be deemed to have closed at 2:00 p.m. MST (the “**Closing Time**”) on the Closing Date.
- 5.3 The Trust shall be entitled to rely on delivery of a facsimile copy of this executed Subscription Agreement, and acceptance by the Trust of such facsimile subscription shall be legally effective to create a valid and binding agreement between the Subscriber and the Trust in accordance with the terms hereof. Notwithstanding the foregoing, the Subscriber shall deliver originally executed copies of the documents listed in subsection 5.1 to the Trust within three business days of the Closing Date. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

## 6. NOTIFICATION OF CHANGES

- 6.1 The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time and will survive the completion of the issuance of the Units. The representations, warranties and covenants of the Subscriber herein are made by the Subscriber with the knowledge and intent that they are being and will be relied upon by the Trust and its counsel in connection with the transactions contemplated hereby, including for purposes of determining the availability of prospectus exemptions in connection with the offering and sale to the purchaser of such securities, and the Subscriber hereby agrees to indemnify the Trust and its Trustee, officers, employees, agents and control persons against all losses, claims, costs, expenses, damages and liabilities which any of them may suffer or incur caused or arising from any inaccuracy therein or breach thereof. The Subscriber hereby undertakes to notify the Trust immediately of any change in any representation, warranty or covenant set forth herein or any other information set forth herein relating to the Subscriber that arises prior to the Closing Time. The representations, warranties and covenants contained herein shall survive the Closing of the transactions contemplated hereby.

## 7. GENERAL

- 7.1 **Proceeds of Crime:** The Subscriber represents and warrants that the funds representing the Aggregate Subscription Price which will be advanced by the Subscriber to the Trust hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the “PCMLTFA”) and the Subscriber acknowledges that the Trust may in the future be required by law to disclose the Subscriber’s name and other information relating to this Subscription Agreement and the Subscriber’s subscription hereunder, on a confidential basis, pursuant to the PCMLTFA. To the best of the Subscribers’ knowledge none of the subscription funds to be provided by the Subscriber (i) have been or will be derived from or related to any activity that is deemed criminal under the laws of Canada or any other jurisdiction, or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber. The Subscriber shall promptly notify the Trust if the Subscriber discovers that any of such representations ceases to be true, and to provide the Trust with appropriate information in connection therewith.
- 7.2 **Headings:** The division of this Subscription Agreement into paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Subscription Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Subscription Agreement and not to any particular paragraph or any portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to paragraphs and subparagraphs are to paragraphs and subparagraphs of this Subscription Agreement.
- 7.3 **Extended Meanings:** In this Subscription Agreement words importing the singular number only include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated associations and funds.
- 7.4 **Currency:** All references to currency herein are to lawful money of Canada.
- 7.5 **Exhibits:** The exhibits and appendices attached hereto are incorporated by reference and deemed to be part hereof.
- 7.6 **Further Assurances:** Each of the parties hereto will from time to time execute and deliver all such further documents and instruments and do all acts and things, either before or after the closing of the transactions contemplated hereby, as the other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Subscription Agreement.
- 7.7 **Time of the Essence:** Time shall be of the essence of this Subscription Agreement.
- 7.8 **Benefit of the Agreement:** This Subscription Agreement will enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assignees, if any, of the parties hereto.
- 7.9 **Entire Agreement:** This Subscription Agreement constitutes the entire agreement between the parties hereto with respect to the purchase of Units of the Trust and cancels and supersedes any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, expressed, implied or statutory, between the parties hereto other than as expressly set forth in this Subscription Agreement.
- 7.10 **Amendments and Waivers:** No amendment to this Subscription Agreement will be valid or binding unless set forth in writing and duly executed by the parties hereto. No waiver of any breach of any provision of this Subscription Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived.

- 7.11 **Assignment:** This Subscription Agreement may not be assigned by either party without the prior written consent of the other party.
- 7.12 **Governing Law:** This Subscription Agreement is governed by and shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and, for the purposes of any legal action arising under this Subscription Agreement, the parties hereto each hereby attorns to the jurisdiction of the courts of Alberta.
- 7.13 **Facsimiled Subscription Agreements:** The Trust shall be entitled to rely on delivery by facsimile or email of an executed copy of this Subscription Agreement, and acceptance by the Trust of such facsimile or email copy shall be legally effective to create a valid and binding agreement between the Subscriber and the Trust in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.
- 7.14 **Language:** The parties hereby request that this Subscription Agreement and any related documents be drafted only in the English language. Les parties demandent par les présentes que la présente souscription ainsi que tous les documents y afférents soient rédigés en langue anglaise seulement.
- 7.15 **Notices:** All notices which are permitted or required to be given hereunder shall be validly given if delivered by hand, mail or courier to 245 Forge Road SE, Calgary, Alberta, T2H 0S9 in the case of the Trust, or to the address of the Subscriber as set forth on the execution page of this Subscription Agreement, in the case of the Subscriber, (until notice of a change is given in accordance with the foregoing) and shall be effective on the date of such delivery or transmission if within normal business hours and if not within normal business hours then on the next business day in Calgary, Alberta.
- 7.16 **Personal Information Disclosure:** The Subscriber acknowledges that this Subscription Agreement and the Exhibits and Appendices hereto require the Subscriber to provide certain personal information (as that term is defined under applicable privacy legislation, including, without limitation, the *Personal Information Protection and Electronic Documents Act* (Canada) and any other applicable similar, replacement or supplemental provincial or federal legislation or laws in effect from time to time), to the Trust.

Such information is being collected, and may be used and disclosed, by the Trust for the following purposes:

- (a) to determine the Subscriber's eligibility to purchase the Units under applicable securities legislation, preparing and registering certificates (if and when issued) representing the Units and completing filings required by any securities regulatory authority;
- (b) to be kept in the records of the Trust, on its securities registers and its list of Unitholders, whether maintained by the Trust or the Trust's transfer agent;
- (c) to be disclosed to securities/tax regulatory authorities, other government bodies or any other person or entity as determined by the Trustee to be necessary or required;
- (d) to be disclosed to other third parties held to an obligation of confidentiality to the Trust, such as its legal counsel, its accountants, transfer agent, securities depository, or any other entity (i) for the purpose of sending financial statements and other disclosure documentation required to be sent by law to the Unitholders; and/or (ii) in the context of a proposed merger, business combination, acquisition, takeover bid or such other major transaction involving the Trust and such other third entity; and
- (e) to be used for the distribution of materials regarding current and new investment opportunities by the Trust and selected third party investment companies as determined in the discretion of the Trustee.

Without limiting the foregoing, the Subscriber's personal information may be disclosed by the Trust to: (i) securities regulatory authorities; (ii) the Trust's registrar and transfer agent; (iii) any government agency, board or other entity; (iv) Canada Revenue Agency; (v) any of the other parties involved in this private placement, including legal counsel; (vi) any person where such disclosure is necessary in the opinion of the Trustees for legitimate business reasons; (vii) a court determining the rights of the parties under this Subscription Agreement; and (viii) any person as otherwise required or permitted by law.

By executing this Subscription Agreement, the Subscriber is deemed to be consenting to the foregoing collection, use and disclosure of the Subscriber's personal information. The Subscriber also consents to the filing, with regulatory or other authorities, of copies or originals of any documents provided by the Subscriber pursuant to the terms of this Subscription Agreement.

The Trustee will take reasonable steps to protect the personal information disclosed to third parties.

The Subscriber may direct questions concerning the Trust's privacy policy and privacy practices to the Trust's privacy officer.

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**EXHIBIT 1**

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**REPRESENTATION LETTER – NATIONAL INSTRUMENT 45-106 ELIGIBLE INVESTOR**

**TO BE COMPLETED BY ALL SUBSCRIBERS IN ALBERTA WHO ARE SUBSCRIBING FOR MORE THAN \$10,000 IN UNITS.**

The undersigned (the “Subscriber”) hereby confirms and certifies to Avi Mutual Fund Trust that the Subscriber is purchasing the Units as principal, that the Subscriber is resident in the jurisdiction set out on the execution page hereof, and that the Subscriber is: **[check appropriate boxes]**

- ☐ an “Eligible Investor”, being a person or company whose **[circle one or more]**
  - (i) net assets, alone or with a spouse, exceed CDN \$400,000,
  - (ii) net income before taxes exceeded CDN \$75,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year, or
  - (iii) net income before taxes combined with that of a spouse exceeded CDN \$125,000 in each of the two most recent years and who reasonably expects to exceed that income level in the current year,
- ☐ a person or company of which a majority of the voting securities are beneficially owned by Eligible Investors or a majority of the Directors are Eligible Investors,
- ☐ a general partnership in which all of the partners are Eligible Investors,
- ☐ a limited partnership in which the majority of the general partners are Eligible Investors,
- ☐ a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are Eligible Investors,
- ☐ an accredited investor (as defined in National Instrument 45-106),
- ☐ a person who is a family member, close personal friend or close business associate as described in Section 2.5 of National Instrument 45-106; or
- ☐ person or company that has obtained advice regarding the suitability of the investment and if the person or company is in a jurisdiction of Canada that advice has been obtained from an eligibility adviser (as defined in National Instrument 45-106).

EXECUTED by the Subscriber this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

**If a Corporation, Partnership or other entity:**

**If an individual:**

\_\_\_\_\_  
Signature of Authorized Signatory

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Position of Signatory

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Name of Purchasing Entity

\_\_\_\_\_  
Jurisdiction of Residence

\_\_\_\_\_  
Jurisdiction of Residence

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**EXHIBIT 2**

**To be executed where the party selling the Units is not registered under National Instrument 31-103**

**FORM 45-106F4**

**TO BE COMPLETED BY ALBERTA AND BRITISH COLUMBIA RESIDENTS, IF APPLICABLE  
(SEE ABOVE QUALIFICATION)**

**RISK ACKNOWLEDGEMENT**

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these Units or the disclosure in the Offering Memorandum.
- The person selling me these Units is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- The Units offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
- I will not be able to sell these Units except in very limited circumstances.
- I may never be able to sell these Units.
- I could lose all the money I invest.

Capitalized terms below are defined in the Offering Memorandum of the Trust dated February 18, 2015 and the “Terms and Conditions of Subscription for Units of Avi Mutual Fund Trust” as applicable.

I am investing such amounts that are equal to that number of Units priced at a subscription price of \$1 per Unit that are acquired on each Subscription Date from funds comprising the aggregate of my Employee Contributions and associated Avi Contributions made on my behalf to Olympia Trust pursuant to the Matching Program and includes any Units issued by the Trust as distributions of Cash Flow of the Trust; this includes any amount I am obliged to pay in future.

The Trust has not retained an underwriter in respect of the sale and distribution of the Units. The officers and directors of the Trustee may be involved directly in the selling of Units but will not receive any fees for affecting such sales.

**I acknowledge that this is a risky investment and that I could lose all the money I invest.**

February 25, 2015  
Date

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Print name of Purchaser

**Sign 2 copies of this document. Keep one for your records.**

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**You have 2 business days to cancel your purchase.**

Subscribers can advise the Trust, upon written notice within 2 business days of a Subscription Date, that a Subscriber does not wish to proceed with his/her subscription on a Subscription Date and a Subscriber’s funds represented by any Employee Contribution will be released to the Subscriber in accordance with the terms and conditions of the Matching Program. You can send the notice by fax or e-mail or deliver it in person to Avi Mutual Fund Trust at its business address. Keep a copy of the notice for your records.

**The Issuer:** **Avi Mutual Fund Trust**  
Address: 245 Forge Road SE  
Calgary, Alberta T2H 0S9  
Phone: (403) 536-7050  
e-mail: mward@homesbyavi.com

## **You are buying Exempt Market Securities**

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

## **You will receive an Offering Memorandum**

Read the Offering Memorandum carefully because it has important information about the issuer and its securities. Keep the Offering Memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

## **You will not receive advice**

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Quebec, Saskatchewan and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

## **The securities you are buying are not listed**

The securities you are buying are not listed on any stock exchange, and they may never be listed.

You may never be able to sell these securities.

## **The issuer of your securities is a non-reporting issuer**

A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority or regulator.

If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6854, (outside the local area, call toll-free 1-800-373-6393), or visit its website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca).

If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 or visit its website at [www.albertasecurities.com](http://www.albertasecurities.com).

**Instruction: The purchaser must sign 2 copies of this form.  
The purchaser and the issuer must each receive a signed copy.**



**EXHIBIT 2**

**To be executed where the party selling the Units is not registered under National Instrument 31-103**

**FORM 45-106F4**

**TO BE COMPLETED BY ALBERTA AND BRITISH COLUMBIA RESIDENTS, IF APPLICABLE  
(SEE ABOVE QUALIFICATION)**

**RISK ACKNOWLEDGEMENT**

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these Units or the disclosure in the Offering Memorandum.
- The person selling me these Units is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- The Units offered pursuant to this Offering Memorandum are unsecured and are not insured against loss through the Canada Deposit Insurance Corporation or any other insurance company or program.
- I will not be able to sell these Units except in very limited circumstances.
- I may never be able to sell these Units.
- I could lose all the money I invest.

Capitalized terms below are defined in the Offering Memorandum of the Trust dated February 18, 2015 and the "Terms and Conditions of Subscription for Units of Avi Mutual Fund Trust" as applicable.

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The Trust has not retained an underwriter in respect of the sale and distribution of the Units. The officers and directors of the Trustee may be involved directly in the selling of Units but will not receive any fees for affecting such sales.

**I acknowledge that this is a risky investment and that I could lose all the money I invest.**

February 25, 2015

Date

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Print name of Purchaser

**Sign 2 copies of this document. Keep one for your records.**

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**You have 2 business days to cancel your purchase.**

Subscribers can advise the Trust, upon written notice within 2 business days of a Subscription Date, that a Subscriber does not wish to proceed with his/her subscription on a Subscription Date and a Subscriber's funds represented by any Employee Contribution will be released to the Subscriber in accordance with the terms and conditions of the Matching Program. You can send the notice by fax or e-mail or deliver it in person to Avi Mutual Fund Trust at its business address. Keep a copy of the notice for your records.

**The Issuer:** **Avi Mutual Fund Trust**  
Address: 245 Forge Road SE  
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- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

## **You will receive an Offering Memorandum**

Read the Offering Memorandum carefully because it has important information about the issuer and its securities. Keep the Offering Memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

## **You will not receive advice**

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Quebec, Saskatchewan and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

## **The securities you are buying are not listed**

The securities you are buying are not listed on any stock exchange, and they may never be listed.

You may never be able to sell these securities.

## **The issuer of your securities is a non-reporting issuer**

A non-reporting issuer does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority or regulator.

If you live in British Columbia, contact the British Columbia Securities Commission at (604) 899-6854, (outside the local area, call toll-free 1-800-373-6393), or visit its website at [www.bcsc.bc.ca](http://www.bcsc.bc.ca).

If you live in Alberta, contact the Alberta Securities Commission, in Calgary at (403) 297-6454 or visit its website at [www.albertasecurities.com](http://www.albertasecurities.com).

**Instruction: The purchaser must sign 2 copies of this form.  
The purchaser and the issuer must each receive a signed copy.**

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**EXHIBIT 3**

**If the Units are being sold by a person pursuant to the terms and conditions of the Alberta Securities Commission Blanket Order 31-505, then Exhibit 3 must be completed.**

## ***Registration Exemption for Trades in Connection with Certain Prospectus-Exempt Distributions***

**Name of Seller:** Monte Kendall, Vered Amir and Michele Ward

1. the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
2. the person selling me these securities does not act for me;
3. this is a risky investment and I could lose all my money; and
4. I am investing entirely at my own risk.

Signature of Purchaser

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Print name of Purchaser

**Sign two copies of this document. Keep one copy for your records.**

# WARNING

If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered advisor or dealer.

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**EXHIBIT 3**

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**If the Units are being sold by a person pursuant to the terms and conditions of the Alberta Securities Commission Blanket Order 31-505, then Exhibit 3 must be completed.**

**Risk Acknowledgement under BLANKET ORDER 31-505**

*Registration Exemption for Trades in  
Connection with Certain Prospectus-Exempt Distributions*

**Name of Issuer:** AVI MUTUAL FUND TRUST

**Name of Seller:** Monte Kendall, Vered Amir and Michele Ward

**I acknowledge that:**

1. the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
2. the person selling me these securities does not act for me;
3. this is a risky investment and I could lose all my money; and
4. I am investing entirely at my own risk.

**Date:** February 25, 2015

\_\_\_\_\_  
Signature of Purchaser

\_\_\_\_\_  
Print name of Purchaser

\_\_\_\_\_  
Name of salesperson acting on behalf of seller

**Sign two copies of this document. Keep one copy for your records.**

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National Instrument 45-106 Prospectus and Registration Exemptions may require you to sign an additional risk acknowledgement form.

If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered advisor or dealer.